THE WORLD BANK and the Palestinian NGO PROJECT
From Service Delivery to Sustainable Development

Denis J. Sullivan

PASSIA
Palestinian Academic Society for the Study of International Affairs
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PASSIA
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ABBREVIATIONS

BG  Block Grants
CBO  Community-Based Organization
CSP  Community Services Program
EAP  Emergency Assistance Program
EJ   East Jerusalem
EOI  Expression of Interest
ERP  Emergency Rehabilitation Program
ERSAP Economic Reform and Structural Adjustment Program
GC   Governance Committee
GONGO Government-Organized (or Oriented) Non-Governmental Organization
IDA  International Development Association
INGO International Non-Governmental Organization
LCWG Local Consultative Working Group
LOI  Letter of Invitation
MOPIC Ministry of Planning and International Cooperation
MOPIC Ministry of Social Affairs
MTR  Mid-Term Review
NGO  Non-Governmental Organization
OM   Operations Manual
OT   Occupied Territories
PA   Palestinian Authority
PAD  Project Appraisal Document
PCBS Palestinian Central Bureau of Statistics
PECDAR Palestinian Economic Council for Development and Reconstruction
PMO  Project Management Organization
PNGO Palestinian Non-Governmental Organization
PLO  Palestine Liberation Organization
SB   Supervisory Board
SF   Social Fund
SFD  Social Fund for Development
TAC  Technical Advisory Committee
TOR  Terms of Reference
UNDP United Nations Development Program
WAC  Welfare Association Consortium
WB/GS West Bank / Gaza Strip
WBG  West Bank and Gaza Strip
EXECUTIVE SUMMARY

The Palestinian NGO Project is groundbreaking. For the first time in its history, the World Bank established a project to support NGOs directly, without going through "normal" channels — i.e., representatives of a State. Another unique feature of this first-ever Project is that the Bank financed most of the costs itself as a grant of US$10 million derived from its net income. Additional funding (US$5.3 million) was raised for this Project from the Saudi and Italian Governments, as well as local contributors. All of this was done for a "people without a State," the people of Palestine. Bank officials administering the Palestinian NGO Project consider it to be "pioneering project funding" that has "enabled the Bank to better balance its client focus by including Palestinian NGOs as partners in project design and implementation."¹

Concerned with a deteriorating socio-economic situation for Palestinians in the West Bank and Gaza coupled with the Palestinian Authority's unwillingness or inability to take on most social service delivery, the Bank established the Palestinian NGO Project in 1997 to address poverty reduction. Palestinian NGOs became both a mechanism to deliver services to the poor and marginalized and a beneficiary of capacity building and institutional strengthening as a result of this Project.

For decades, Palestinian non-governmental organizations (PNGOs) have performed a critical role in delivering economic and social services to the poor and marginalized in the West Bank and Gaza Strip and in developing democratic institutions in Palestinian society. PNGOs are thus capable of serving as full partners in the overall Palestinian development effort, along with the Palestinian Authority (PA²) and the international donor community, including the World Bank. Together, these three partners lead the effort to alleviate poverty, de-

¹ "Palestinian NGO Project," mimeo, no date.
² Also known as PNA for Palestinian National Authority
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velop infrastructure, and provide social and economic services to Pal­

estinians in the West Bank, Gaza Strip, and East Jerusalem.

With the signing of the Israel-PLO Declaration of Principles in Sep­

tember 1993, World Bank officials recognized that the peace process

would have greater chance of success if internal Palestinian eco­

nomic, social, and political development were advanced. Yet, because

of the establishment of the PA, PNGOs began to lose funding from

international donors, both bilateral and multilateral. And this at a time

when Palestinian unemployment was nearly 30% (higher in Gaza), per

capita consumption fell 15% (1992-96), and there was a 76% decline

in Palestinian employment in Israel.

In designing this project, in 1995-97, World Bank officials determined

that: (1) PNGOs were uniquely qualified and positioned to provide help

to the Palestinian people suffering in poverty; (2) PNGOs needed con­

tinuing financial and technical assistance; (3) PNGO-PA relations had

become acrimonious and in need of improvement. Out of this reality,

the Palestinian NGO Project was born. Its primary objectives became:

1. To deliver services to the poor and marginalized in Palestinian

   society, using NGOs as the delivery mechanism;

2. To improve the institutional capacities of NGOs receiving grants

   under the project; and

3. To support efforts by the Palestinian Authority and the Palestinian

   NGO sector to strengthen their working relationship, including sup­

   port for the development of a positive legal framework for the sector.

The Bank selected a project management organization (PMO), the

Welfare Association Consortium, through an international bidding

process in 1997. In close consultation with local communities and ac­

tors (e.g., NGOs, academics, donors), the PMO assesses needs for

the PNGO sector and impoverished communities of the West Bank,

Gaza Strip, and East Jerusalem. It solicits applications for projects and

provides outreach to PNGOs in need of technical assistance and ca­

pacity building. The Bank is the Project Administrator and holds a right

to object to projects and policies recommended by the PMO. The no

objection procedure allows the Bank "to ensure that due process and
impartiality had been observed in the decision making process. The Palestinian Authority also is allowed a “right of objection” to projects the PMO recommends if the PA considers these projects to be redundant with their own efforts or outside their own national development plan. Other than this consultative role, the PA has no role in running this project. Project work in East Jerusalem is a special situation with the Bank providing no role to the PA in Project oversight.

The *Palestinian NGO Project* is not a Social Fund (SF) per se, with SFs serving as important mechanisms to reach the poor using community-based strategies – community participation, demand orientation, and investment in local organizational capacity to achieve sustainability at the grass-roots level. While PNGO Project is not an SF, the similarities between it and SFs elsewhere are an indication that Bank officials should look more closely at both in order to share lessons. Indeed, some officials and NGOs in the region are in fact coming to Palestine for these purposes. The SF experiences also highlight the importance of funding NGO pre-investment activities in order to promote local participation and community mobilization efforts, and the need for careful targeting to ensure projects are responsive to the priorities of the poor and marginalized.

With initial funding provided by the World Bank and the Governments of Saudi Arabia and Italy, the *Palestinian NGO Project* became effective on July 11, 1997. The total project allocation is $17 million, $14.55 million of which has been committed and $4.1 million disbursed (as of August 1999). The first year of this project (July 1997-July 1998) experienced considerable delay in project implementation. The World Bank determined in February 1998 that implementation progress was “satisfactory” but that problems existed in project management during the start-up phase. The project was back on track by the beginning of 1999.

The first Development Grants were approved and distributed in summer 1998. In that cycle, 365 applications were submitted and 39 projects received funding totaling $1.8 million. The second cycle, in spring 1999, yielded 235 proposals. Of these, 35 projects were approved for a total of $3.2 million in support. Another funding mechanism – Block Grants – was established at the same time as the second cycle of development grants. Through the Block Grant mechanism, the PMO funds large, experienced NGOs that in turn manage sub-projects aimed at poverty
alleviation and reaching the marginalized, especially by working with smaller PNGOs who lack the experience and capacity to write grants successfully. Seven Block Grants, totaling $3.55 million, were awarded in summer 1999. In the third cycle of Development Grants, 255 proposals were received in January 2000. About $2.5 million was available to fund successful projects. Recovery Grants, a feature of the Project as originally designed, were dropped due to considerable difficulties in managing and financing such a specialized mechanism.

A third objective of the NGO Project, and one that initially seemed as daunting as the goal of poverty alleviation, is to improve relations between the PA and the NGO sector. While those relations were strained in the first two years of this project (1997-98), they improved by midterm (1999-2000). The Palestinian Legislative Council approved a law, developed with the input and support of the NGO community, to regulate the NGO sector. The Executive Branch of the PA amended this draft law and insisted that NGOs register with the Ministry of Interior rather than the Ministry of Justice, as proposed by the PLC. Neither the PLC nor the NGO leadership sought to prolong the struggle and the law was ratified in January 2000. Beyond the important legislation, the development of which received some technical assistance through this project, the PMO of the Project devoted considerable energies on improving PA-NGO relations. In 1999-2000, it organized workshops and an international conference aimed at promoting sectoral communication and cooperation between local NGOs and PA ministries.

In January 2000, an independent team of consultants conducted a Mid-Term Review (MTR) of the Project. The Bank followed this MTR Team with a mission of its own staff to receive the recommendations of the MTR and assess the future of the project. While there were differences of opinion on specifics between the Review Team and the Bank Mission, both agreed on the need to extend the PNGO Project at least three years and to move in a new direction. That direction as originally recommended is aimed at strengthening the professional credentials of the Palestinian NGO movement through "NGO Sector Support." Phase II of the Project would provide both an "exit strategy" for the Bank as well as a valid approach to the question of sustaining the impact of the project on the NGO sector in the West Bank and Gaza.
The Palestinian NGO Project is groundbreaking. For the first time in its history, the World Bank established a project to support NGOs directly, without going through "normal" channels — i.e., representatives of a State. Another unique feature of this first-ever Project is that the Bank financed most of the costs itself as a grant of US$10 million derived from its net income. Additional funding (US$5.3 million) was raised for this Project from the Saudi ($2.5 million) and Italian ($2.5 million) Governments, as well as local contributors ($300,000). All of this was done for a nation and a "people without a State," the people of Palestine. Bank officials administering the Palestinian NGO Project consider it to be "pioneering project funding" that has "enabled the Bank to better balance its client focus by including Palestinian NGOs as partners in project design and implementation."¹

Concerned with a deteriorating socio-economic situation for Palestinians in the West Bank and Gaza coupled with the Palestinian Authority's unwillingness or inability to take on most social service delivery, the Bank established the Palestinian NGO Project in 1997 to address poverty reduction. Palestinian NGOs became both a mechanism to deliver services to the poor and marginalized and a beneficiary of capacity building and institutional strengthening as a result of this Project.

For decades, Palestinian non-governmental organizations (PNGOs) have performed a critical role in delivering economic and social services to the poor and marginalized in the West Bank and Gaza Strip and in developing democratic institutions in Palestinian society. PNGOs are thus capable of serving as full partners in the overall Pal-

¹ "Palestinian NGO Project," mimeo, no date.
estinian development effort, along with the Palestinian Authority (PA) and the international donor community, including the World Bank. Together, these three partners lead the effort to alleviate poverty, develop infrastructure, and provide social and economic services to Palestinians in the West Bank, Gaza Strip, and East Jerusalem.
CHAPTER ONE

FORMATION AND EVOLUTION OF THE FUND

I.1 World Bank Assistance to the Palestinians

The World Bank has been actively involved in providing assistance to Palestinians in the Occupied Territories (OT) of the West Bank and Gaza Strip (WB/GS) since November 1992 (Bank activity in East Jerusalem began with this Project). At that time, the Bank was asked\(^1\) "to provide analytical, technical and financial leadership to a program of international assistance to the Palestinian economy."\(^2\) The result of this analysis was the six-volume publication *Developing the Occupied Territories: An Investment in Peace* (September 1993).

Bank involvement expanded significantly in the aftermath of the signing of the Declaration of Principles by the Government of Israel and the Palestine Liberation Organization on September 13, 1993. Following that ceremony, a donors' conference was held in Washington on October 1

"to mobilize international support for economic and social development in the Occupied Territories. Participants in the conference felt strongly that there was an urgent need to deliver tangible benefits to the Palestinian population to reinforce the momentum towards peace. To that end, participants pledged over US$2 billion in financial assistance and asked the World Bank to provide the analytical frame-

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1 By participants in the Multilateral Working Group on Economic Development which was part of the "Madrid Round" of Middle East Peace Talks.

work and technical underpinning needed to use such assistance effectively.\textsuperscript{3}

Since “Palestine” (i.e., West Bank/Gaza/East Jerusalem) is not a member country of the World Bank (or International Monetary Fund), the Bank cannot extend its traditional form of loans to the Palestinian Authority. The practical solution to this constraint was the Bank’s establishment of the Trust Fund for the West Bank and Gaza with an initial allocation of $50 million in 1994. This fund was “replenished” (and expanded to those parts of the West Bank that would come under Palestinian jurisdiction) in 1995, 1997, and 1998. Each of these replenishments was for $90 million. An additional replenishment of $60 million was approved in July 1999, for a total commitment of $380 million since 1994.

The Emergency Assistance Program (EAP) was established to channel priority investments and technical assistance to the WB/GS over three years, 1994-96. The objective of the EAP has been “to provide tangible benefits to the Palestinian population quickly, equitably, and efficiently, while laying the foundation for sustainable development over the long term.”\textsuperscript{4} The focus has remained on job creation and poverty alleviation. Concerned about the ability of the emerging Palestinian Authority (PA) to “allocate, coordinate, and use donor resources efficiently” as well as to “supervise and monitor the execution of projects,”\textsuperscript{5} the Bank encouraged the Palestinian leadership to establish the Palestinian Economic Council for Development and Reconstruction (PECDAR).

PECDAR has been responsible for oversight and administration of the EAP but implementing projects – effectively, achieving results on the ground – has remained the responsibility of others, including UN agencies (UNRWA, UNDP, and UNICEF), NGOs (international and Palestinian), and more recently the Palestinian Authority.

Since 1993, the international donor community has pledged over $4 billion to Palestinian development. Twenty percent of these pledges

\textsuperscript{4} Ibid., p. 1.
\textsuperscript{5} Ibid., p. 16.
are directed through the Bank. With these, along with its critical role in donor coordination, the Bank is involved in numerous activities, including:

- **Technical Assistance Trust Fund**, to support sector policy and program design studies
- **Emergency Rehabilitation Project (ERP)**, to build roads, sewage, water treatment
- **Education & Health Rehabilitation Project**, to repair and develop schools and hospitals
- **Municipal Infrastructure Development Project**, similar to ERP but with greater emphasis on capacity building and local ownership
- **Microenterprise Project**, to increase term investment capital for small enterprise
- **Palestinian Housing Project**, to support the creation of a mortgage market in West Bank/Gaza (WBG)
- **Palestinian Investment Guarantee Fund**, which extends political risk insurance to WBG
- **Gaza Industrial Estate Project**, to develop industrial capacity in WBG and to foster economic cooperation between Palestinian and Israeli entrepreneurs
- **Legal Development Project**, to create a legal framework and judicial administrative apparatus adequate to the demands of a modern market economy
- **Palestinian Expatriate Professionals Program**, a pilot project to assist the PA recruit high-caliber expatriate Palestinian staff for key posts in the ministries
- **Community Development Project**, another reconstruction project aimed at employment creation with the added concept of community-based planning to the infrastructure rehabilitation of the PA
- The **Holst Fund**: a $264 million (as of 1998) multi-donor program of emergency budget support (for recurrent costs of the Palestin-
rian Authority) and employment creation

- The NGO Project, $14.5 million pledged (1997-2000) with funding planned for approximately $17 million.

1.2 Why a Palestinian NGO project? PNGOs Historic Contributions to Economic, Social, and Political Development

Palestinian NGOs developed in the West Bank, Gaza Strip & East Jerusalem (WB/GS/EJ) for two main reasons. First, NGOs in Palestine—as throughout many Arab societies—have played an historic role in advancing the social, cultural, and economic needs of hundreds of local communities as well as the national unit. Second, in the absence of a state and a government with institutions established to provide direct assistance to its people, PNGOs in effect took on the additional task of filling in for the non-existent or absent state. Without a Palestinian state to provide various services, and with Israeli occupation of the West Bank, Gaza Strip, and East Jerusalem, Palestinians formed hundreds of NGOs due to the poor quality of services provided by the Israeli Civil Administration.

When the PA was established in 1994, many NGO leaders—essentially, those affiliated with the Fateh movement within the PLO—merged their institutions and activities into the PA structure. But most did not. While willing to transfer some responsibilities to their government, most NGO leaders prefer to stay in the "third sector" (the non-profit arena). Much of the health and education services run by the PA are inherited from the Israeli Civil Administration. Still, Israel did not provide adequate investment during occupation to maintain staff and

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6 Barbara Lethem Ibrahim, "Indigenous Philanthropy in the Arab World: Contrasting Cases from Egypt & Palestine." The Non-Profit Sector in the Global Community, Kathleen D. McCarthy et al, eds. San Francisco: Jossey-Bass, 1992. Local NGOs are groups that organize in a locale to meet distinct community needs—e.g., a Hebron charitable association—and NGOs that are national in scope respond to urgent needs that transcend local factors. Examples of these are the Young Women’s Muslim Association and the Palestinian Red Crescent Association.

7 Dr. Anis Al-Qaq, deputy minister of MOPIC, is an excellent example of this. The NGOs he coordinated, Associations of Health Services, were affiliated with Fatah. Before joining the PNA, Dr. Al-Qaq merged these NGOs into the Palestinian Red Crescent Society, headed by Dr. Fathi Arafat (the Gaza branch of PRC has been headed by Dr. Haidar Abdel Shafi).
facilities. The result: the PA inherited largely ineffective service delivery operations.

The NGOs, on the other hand, picked up the slack of Israel's neglect throughout the 1970s and 1980s. Now, most NGO leaders remain convinced of the continuing need to provide their services (efficient, effective, time-tested) to the poor and marginalized people of Palestine. As for the future, even when the PA or its successor (i.e., a Government of Palestine) becomes a more effective institution, NGOs will remain vital. No government can (or should attempt to) provide all services needed to sustain even the wealthiest of nations.

In the Palestinian context, PNGOs play

"an essential part in delivering economic and social services in the West Bank and Gaza [Strip] and in developing democratic institutions in Palestinian society... In early 1996, it was estimated that NGOs provided about 60% by value of all primary health care services and up to one-half of secondary and tertiary health-care. All disability and preschool programs are run by NGOs as well as most agricultural services, low-cost housing programs and micro-enterprise credit schemes."\(^8\)

PNGOs also provide a great deal of primary education, especially in Jerusalem where the vast majority of Palestinian children attend religious or secular private schools, run mostly by Palestinian or international NGOs.

1.3 Poverty

PNGOs must play such an active and diverse role in social, economic, and political life in Palestine due to the desperate socio-economic conditions befalling Palestinians. In a word, poverty. Poverty in the WB/GS/EJ continues at critically high levels despite (or many argue because of) the Oslo peace process. Much of it is endemic, as if Palestine were a third world economy although for the most part it re-

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mains a stunted part of Israel's advanced economy. Much of it is systemic, given the economic dependence on Israel for jobs and especially with efforts to break that dependency. And much more of it is exacerbated due to Israeli policies. The one policy with the most negative effects on the Palestinian economy and poverty is the on-again, off-again policy of border and permit closures.

Closures may be general, internal, and/or external. A general closure is a "situation where the movement of goods and factor inputs (such as labor) is hindered, ranging from only slight delays at checkpoints to complete restrictions on the movement in and out of the WBG and between the West Bank and Gaza of either goods or labor." External closure "is the situation where the external borders (at checkpoints) of the WBG are closed down to the movements of goods and people." And internal closure

"is defined as the situation where access to, from and to some extent within Palestinian controlled areas in the West Bank (area A and B) is also restricted (in most cases meaning that neither goods nor people can leave or enter the areas through the normal entry points)."9

The economic effects of closure are enormous, as are the political impediments to reversing them.10 From the signing of the Oslo Accords in 1993 until the end of 1997, it was determined that economic conditions in the Gaza Strip and West Bank had deteriorated markedly. The Palestinian economy was weaker than it was during the Intifada.

"It is poverty not prosperity that increasingly characterizes the local economic landscape. The reasons for Palestinian economic decline are many and interrelated but turn on one key axis: closure. Israeli closure policy, which was first imposed in March 1993 and has never been lifted since,

9 World Bank & UNSCO, Closure on the West Bank and Gaza: Fact Sheet, 22 August 1997, pp. 6-7 (mimeo).
10 One USAID official in Jerusalem said: "We have a $19 million project for creating jobs. We did an analysis and found that we could create more jobs in Gaza by keeping the border with Israel open for two weeks than we could by spending $19 million. But, the State Department ... [is] not willing to stand against border closings." Interview, Jerusalem, November 3, 1995.
Chapter I: Formation and Evolution of the Fund

represents the single most deleterious exogenous factor to the Palestinian economy at present."¹¹

Compounding this factor is Israel's policy of substituting Palestinian labor (from Gaza and West Bank) with foreign workers (from Eastern Europe especially).

Whether it is closure primarily or in conjunction with other factors, such as the inevitable problems associated with the transformation of this dependent economy, poverty remains the most important factor for many Palestinians. Over 20% of households in the West Bank and Gaza Strip live on less than $2 (two dollars) per day, the international standard of measuring poverty.¹² Despite the bad news that Palestinians suffer from poverty at a high level for regional standards, the good news is two-fold: this is a decline in percentage terms from 1996-97 (22-24% of households) and in absolute terms (680,000 persons to 610,000), despite continuing population expansion. Nevertheless, poverty remains high and the share of population in poverty is more than twice as high in Gaza as in the West Bank (33% vs. 14.5%). Average income (GNP per capita) in WBGS is $1,560 (compared with $2,500 in Jordan and $1,290 in Egypt). Israel's average income is over $15,000. When considering the purchasing power of Palestinians, the GNP per capita is the lowest in the Middle East/North Africa, with the exception of Yemen. Given this, the role of PNGOs remains critical to the development efforts of donors and the PA, all of whom are committed to poverty alleviation.

1.4 Competition for Assistance: The Emergence of the PA as an Alternative for Donor Funds

With the establishment of the PA, there was further expectation that poverty could be reduced and development could be advanced. Rather than a partner with PNGOs, however, the PA came to be seen by some as an alternative to (or replacement of) PNGOs. By late 1995, the World Bank could demonstrate that Palestinian NGOs were losing millions of dollars annually from international donors: govern-

ments (Arab states in particular), multilateral development agencies, INGOs, and private foundations. Some of this was due to the effects of the Gulf War as previously supportive Gulf Arab states cut-off or reduced considerably their funding to Palestinian NGOs. Much more support for PNGOs was lost once the PA was established in 1994.

"By the early 1990s Palestinian NGOs were receiving somewhere between $140-$220 million each year from outside sources. By 1994, the first full year of the Oslo process, external support contracted to about $90 million, and in 1995 and 1996 stabilized at about $60 million per annum – a loss in external revenue of somewhere between a half and three quarters during a six-year period."13

PNGOs lost revenues primarily because bilateral and multilateral donors were committed to supporting the newly established Palestinian Authority. An official with the UN Development Programme acknowledges that there has been a concerted effort to shift funds out of the hands of the PNGOs and into those of the PNA, Palestinian National Authority.

"Our [UNDP] mandate is to work directly with governmental authorities. We are constantly under pressure by our bosses to give our money to the PNA. But we employees are not happy about this because we've worked closely with NGOs; we know what they can do. And we know the PNA can't replace NGOs."14

International donor representatives have expressed concern that, in working with the PNA, there remains a great deal to learn about grassroots organization and development. Thus, these donors express a preference for the NGOs, both out of desire to protect the sector overall and to work with groups that have a proven track record in development.

The struggle, however, is to retain the NGOs while supporting and promoting the efficiency and effectiveness of the PA. A World Bank

13 PDP, pp. 1-2.
14 Project Manager, UNDP, Jerusalem, October 24, 1995.
official, analyzing U.S. aid policy aimed at supporting the new PA, asserts that

“AID made the tough, but I think the right, decision to move money out of NGOs in order to support the PA, which was on the verge of collapsing. So, we saved the governing structure, but we've hurt – in the short term – the NGOs.”\(^{15}\)

This official recognized early on in the peace process the need to refocus donor efforts in order to maintain support for the Palestinian NGOs.

The Needs Assessment conducted by the Welfare Association Consortium for the World Bank NGO Project (see below) highlights the impact of this shift in funding away from PNGOs:

“after the establishment of the PNA... the reduced funding to the PNGO sector was a major determining factor in the shift [of the PNGOs'] role, structures, mode of operation and program priorities.”\(^{16}\)

Specifically, PNGOs translated reduced funding into reduced services, closing down completely, freezing plans for expansion and shifting to “programs that donors are interested in funding.” Services especially damaged include health, early childhood education, and rehabilitation.

1.5 PA Incapable of Replacing PNGOs?

Many argue that the PA should be receiving funds instead of PNGOs since it is the PA that serves as a caretaker for the future government of Palestine. Yet, in the first few years of its existence, the PA demonstrated it was incapable of providing the services and technical assistance that PNGOs had been providing for years throughout the West Bank, Gaza Strip, and East Jerusalem. PA officials were among the first to admit their inability to take on so much responsibility in providing services, especially health, education, and rehabilitation. PNGO

\(^{15}\) Interview with World Bank official, Jerusalem, Oct. 24, 1995.
\(^{16}\) Welfare Association Consortium Palestinian NGO Project, The World Bank NGO Trust Fund, “Needs Assessment: Preliminary Results” (Draft) November 1997. This draft was prepared by Dr. Naela Ayed.
leaders also felt frustrated as a political entity emerged and asserted the authority over services and projects it could do little to promote:

"In addition to losing our access to traditional revenues, we are expected to serve the PNA…. The Ministry of Education calls us, we give them contacts and get them access to resources of other NGOs plus to our connections in UNICEF and donor organizations. And we get nothing. We can't continue to provide our services to the PNA without something in return [i.e., money] for these services."17

When it first began its operations, the PA (made up largely of Palestinian returnees who served the PLO in exile) lacked its own connections and understanding of the way things work in WB/GS/EJ. To compensate, they relied on established and respected PNGOs to provide its officials with access to communities (both local and international). Beyond a critical lack of wasata (connections) so necessary to make progress and overcome distrust in WB/GS/EJ, many PA officials (primarily those 'returnees' from Tunisia and elsewhere) also lacked the experience and expertise of their PNGO colleagues. Worse still, NGOs regularly have trained PA civil servants in the art and science of service delivery, management, and community development and NGOs regularly deliver the very services for which the PA is responsible. Still, these NGOs have received no compensation; the lucky ones receive medicines or supplies "in kind."

While some PNGO leaders complain when the PA seeks out their advice, others have offered to "give up" their services and allow their new government to assume these functions. PA officials, however, generally have declined such offers, telling the NGO leaders that they (PA) intend to wait for at least three years before they attempt to take over the massive number of services the NGOs provide. Some in the PA say they will attempt to learn from the NGOs first before attempting to do what the NGOs have been doing successfully for years. The point is that NGOs will continue to uphold a majority of relief and developmental work for the foreseeable future and thus are in further need of donors' support. Virtually everyone interviewed for this paper – donors, PA officials, and NGO representatives – agrees that NGOs must be

17 Interview with a PNGO leader in education, October 25, 1995.
sustained and enhanced in order to promote relief and development and to develop civil society and democratization. However, there remains a vocal and strong minority within the PA that declares PNGOs as the enemy of the PA, as either Islamist or communist opponents of Arafat and the structure of the PA.

The PA's view of NGOs "in a nutshell," according to Dr. Anis Al-Qaq, Deputy Minister of MOPIC, is as follows:

- Some are corrupt. Some are dakakin [storefronts], ways to create a job for the head of an NGO. Others do very good work, but it isn't in priority areas.
- We want effective services, as long as they are part of the national plan. And NGOs must register with the appropriate ministry.
- We don't want to see NGOs use service delivery for political means. They can form political parties, if they care so much about politics.
- On funding, the PNA must know where they get their money so NGOs are accountable and transparent.
- Many – maybe 30 or 40 – NGOs are very good at PR. They have good relations abroad. They're eloquent. And while they may be good, they may not be doing the right thing. Many of these talk democracy but their leaders have been in charge for 30 years!
- It's natural for NGOs to feel a loss – they led the national struggle and provided needed services. But they were too independent and now must give up some power. And not engage in politics by way of providing services. They can still join political parties.¹⁸

Al-Qaq admits to being frustrated with the time it took to get the NGO project operational.

"We know which NGOs are working and which aren't. We have to help those that are good and are in need. Charitable associations in health and education and charities –

¹⁸ Dr. Anis Al-Qaq, Ar-Ram, September 20, 1997
not human rights and research — these need the most help. Within the PNA, our top priorities are hospitals and schools. We know all this already. Too much time has been wasted. We're frustrated. Let's get this going — with accountability, transparency, and focus on our [PNA] priorities in the national plan. 

1.6 World Bank Support for NGOs

An additional rationale for the establishment of the Palestinian NGO Project is that the World Bank, in recent years, has developed a strong connection to and even a reliance on the work of NGOs in countries and societies it seeks to assist. As the Bank itself argues, it

"sees an important role for NGOs in helping achieve each of its three main objectives — promoting equitable economic growth, reducing poverty, and protecting the environment. NGOs can help improve the quality of people's lives through project work and by representing the interest of the poor. In fact, their programs are often more effective in reaching the poor in remote areas than those managed by the public sector."

The Bank rarely funds NGOs directly. Rather, NGOs typically receive Bank support indirectly, from loans and credits that a borrowing government has channeled to them. Increasingly, though, the Bank is relying on "Social Funds" which serve as mechanisms to channel Bank funds (usually supplemented by other donors' assistance) to public, private, or voluntary organizations. (See section IV, below)

The Palestinian NGO Project is not technically a Social Fund (SF) but it shares many of the characteristics of other SF's. Bank officials acknowledge a potential link between the SF experience and the Palestinian project. In a project appraisal document, Bank staff note that

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19 ibid.
“Social Fund experience highlights the importance of funding NGO pre-investment activities in order to promote local participation and community mobilization efforts, and the need for careful targeting to ensure projects are responsive to the priorities of the very poorest.”

In addition, the Bank has “become increasingly convinced of what a vibrant civil society can contribute to human development.”

I.7 Creating a Fund for Palestinian NGOs

Finding the focus: Since 1995 at least, Bank officials have been certain of a few things: (1) there is great need to provide more help to the Palestinian people suffering in poverty and otherwise on the “margins” of society [women, elders, handicapped, geographically isolated, etc.]; (2) PNGOs need continuing financial and technical assistance; (3) PNGO-PA relations have been acrimonious and are in need of improvement. With these realities clearly understood, Bank officials struggled over the appropriate focus of this project. Would it be established to support NGOs as end in itself or would it seek to provide service to the poor and help NGOs in the process? However it was decided, would the Bank’s objectives be achievable given the fluid and unprecedented political, legal, and regulatory environment within which they sought to implement this project?

As the Bank was designing this project with the aim of supporting and sustaining the PNGO community, the PA under Yasser Arafat was considering legislation that would severely restrict PNGO activities (e.g., limit fund-raising as well as the breadth of services NGOs could

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23 For want of a better phrase, this one attempts to capture the sense of uncertainty and complexity inside the still-occupied Palestinian territories of the West Bank, Gaza Strip, and East Jerusalem. Here, as the PA seeks to establish its rule, its law, its control, Israeli laws of occupation still govern much of the WB/GS/EJ. Israel, and now the PA, often call on Jordanian, Egyptian, British Mandate, and Ottoman regulations.
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provide). Palestinian civil society leaders began lobbying against this proposed law. The Bank recognized this tension between the PA and PNGOs and determined that the NGO project could be utilized to improve NGO-PA relations. Indeed, it determined that without such an improved relationship, the primary objectives would not be achievable or sustainable.

In this context, the Bank decided that the most important objectives for this project are:

1. To deliver services to the poor and marginalized in Palestinian society, using NGOs as the delivery mechanism;
2. To improve the institutional capacities of NGOs receiving grants under the project; and
3. To support efforts by the Palestinian Authority (PA) and the Palestinian NGO sector to strengthen their working relationship, including support for the development of a positive legal framework for the sector.

In short, rather than choose one focus over two other critical needs, the Bank decided it needed to tackle all three. But it also needed to prioritize (as above).

Simultaneous to the search for the focus of this project was the search for bureaucratic, political and financial support for it all. Bank officials had to secure support for this project from their own organization, within the Bank. They certainly needed the political blessing of the PA and President Yasser Arafat. They also needed to establish the trust of the PNGO community, the focus of this project.

1.8 Convincing the PA, PNGOs, and Israel ... and the Bank

Once the concept of a Fund for NGOs was envisioned, Bank officials worked hard at communicating the concept to PNGOs, for whom it was intended, and to PA officials, against whom it was not aimed. Nigel Roberts, the Bank official most responsible for this project, knew in October 1995 that there were
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"many obstacles to overcome, including some internal [Bank] skepticism about how and whether this fund will work. This is the first of its kind – the first time the World Bank works directly with NGOs and not with the government. Running this operation will require a great deal of trust in us from both the NGOs and the PA. The PA will be kept informed, fully, of what we're doing. But they will not sit on the board governing the disbursal of funds."24

PNGOs themselves were not invited to sit on the governing board. Both groups, of course, were very much involved in discussions (including those on needs assessment) to design the best possible project.

The PNGO community was initially skeptical of the World Bank getting involved in direct support of NGOs. Many leaders of PNGOs felt the Bank had a negative track record in development, given some questionable projects around the world. Ultimately, PNGO representatives became convinced that they and their constituents – the impoverished of Palestine – would benefit greatly from this project. PNGO representatives even became engaged in a consultative capacity as the project evolved (See Governance Committee, below).

Achieving de facto Israeli consensus for a project to support Palestinian NGOs, especially those operating in East Jerusalem, is itself notable. The Oslo Agreements, which serve as the legal framework for Bank operations in the West Bank and Gaza, exclude Jerusalem from the territories over which the Palestinians exercise authority. The West Bank and Gaza Program has strictly adhered to this legal framework with respect to Bank-financed activities. Thus, economic support to Palestinians in Jerusalem could not be done with Bank funds.

Instead, the Bank designed a mechanism to help Palestinian NGOs in Jerusalem whereby Saudi and Italian co-financing was provided for NGOs in Jerusalem in the respective amounts of $1.5 million and $1 million. This grant funding is channeled to Jerusalem NGOs through the Project Management Organization (PMO). Therefore, no official agency of the Palestinian Authority was involved in the implementation

24 Interview, Jerusalem, October 1995.
of the Palestinian NGO Project in Jerusalem. (In fact, no funding under the Project is channeled through the PA, either in Jerusalem or anywhere in the West Bank and Gaza).

### 1.9 Fundraising for the PNGO Project

In 1996-97, the Bank made several visits to Europe to raise the money necessary to at least launch the project. The Bank's target was to raise approximately $18.5 million. Bank officials would settle for $10 million to get the project underway and use the hoped-for successes of the first couple years of this project to raise additional funds. Eventually, the Bank discovered that the original assumption of available donor money was wrong for two main reasons:

1. Donors prefer to fund their own national NGOs, and
2. There was significant worry over the riskiness of this new project.

Having very little luck initially with donors, the focus shifted temporarily to raising funds inside the Bank offices in Washington. These start-up funds were then used to leverage other would-be donors. Upon reflection, four years later, Nigel Roberts said:

> “I think Bank officials just got tired of me asking. They saw how persistent I was. They figured it was better to agree to fund this project than figure out how to avoid me.”

His persistence worked. Thanks to the Bank’s agreement to support this project with $10 million, Roberts soon found additional support for it from the governments of Italy ($2.5 million) and Saudi Arabia ($2.5 million).

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I.10 Designing the Structure

As funding was being secured, the organizational structure of the project was taking shape. The Bank would not run this project but would select a Project Management Organization (PMO), through an international competitive bidding process. The next decision was to determine the appropriate type of oversight of the PMO.

By late 1996, the Project Preparation Committee had agreed on the creation of a Governance Committee consisting of representatives from PA ministries and various NGO networks [along with independent leaders from academia]; this committee was to have acted as a focal point for PA-NGO coordination and would have recommended sector and area guidelines for each bi-annual grant round. It would also have helped the World Bank supervise the activities of the PMO, relying on the development experience of the PNGOs. However, this body would have had no part in decisions about which NGOs were to receive awards (it was understood, for the sake of impartiality, that the choice of awardees should be the job of the PMO alone). In recent months, though, controversies surrounding the management of the NGO sector, including disagreements over which NGO union or network can claim to best represent the sector as a whole, have led most parties to conclude that it is not advisable to form a project Governance Committee at this stage.\(^{26}\)

By early 1997, before the Bank solicited bids from the various organizations seeking to become the PMO, the idea of a Governance Committee was dropped from the proposed management structure. (In 1998, about one year into the project, the Governance Committee was revived. See below.)

I. Who Runs the Show? Designing a Management and Governance Structure

After deciding in 1997 that the Governance Committee was not feasible, due in large part to a proliferation of “NGO networks” (a couple of which were more in the spirit of GONGOs, aimed at extending PA influence into Fund operations), Bank officials redesigned the management structure. They settled on a two-tier management structure:

(1) The Project Management Organization (PMO), selected by the World Bank, would act as the legal recipient of the project funds. The PMO is “responsible for announcing and advertising each round of grants; for selecting grant recipients according to strict and transparent competitive procedures; for signing grant contracts with the recipients; and for disbursing awards and supervising the use of grants by recipient NGOs. [The PMO also] will provide continuous hands-on training to grant recipients. ... The PMO will not be eligible to receive project grants or to implement sub-projects.”

(2) The World Bank, as Project Administrator, “will aim to ensure that the project meets its basic objectives and operates as designed.” The Bank selected and hired the PMO (see below), supervises its work and monitors “the degree to which the project is meeting its objectives. In addition, the World Bank will continue to liaise closely with the NGO community and the PA as the project progresses, and will report to project donors periodically on progress achieved.”

Once the PMO solicits projects for awards and determines which NGOs should receive support from this fund, but before announcing these decisions publicly, the PA’s Ministry of Planning and International Cooperation (MOPIC) will be given a right to object to any project, but only for technical reasons (i.e., not political ones). Specifically, MOPIC will coordinate with other PA ministries (e.g., Health, Educa-

27 Government-Organized (or Oriented) NGOs.
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Selecting the PMO was a critical next-step in the process of launching this NGO project. As early as 1995 – well before the project design was complete – Bank officials and Bank consultants scouted out potential organizations that might bid to become the PMO. Other groups promoted themselves before there was a clear description of PMO activities. The formal selection process began with a two-stage bidding process. In the first stage, the Bank advertised internationally and locally (West Bank/Gaza Strip/East Jerusalem) calling for organizations to tender their Expressions of Interest (EOI) in providing project management services. Over 30 NGOs and NGO consortia submitted for-

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31 Interview, Washington, DC, April 1997.
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many EOs. Many of those who were interested did not have the requisite qualifications, the four essential ones being:

- proven experience and competence in managing NGO umbrella grant programs;
- field work in the West Bank and Gaza Strip;
- demonstrated competency in providing NGO institutional development and training; and
- demonstrated competency in delivering community-based poverty alleviation programs.\(^\text{32}\)

The Bank looked seriously at 15 of the over 30 interested bids, narrowed the 15 down to 8 and eventually narrowed these down to 5 NGOs/NGO consortia. A Letter of Invitation (LOI) was sent to each of the five inviting them to make a formal bid, concentrating on each group’s “experience, anticipated approach to project management, staffing plan and financial proposal.”\(^\text{33}\) All five were called to a one-day bidders’ briefing at the World Bank. Bids were scored on technical merit (80%) and price (20%). Profit margins were not allowed in any bid.

The short list for the Palestinian NGO Project was:

- CARE (US)
- CIBG Consortium: Christian Aid (UK); Interchurch Organization for Development Cooperation (Netherlands); Bisan Center (Palestine); and The Galilee Society (Israel)
- Save the Children Federation (US); Save the Children Fund (UK); Birzeit University (Palestine)
- The Welfare Association (Switzerland); Charities Aid Foundation (UK); and the British Council (UK) – hereafter, Welfare Association Consortium, or WAC
- World Learning (US) and AMIDEAST (US).

\(^{32}\) PAD, p. 3. See also PDP, p. 12.
\(^{33}\) PAD, p. 10.
Bids were assessed by an Evaluation Team, formed by the Bank, which included internal and external experts as reviewers. An internal (Bank) committee reviewed the decision of the Evaluation Team. This “secondary committee” (three people from the Bank) conducted a shadow evaluation process, a “check” of sorts on the primary Evaluation Team. One member of the second review group said that “Before I saw their recommendation, I examined the same short list and came up with my own evaluation. I must say, it was very close to theirs.”

The top-ranked bidder, the Welfare Association Consortium (WAC), was invited to negotiate the Project Grant Agreement. It signed that agreement as well as a separate understanding. The Welfare Association, a long-time contributor to Palestinian NGO and charitable activity, even contributed $300,000 to the NGO Project. The Welfare Consortium is the designated PMO for a period of three years (Phase I of the project). The management contract signed by the Consortium and the Bank allowed this period to be extended if management performance in Phase I met Bank expectations.

The difference between the Bank’s commitment to the PNGO Project for 6 years and the Bank’s hiring WAC for three years has led to confusion as well as consternation, at least on the part of WAC. According to the Trust Fund Grant Agreement between WAC and the Bank, the Project was to be completed in six years (with a closing date of December 31, 2003). WAC has felt hard-pressed to merge the notion of a six-year Project with the three-year management contract they received from the Bank. For three years, the PMO was “tested” (reviewed, monitored, and evaluated) to determine their suitability for continuing to manage the remaining three years of the Project.

1.13 The PMO’s Turn

Once the PMO was chosen, it moved to establish its own management team; to conduct the needs assessment to determine the top development, service, and research needs of their clients (PNGOs); and to write an Operations Manual, as required by Bank regulations. It took nearly a year to complete this manual. Both the Welfare Consor-
tium and the Bank underestimated the time it would take to establish PMO operations. The delay haunted the Consortium for the first three years of this project as it further delayed the initial cycle of grant-making and remained as a shadow on the operations. The delay also would be mentioned by Bank officials throughout the three years. Still, the PMO overcame this problem.

Building their management team. The Supervisory Board of the Welfare Association Consortium consists of the following:

- three representatives from Welfare Association, including the Director General of the Association
- one representative from CAF
- one from British Council
- two "Distinguished Resource" people, one from Gaza and one from West Bank (to be selected by the Welfare Association
- one "Resource person" from the resident international community, an expert in NGO or development issues (e.g., from UNDP, an INGO, etc.)
- the PMO Director, as an ex-officio member.

A Steering Committee, which meets at least three times per year, consists of four people, representing each of the three organizations involved in the Consortium plus the Distinguished Resource person from Gaza.

Assessing Needs. The Needs Assessment process was designed to identify regional priorities for NGO activity. The Welfare Consortium established a Needs Assessment Task Force, which included Dr. Mohammed Shadid, Ms. Mira Rizek, and Dr. Naela Ayed (all from the Welfare Consortium); Dr. Salim Tamari and Dr. Ibrahim Abu-Lughod (two independent academic leaders in the West Bank); and Dr. Hisham Awartani. The needs assessment was conducted between August and November 1997, largely through consultation with PNGO representatives, MOPIC officials, and experts on the NGO community. Workshops were held separately in East Jerusalem, Ramallah, and the Gaza
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Strip. The Gaza Needs Assessment Workshop was scheduled although "Mira and Naela could not get permits (from Israel) to enter Gaza. Then, we got the permits but a new closure came. Mohammed went so as not to cancel this meeting again. He played roles of all three facilitators."  

For the West Bank, the closure required the PMO to alter their methodology and venue. Instead of the interactive, face-to-face meeting they planned, they resorted to a method of "interaction by fax." Based on feedback received during the first two workshops in Gaza and Jerusalem, the PMO sent West Bank participants a list of proposed needs and asked them to add or remove targeted "needs." Then, they asked participants to rate their priorities as High, Medium, or Low.

"We developed priorities from these. Then, we asked them to rank their own priorities in order on a scale of 1 to 10. Those needs that received high levels using both methods are the ones we will focus on."  

Welfare Consortium officials chose the NGOs to participate. They chose Palestinian NGOs only, practitioners with long-term experience in the West Bank and Gaza Strip. They sought advice from decision-makers, development experts who had done needs assessment in the past. They also interviewed "key experts" in the field to examine these priorities and to help develop "global" needs. Fifteen experts from Gaza Strip and fifteen from the West Bank helped the PMO to:

- verify the already identified needs in the workshops for both services and research, and to rank them;
- determine the shift in NGO structures, objectives, and priorities in the provision of services in WB/GS since the Oslo agreement and the establishment of the PNA; and
- consult on the criteria and guidelines for selecting beneficiaries of the hardship grants.  

37 Needs Assessment, p. 15.
After determining the draft needs assessment, the PMO set up a series of public meetings by district, to see how different sectors would respond to the identified priorities district-by-district. These were open to the general NGO community and others interested in the Palestinian NGO Project.

Results of the Needs Assessment. Results indicated that there was a shift in the role, structure and service priorities for the PNGOs as a result of the establishment of the PNA, the reduction in donor funds to PNGOs and the changes [i.e., deterioration] in the economic situation. Experts interviewed believed that the complementarity between the PNA and PNGOs is essential and possible in all service areas. However, legislation that defines the relationship between the PNA and PNGOs and formalizes coordination mechanisms should be developed and institutionalized. In addition, plans and shared vision for the development of the various sectors are necessary for resolving the existing role overlap and role ambiguity that presently exists.38

Priority service and research needs vary by region – Gaza Strip, Jerusalem, and the “Rest of the West Bank”. Priority needs were presented in this Assessment more as a wide-ranging list than a focused few areas.

- **In the West Bank,** the priorities are land reclamation; development of NGOs; income generation for target groups; housing; youth services; rehabilitation; early childhood education; and programs to oppose confiscation of land.

- **In Jerusalem,** the priorities are legal services to Palestinians; development of NGOs; schools; youth services, including drug control and prevention; housing; early childhood education; community empowerment; income generation and production; school health; management training.

- **In Gaza:** mostly health and education -- primary health care for under-served communities; early childhood education; adult formal and non-formal community education; vocational training for the disabled. Also, credit programs for poor farmers and poor women; and medical financial assistance to the poor.

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38 Ibid., p. 2.
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In a February 1998 Mission Aide-Memoire by the World Bank Task Manager, these needs were more clearly focused to the following priorities:

- **In the West Bank**, informal education, primary health care, agricultural intensification;
- **In Gaza**, informal education, rehabilitation for the disabled, primary health care;
- **In Jerusalem**, legal advisory services, informal education, schools.

The needs assessment conducted by the PMO in 1997 also examined priority research needs – areas to improve NGOs' technical capacity and to institutionalize NGOs and their activities throughout Palestine (EJIWB/GS). The third objective of this assessment was to establish criteria for selecting beneficiaries of hardship grants.

The World Bank Task Manager for the Palestinian NGO Project called for a careful review of the Needs Assessment experience after the first grant cycle "to determine its value as a targeting instrument, and to decide whether/how it should be continued into the second and subsequent cycles." In fact, these assessments have become routine and occur prior to each cycle. Moreover, they have evolved to include the potential beneficiaries of each surveyed community.

**Defining Operations (designing the Manual).** Simultaneous to determining the needs for the Palestinian people of the West Bank, Gaza Strip, and East Jerusalem, the Welfare Consortium (as PMO) drafted an *Operations Manual (OM)*. This manual describes the project management structure, the grant application and award process, the various steps in the grant cycle, and project audit and procurement procedures. The PMO met with various NGO networks and unions and with numerous ministries of the PA, primarily MOPIC, Social Welfare, Education, Health, Agriculture, and PECDAR. As they developed the manual, Welfare Consortium officials initially believed that once the Bank approved it they "could not make adjustments to the operations

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manual but [hoped they could] make the manual flexible so as to interpret its application in any given circumstance. In fact, the OM has become an

"evolving and dynamic document that can always be updated. It was agreed that we [the PMO] will inform the Bank when changes are recommended, unless these are serious policy changes, which will necessitate the Bank's 'no objection.' That is why the OM [is] done in sections, with loose binding, so that updated sections are inserted with new dates always specified."

40 Interview with Welfare official, September 15, 1997.
41 Interview with Welfare's Operations Manager, August 16, 2000.
II.1 Grants

As mentioned, the first year of this project (July 1997-July 1998) experienced considerable delay in project implementation. The World Bank Task Manager for the Project determined in February 1998 that Implementation Progress was "Satisfactory" but that problems existed in Project Management. However, despite the delays in finalizing the Operations Manual and thus in advertising, appraising, and approving grants in the first cycle, the project was back on track by February 1999, when the Bank gave the PMO a "clean bill of health" after a Management Audit. After a World Bank Supervision Mission in November 1998, the PMO reduced the number of planned grant cycles from a total of five by June 2000 to a total of three, with only one Block Grant. The Bank saw this as a much more realistic approach to grant disbursement.

The bulk of Project resources are disbursed as Development Grants. Development Grants are awarded to Palestinian NGOs for providing a new service or expanding an existing service to Palestinians in Jerusalem, the West Bank and Gaza. The program is targeted at the more developed NGOs that are significant service providers with proven track records and strong institutional and financial management capabilities. The Project Management Organization seeks to promote 'best NGO practice' through this grant.

The second component in promoting service delivery and NGO capacity building is the Block Grant mechanism. These grants work

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2 http://www.pngo-project.org/ See "Development Grants."
through larger NGOs to extend services to poor and marginalized communities by "on-grants" to small, local NGOs. This program seeks to develop the capacity of the smaller NGOs through the transfer of technical skills from more experienced to less experienced NGOs. Block Grants are awarded to NGOs that have significant financial and management experience in handling large grant programs.

From this development and service delivery focus, research and capacity building soon follow out of concern for sustainability and continuing support for the NGO sector as well as a principal objective of poverty alleviation.

**Cycle 1 Development Grants**

The first cycle of development grants was approved in summer 1996. 509 applications were distributed, 357 were returned. A Technical Advisory Committee (TAC) evaluating the proposals recommended approximately 50 to the Consortium's Board. Forty-three were approved and sent to the Bank and the PA for their "no objection." The Bank did object to four projects on technical grounds. The PA had no objection to any. Nearly US$2 million supported 39 projects run by PNGOs under two Project categories: General Development Grants and Italian-Palestinian Partnership Grants.

**Cycle One, Development Grants**

*(Distribution of Projects among Regions and Amounts per Region)*

<table>
<thead>
<tr>
<th></th>
<th>National</th>
<th>Jerusalem</th>
<th>West Bank</th>
<th>Gaza</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Projects</td>
<td>2</td>
<td>6</td>
<td>22</td>
<td>9</td>
<td>39</td>
</tr>
<tr>
<td>Grant Amounts</td>
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<td>336,279</td>
<td>836,349</td>
<td>467,301</td>
<td>$1,828,629</td>
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<tr>
<td>% of Total Amount</td>
<td>10%</td>
<td>18%</td>
<td>46%</td>
<td>26%</td>
<td>100%</td>
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</tbody>
</table>
The second cycle of Development Grants yielded 235 proposals by the submission deadline, 24 December 1998. The Regional Field Officers of the PMO completed the initial screening of these proposals in early January 1999 and began the “desk appraisal,” which included an appraisal of each institution submitting proposals. 117 projects were appraised fully and 69 recommended to the TAC of the PMO for their full appraisal. Of these, 35 (50% of reviewed projects) were recommended to the Consortium’s Supervisory Board. The Board approved these recommendations. All projects they approve, except for those dealing with Jerusalem, then go to the PA/MOPIC and the Bank for review and “no objection.” With Jerusalem projects, the Bank alone reviews for possible objection. As with Cycle 1 Development Grants, the PA had “no objection” to any of the PMO-recommended projects. The breakdown of the 35 projects (totaling $3.2 million) is as follows:

**Cycle Two, Development Grants**

*(Distribution of Projects among Regions and Amounts per Region)*

<table>
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<th></th>
<th>National</th>
<th>Jerusalem</th>
<th>West Bank</th>
<th>Gaza</th>
<th>Total</th>
</tr>
</thead>
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<td>5</td>
<td>24</td>
<td>4</td>
<td>35</td>
</tr>
<tr>
<td>Grant Amounts</td>
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<td>333,092</td>
<td>2,297,999</td>
<td>397,771</td>
<td>$3,209,629</td>
</tr>
<tr>
<td>% of Total Amount</td>
<td>5.6%</td>
<td>10.4%</td>
<td>71.6%</td>
<td>12.4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The dearth of proposals from Gaza, where needs often are greater (of the 235 proposals, only 55 were from Gaza; the rest were national, Jerusalem, or West Bank) plus the small amount of funding recommended to this area is alarming. Critics of this reality, both at the Bank and in the PNGO sector, have told the PMO that it should focus its efforts at outreach to PNGOs in Gaza to encourage them to apply for grants and technical assistance (and perhaps research grants) in subsequent cycles.

Sectoral breakdown of the 35 projects is:
12 projects in non-formal education ($1,077,787)
10 projects in rehabilitation for people with special needs ($947,055)
4 health projects ($412,580)
4 agriculture projects ($359,275)
2 economic development ($145,049)
2 formal education ($114,883) and
1 Housing ($153,000)

Everyone connected with this Project recognized that NGOs in Gaza were in need of special attention and "positive action." The PMO addressed these needs prior to the Third Grant Cycle when it initiated a "Participatory Rapid Appraisal" process in which 44 Gaza NGOs were trained in participatory community-based needs assessment and then fully participated in the fieldwork. This was done to assist Gaza NGOs in identifying community needs that could then be addressed through grants. This was part of a "pre-investment" program, as agreed by the Bank, and fit under the Capacity Building component of the Project.

In responding to why projects in Gaza and Jerusalem were underfunded, it was argued by one Bank official that,

"for reasons of transparency the PMO had to put in place extremely complex proposal application forms. As a matter of fact, we hope that the Block Grants will 'rescue' small NGOs/ CBOs that have been overlooked in Development Grant cycles. We had not anticipated this in the Project Design."

**Cycle 2 Block Grants**

Another mechanism to support Palestinian NGOs, through Block Grants, also occurred in the second funding cycle. Six organizations or NGO partnerships received seven Block Grants totaling $3,550,000. The Supervisory Board approved these on May 9, 1999. The PA is-

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3 Interview, August 15, 2000
sued its 'no objection' to all seven and the World Bank 'no objection' was received on June 23. The six Block Grant managers are:

- ANERA and Maghazi Community Rehabilitation Society
- CRS (Catholic Relief Services), Women's Affairs Technical Committees, and Palestine Hydrology Group
- World Vision and Ma'an Development Center
- Palestinian Center for Microprojects Development (2 grants, in Gaza and Jerusalem)
- PARC – the Palestinian Agricultural Relief Committees
- Union of Palestinian Medical Relief Committees and Recirca E Cooperazione

These NGOs and NGO partnerships are considered among the most qualified, experienced agencies in Palestine. Their participation in the PNGO Project is aimed at disseminating “best practices” and facilitating greater cooperation among NGOs themselves.

The PMO management team is excited about this grant disbursement mechanism, as they would be "able to influence the direction of sub-projects and use this channel for poverty alleviation and reaching the marginalized, especially by working with PNGOs who cannot write grants."  

**Cycle 3 Development Grants**

Cycle 3 Development Grants ($2.5 million available funding, in August 2000) were initiated on time, with advertisements in the local press, at the PNGO Network, and the Union of Charitable Societies from 12-17 November 1999. Proposals were distributed after 17 November and the deadline was extended (due to Christian and Muslim Holidays) from 30 December to 3 January 2000. 255 proposals were received, distributed among NGOs as follows:

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*Interview with Victor Kashkoush, Chairman of the Steering Committee of the NGO Project, February 5, 1999.*
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- 130 from West Bank
- 47 from Jerusalem
- 15 “multi-district”/West Bank
- 55 from Gaza
- 8 National (West Bank/Gaza)

Out of the $2,497,081 funds available for this cycle, $465,623 is reserved for joint Palestinian-Italian partnership projects and $487,672 is targeted for projects in Jerusalem. In Cycle 3, 31 projects were funded, bringing the total Development Grants in Phase I to 105. The total grant allocation for Cycle 3 is $2,259,940 including the 2% external audit fees. These have been allocated to the three funding sources, namely World Bank/IDA, the Italian Government and the Saudi Government. In this cycle, 255 proposals were submitted; only 31 could be funded. PMO workers were discouraged, as they have been in other grant cycles, because the number of “good projects” (worthy of funding) exceeded the available funds. The PMO Operations Manager regrets that they had “to drop some good projects based on budget constraints.”

Saudi and Italian Funding to NGOs in Jerusalem

Saudi funds are used to finance grants directly to Palestinian NGOs, and to Palestinian and international NGOs organized in partnerships. Eight of these “development grants” have been financed with Saudi funds so far. In addition, Saudi funds are used to finance “block grants” whereby recipient NGOs act as umbrella organizations and “on-grant” funds to smaller NGOs responsible for service delivery. One block grant

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5 The International Development Association, IDA, is the arm from which funds are granted to this PNGO Project. This, too, is a departure. Rather than giving grants, IDA is officially “the World Bank Group’s concessional lending window. It provides long-term loans at zero interest to the poorest of the developing countries. The mission of IDA is to support efficient and effective programs to reduce poverty and improve the quality of life in its poorest member countries. IDA helps build the human capital, policies, institutions, and physical infrastructure needed to bring about equitable and sustainable growth. IDA’s goal is to reduce the disparities across and within countries, to bring more people into the mainstream, and to promote equitable access to the benefits of development” (emphasis added)

www.worldbank.org/ida/idae.html

6 Email correspondence, February 28, 2000.
($300,000) out of seven is financed by the Kingdom of Saudi Arabia. All grants are awarded through a competitive demand-driven process and finance sub-projects in the fields of health, formal and non-formal education and youth activities. By July 2000, nine grants totaling $800,326 were financed by Saudi funds, of which $497,229 were disbursed.

One development grant ($55,978) was awarded to an NGO in Jerusalem engaged in education. One Block Grant is co-financed by Italian funds and tied to activities in Jerusalem for $200,000. As of July 2000, $208,450 had been disbursed out of the $255,978 committed to the two grants financed with Italian funds.

PMO officials were surprised in early 2001 with yet another infusion of funds. The Director of the Italian Cooperation Office in Jerusalem told the PMO that Italy was allocating the interest earned on its contributions to this Project for use by the PMO to fund more projects. (The Director approved allocations based on recommendations of the World Bank.) This amounts to nearly $500,000 (April 2001) and is in effect a windfall for the PNGO Project. With this additional commitment, the PMO supported six further projects – in Bethany, Bethlehem, Jerusalem, and Gaza.

**Research Grants**

The research program of the PNGO Project is aimed at assessing the Project’s focus in terms of its three primary objectives as well as at providing feedback and analysis to guide future policy making and direction of the Project overall. In this sense, the research component aims to generate information and understanding about as well as for the Project.\(^7\) By summer 2000, four research projects were approved:

- NGO Sector Mapping, conducted by MAS, $89,125
- Project Consultative Processes, conducted by MAS, $40,875
- The Role of NGOs in Building Civil Society, conducted by Bisan, $36,035
- Land Use in Rain-fed Areas, conducted by ARIJ, $39,349

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Also under the Research Grants component, a Participatory Needs Assessment research project was conducted (prior to Cycle 3) in three Jerusalem rural areas. This was done to validate the Needs Assessment conducted at the beginning of the Project. A final component of the Research Grants was done in conjunction with the Mid-Term Review of the Project. Khaled Nabris conducted “An Assessment of the Views of the Poor and Marginalized People of the Projects Funded under the PNGO Cycle 1 and 2 Development Grants: 12 Case Studies.”

Recovery Grants

Recovery (originally called “Hardship”) Grants were designed for NGOs that provide efficient service delivery in priority areas but face temporary financial difficulty. To access one of these grants, NGOs were to put forward a financial recovery plan to ensure that their services are sustainable in the short to medium term. These grants were to be an important part of this Project. However, the Bank and PMO recognized the difficulty in prioritizing needs among the numerous NGOs that fit this category. A Bank Supervision Mission (July-August 1999) argued that

“the case for implementing a program of Recovery Grants is weak and that this represents an error in the original project design. The mission indicated that the PMO was free to study the matter further ... but confirmed that it would not be possible to finance any Recovery Grants until after the Mid-Term Review – if then.”

Capacity Building Program

The capacity building program of the PNGO Project is aimed at strengthening the NGO sector overall, disseminating knowledge about “best practices.” One of the most significant achievements in promoting capacity building through this Project has been the PMO’s completion of a Concept Paper, Broadening the Scope of Capacity Building.

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"The paper looks into ways of reaching larger numbers of NGOs, diversifying technical assistance interventions, and proposes ways of 'institutionalizing' and sustaining this component. [The PMO proposes] to establish an NGO Resource Centre."

It is based upon this concept paper that the Mid-Term Review Team suggested the future of the PNGO Project, with an NGO Resource Center at the core.

Other elements of capacity building for Palestinian NGOs have centered around the Development Grant cycles. Training is offered either prior to proposal submissions or after grants have been awarded. Most of this training is in the area of management. For Cycle One grant recipients, the focus has been institutional strengthening for 30 NGOs. In Cycle Two, training was held for NGOs interested in submitting proposals. The focus here was on project identification and proposal writing. Moreover, an assessment of needs in the area of training and technical assistance was completed by the PMO for all 35 NGOs that received awards in this cycle. In Cycle Three, 45 NGOs in Gaza received training on how to conduct "participatory needs assessments." And eight workshops on project planning and proposal writing were conducted throughout the West Bank, Gaza, and East Jerusalem.

II.2 PA-PNGO Relations

In addition to service delivery to the poor and marginalized and capacity building of NGOs, the NGO Project has an important third objective, "To support efforts by the Palestinian Authority (PA) and the Palestinian NGO sector to strengthen their working relationship, including support for the development of a positive legal framework for the sector." While PA-PNGO relations can be characterized as dysfunctional, especially between 1995-99, recent developments offer some reason for optimism. These developments include passage of the NGO Law, which is acceptable to both the PLC and the Executive Branch as well as PNGOs; the PA's establishment of a new Ministry for NGO Affairs;

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workshops and an international conference on promoting cooperation between NGOs and the PA. One critical question for assessing the value-added of this Project and evaluating the performance of this PMO is to what extent is the Project/the PMO involved in improving this working relationship between the PA and PNGOs?

The law governing NGOs and other associations is the inevitable "bell weather" to measure whether the PA and PNGOs develop a more congenial, collegial working relationship. Such a relationship has not existed to a large extent from the inception of this NGO Project. Indeed, prior to this project and from the beginning of attempts to establish a progressive law governing PNGOs, the NGO community has been at odds with the PA. The latter has attempted to reign in NGOs, to keep them under PA control and not simply oversight. This conflict is most obvious when examining the development of the NGO law.

PNGO representatives have endorsed (and even worked on the crafting of) a law drafted by the PLC that places NGO regulation in the hands of the Ministry of Justice. President Arafat and his aides have sought to place NGOs under the jurisdiction of the Ministry of Interior and/or the infamous "Monitoring Committee," a unit accountable only to the President. After President Arafat's amendment putting Interior in charge of registering NGOs, neither the PLC nor the PNGO leadership sought to prolong the struggle and the law was ratified in January 2000.

Despite this negative assessment of PA-PNGO relations, the PMO through this project has worked to improve these relations. For example, it is arguable that giving the PA/MOPIC a role in project evaluation enhances these relations. With this oversight role, the PA learns a great deal about the capacity of NGOs, their real intentions (as opposed to any misperceptions the PA has with PNGOs), and their overall value to Palestinian development. The Director of the PMO argues that achieving this third objective is as much about process as it is about product. Communication, contacts, and cooperation are keys to ensuring the PA remains supportive of the Project, its goals and objectives, and especially the PNGO sector it aims to regulate (if not control). The Operations Manager adds,

11 Interview with Dr. Mohammed Shadid, Jerusalem, January 16, 2000.
"we have no control over this component [PA-PNGO relations] but the more we can manage this environment, the better it is for the Project. And if there is a link between the three objectives, it is in Poverty. We want to make sure the PA sees that NGOs have a role in poverty alleviation."\(^{12}\)

Palestinian NGO leaders, perhaps not knowing the full extent of PMO-PA contacts, argue that the PMO has "focused more on objectives 1 and 2" (service delivery and capacity building) and did not have an active role in developing the NGO Law (part of objective 3). Instead, leaders of the PNGO Network and the General Union of Charitable Societies say it was they who “spent a lot of time” lobbying the PLC on the law.\(^{13}\) This is correct and the PNGO leaders (through their networks/unions) deserve much of the credit for the progressive approach toward NGO-PNA relations. Still, there is as much to be said for improving PA-PNGO relations in addition to the important, central role of the legislation that formalizes those relations.

Improving these relations involves cooperation in the field, e.g., licensing NGOs to allow provision of health care or approving construction projects for a school. It involves reassuring the PA that PNGOs are on the same team and are critical to achieving the PA’s responsibilities in the realm of social and economic development. It involves reassuring the PNGOs that the PA is on the same team and is responsible for representing all aspects of Palestinian society, including civil society. In many ways, the PMO has served as the facilitator and even arbitrator or conflict mediator between the two, even if each side sees the PMO as siding with the other side.\(^{14}\)

\(^{12}\) Interview with Mira Rizek, Jerusalem, January 16, 2000.
\(^{13}\) Interview, PNGO Network leaders, Ramallah, January 19, 2000.
\(^{14}\) In interviews for this paper, PNGO leaders regularly asserted that the PMO and PNA had a cozy relationship and that the PMO was “one-sided” (pro-PNA). Some PNA officials argued the opposite case.
II.3 Assessing Project Performance: A Mid-Term Review and the Bank’s Response

Bank officials estimate that, in its first three years (1997-2000), the number of direct and indirect Palestinian beneficiaries of this Project are 68,750 and 294,900, respectively (the number of direct beneficiaries was estimated at over 100,000 by April 2001). The sectors in which they received assistance include: non-formal and formal education, health and social services, agriculture development, rehabilitation for people with special needs, and the environment.

While Bank supervision missions and other oversight mechanisms were frequent throughout Phase I of the PNGO Project (1997-2000), the first independent evaluation of project performance was conducted in January 2000, six months prior to the end of the three-year contract between the Bank and the Welfare Association Consortium. While this review came at the end of the three-year contract, it was considered a Mid-Term Review because year 2000 is three years into the Bank’s six-year commitment to this project.

The independent Mid-Term Review (MTR) Team conducted a review of the PMO and the Project in January 2000. Four consultants\(^{15}\) were hired by the PMO and were to report to them; however, there was confusion as to whether this Team would report to both the PMO and the World Bank. Ultimately, the team would:

1. Review the performance of the Welfare Association Consortium as compared with the original contract and project design
2. identify, assess, and tabulate the major assumptions and associated risks and uncertainties that could push the Project off course in the remainder of its six-year life and/or threaten its sustainability
3. advise on the future of the Project, perhaps suggesting new directions or outputs and outcomes
4. advise the World Bank on the extension or renewal of the contract of the Welfare Association Consortium for the second phase of the Project

\(^{15}\) From Palestine, the United Kingdom, and two from the US.
5. advise the Bank on possible variations in management strategy, including the role of a Governance Committee, a possible new Consortium arrangement, new internal management, and the potential for establishing an endowed trust fund that would survive beyond the Bank's involvement.

The "Un-Funded"

One of the most obvious problems facing this NGO Project is that all the NGOs that are in need of support cannot be funded. In three cycles of Development Grants, less than 10% of applications were funded. Of the 357 applications submitted in Cycle 1, only 39 (9%) were funded. In Cycle 2, 35 projects (7%) were approved of the 235 proposals submitted. For Cycle 3, the ratio was 8% - 31 projects out of 255 applications.

Not all applications could have been funded of course; however, many were worthy of funding. The PMO simply did not have enough money to fund more projects. Thus, there remains a great need for further support to Palestine's NGO sector.

Feedback from NGOs that were not funded shows that the reasons are multiple: some NGOs were not even registered with the PA (a requirement of the Project but also a major dispute among NGOs, many of which did not trust the PA and its harsh tactics of oversight). For other NGOs, they could not work through complicated application procedures (especially in Cycles 1 and 2; the PMO attempted to streamline these by Cycle 3). Many NGOs lacked the capacity to apply for grants with such high international standards. In some cases, there were disagreements within the PMO between Regional Field Officers' recommendations and those of their colleagues in the central office. Despite such obstacles, many NGOs who failed to receive support in Cycles 1 and/or 2 did benefit from the application and evaluation experience. At a focus group for NGOs in Gaza that did not receive support for their proposals, one NGO official said that the Project overall and the application procedure "made NGOs more responsive to the conditions" of their poor communities. It forced "us to follow the scientific method in preparing our application." A woman from another Gaza
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NGO said the PMO held training courses on how to apply for grants and that these

courses were of great benefit. It improved our awareness on administration and how to run a project. Everyone was looking for income generating projects, but now we start to think of a project to serve the people. Now we know how to do a feasibility study.16

Not everyone was so positive. One woman said the 2nd cycle was frustrating and the reasons why her NGO was not funded were “not convincing.” Yet another woman who worked in an NGO serving women and children said they were rejected for lack of a work plan. A colleague of hers replied that at least these minute procedures “motivated us to work more accurately in writing project proposals.”

Still, the MTR took seriously these concerns, even when put in a positive “learning experience” perspective. They recommended that rather than forcing 200-300 NGOs to go through such elaborate procedures, the PMO should divide the process into two steps. Step One would be a short “concept paper”; if that received encouragement, a more limited number of NGOs would then proceed to the more elaborate step. It would save considerable work on both the PMO but especially on the NGOs that would know their chances of success soon and without the weeks and months of work required.

Mid-Term Review Conclusions & Recommendations

At the end of the Review, the team’s conclusions included:

- awareness of initial management problems especially at the start-up phase; yet “bottom-line” praise for the PMO’s performance in its first three years managing the project, thus warranting an extension of its contract for at least 18 months;
- concern that the World Bank had its own management/oversight problems, including frequent turnover in personnel connected to this Project;

16 January 15, 2000. Focus Group for NGOs not supported by the PMO. Gaza.
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- an extension of the Project with Bank support for an additional five years (to overlap with the 18-month contract extension for the PMO) as the Project evolves into a Phase II; and
- a recommended shift in the Project toward greater sustainability and capacity building for NGOs.

The latter would be accomplished through

"the establishment of a Palestinian NGO Resource Center to provide information clearinghouse and networking services to the NGO community, and at the same time undertake a program of capacity building training and research activities to support the role of NGOs in civil society."¹⁷

The conclusions acknowledged what the Bank's missions had stated for the past two years: there are management problems inside the Consortium and PMO. The Director of the PMO categorically rejects this conclusion:

"This is not true. There were problems in the first year of the project resulting in the delay of the Operations Manual and several other tasks but everyone involved acknowledged their share of the blame including the World Bank - with its unrealistic expectations. There have not been ongoing problems with the Consortium, and the PMO has disagreed with the 'internal management' issue mentioned in several management audits and repeated by the Bank.

[Moreover, in addition to Welfare's contributions] the Consortium partners – British Council and Charities Aid Foundation – both went well beyond the insufficiently allocated budgets and performed outstandingly in their submission of concept papers, definitions of positions on various issues, technical assistance in innumerable tasks, review and input on all major documents and assignments and

input into the Mid Term Review and the recent World Bank Preparation Mission for Phase II.18

Duly noting these important contributions as well as acknowledging that the PMO had a huge hurdle to overcome at the beginning of this Project, the MTR went on to recommend solutions that would utilize human resources in their best capacity:

• promoting the Director of the PMO to Chairman of the PMO (which the Bank accepted as Chairman of the Steering Committee) and

• promoting the Operations Manager to Chief Operating Officer (which the Bank accepted as Operations Director).

The Bank followed this MTR Team's evaluation with its own assessment. Bank staff accepted the essence of the MTR report, while differing from the review team's overall assessment of the PMO.

"While we recognize that the PMO's contribution has been highly commendable overall, and that it has registered a number of significant achievements and has developed the original project concept creatively, we also remember periods of crisis caused by confused internal management and poor coordination between the Consortium partners — and we also believe that these difficulties necessitated an undesirably high degree of Bank supervision."19

Still, the Bank acknowledged that the Review Team provided

"a plausible way of re-focusing and consolidating project activity over the coming years, and has defined an exit strategy for the Bank as well as a valid approach to the question of sustaining the impact of the project on the NGO movement in the West Bank and Gaza."20

18 Dr. Mohammed Shadid, 5 June 2001.
20 Ibid, p. 4.
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The Bank’s other main conclusions are that a Palestinian NGO Project Phase II be prepared and presented to the World Bank Senior Management for its consideration. The objectives of Phase II, envisioned as a three-year project, would be:

- to continue to promote the role of Palestinian NGOs as a key mechanism to improve the lives of the destitute, marginalized and excluded in the West Bank and Gaza, building on the service delivery lessons learned under the current project;

- to help strengthen the professional credentials of the Palestinian NGO movement by providing opportunities for voluntary professional association within the sector and with the Palestinian Authority, and by providing resources to NGOs to enhance their technical capacities;

- to pay particular attention to gender issues in the targeting of ultimate project beneficiaries. In fact, one study was commissioned prior to the MTR analyzing ways to mainstream gender into the Project. A gender sensitization workshop was conducted in May 2000 in which the PMO staff and recipient NGOs were trained.

In order to realize this vision, the Phase II project was to

- Provide (i) Block Grants through mature Palestinian or International NGOs for disbursement to smaller Palestinian NGOs and Community-Based Organizations (CBOs), as well as (ii) a restricted number of Service Delivery Grants to mature NGOs for direct project implementation;

- Seek to strengthen the professional credentials of the Palestinian NGO movement by supporting the foundation and management, by Palestinian NGOs themselves, of a professional NGO Resource Center, which would act as a documentation, training, coordination and research institution, and would be supported through a combination of an initial PNGO Project Phase II grant, NGO contributions, fees for services and a possible endowment fund;

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21 The report acknowledged that this could be extended to four years if necessary.
• Further foster the relationship between the Palestinian NGO movement and the Palestinian Authority through support to, and expansion of, the mandate of the current Governance Committee, as well as by providing selective professional assistance to the work of the Ministry of NGO Affairs.\(^{22}\)

The Bank staff remain concerned about the extent to which the Palestinian NGO support program, and in particular a Phase II Project, will achieve a sustainable impact on the Palestinian NGO sector and the sector's contribution to Palestinian society. They also are thinking ahead three or four years to ensure that the Bank defines for itself an explicit "exit strategy."

While there were differences of opinion on specifics between the Review Team and the Bank Mission, both agreed on the need to extend the PNGO Project at least three years and to move in a new direction. That direction is aimed at strengthening the professional credentials of the Palestinian NGO movement by supporting the foundation and management, by Palestinian NGOs themselves, of a professional NGO Resource Center.

One of the Bank Mission's more significant recommendations was one calling for the Welfare Association Consortium to form a modified Consortium. While the Aide-Memoire (January 2000) goes to some length to praise current Consortium partners, it also argues that "at this stage" there is a need for the Welfare Association to join forces with an international NGO with demonstrated ability to undertake capacity building of NGOs. Preference would be given to those INGOs, which have helped to establish NGO resource centers and have experience in the West Bank, East Jerusalem, and Gaza. The report asks the Welfare Association "to identify such a partner and to agree in principle to the arrangements for a new Consortium."\(^{23}\) British Council and CAF are invited to continue to contribute to the Consortium, even as a new partner is added to the management and governance of the Project.

Related to this new management "mix" is the Bank's request that the PMO:

\(^{22}\) Mission Aide-Memoire January 28, 2000, pp. 4-5.
\(^{23}\) Aide-Memoire, January 2000, p. 8.
"adjust and clarify its current management structure, which remains sub-optimal despite the excellent performance of its senior management team. It is recommended that the current Director of the PMO should, on the basis of a directive from the Welfare Association, be promoted to Chairman of the PMO Steering Committee, with particular responsibilities for project contractual compliance, and for the management of the program's external affairs – i.e. relations with the PA and between the PA and the PNGO community, relations with donors, international researchers and think-tanks, fundraising, and press and publicity. The current Operations Manager should be given full control of day-to-day project matters and promoted to Operations Director, and this should be recognized explicitly in a directive from the current Director of the PMO. The new INGO Consortium partner should provide a full-time Capacity Building Manager and line staff for the PMO, and should give particular emphasis to the creation of the NGO Resource Center."24

As Phase II was being designed, Bank officials were anxious to expand their understanding of related programs and projects that empower NGOs and strengthen NGO-Government partnerships in development. To that end, the Bank suggested commissioning a comparative study of the evolution of NGO-Government relations over time, comparing the relevant "lessons learned" in the Palestinian context with, Egypt, Hungary, Ethiopia and/or Yemen.

As a follow-up to the Bank’s Mission and Aide-Memoire, the PMO and WAC resisted much of the essence of the recommendations. First, a management restructuring empowering the Operations Manager into a more leading role as "Chief Operations Officer" was postponed, perhaps to be considered under Phase II. Also, the NGO Resource Center was to be re-examined, through a feasibility study. Governance of the Project, specifically the role of the Palestinian NGOs and their various networks, continued as a "point of contention" until the development of the PAD (Project Appraisal Document) of Phase II.

Indeed, as Phase II evolved in Spring 2001, the Project has been completely revised since the MTR and most of the Bank’s recommendations have changed. In particular, the Welfare Association has not changed the title of either the PMO Director or the Operations Manager.

II.4 Evolution of PNGO Consultation and Governance

The Palestinian NGO sector has been closely involved in the PNGO Project from its inception. The Bank sought PNGO input and approval of the concept and design of the Project and expects that input to be formalized and enhanced in Phase II. The primary mechanism for such involvement was to be the Governance Committee, which the Bank thought could serve as the formal mechanism for PNGO oversight. As mentioned above, this Committee could not be implemented when the Project (Phase I) began due to a proliferation of NGO networks, some of which were seen as direct clients of the PNA.

In the spring 1998, and with the support of the Bank, PNGO leaders met with the PMO to discuss reviving the Governance Committee. The PNGO leaders most directly involved in discussions with the Bank and the PMO represent the three most prominent coordinating groups of Palestinian NGOs:

- the Palestinian General Union for Charitable Associations,
- the Palestinian Association for National Institutions, and
- the Palestinian NGO Network.

The PMO wanted PNGOs to have a consultative role in project management; PNGOs sought a more active role, primarily one of governance over and decision making in the project. In August 1998, the PMO indicated to the three groups that a governance committee with a decision-making function on grants that would directly affect their own constituency would be a clear conflict of interest.

The difference of opinion on how to proceed was resolved by proposing the establishment of a "Temporary Ad Hoc Governance Committee
for the Palestinian NGO Project." This temporary committee, which initially included representatives from the three coordinating groups (above) in the West Bank plus representatives from the WAC, was to lay the groundwork for the establishment of a "Governance Committee" within six months. All involved in this group agreed that it was critical that representatives of NGOs in Gaza be added to the Governance Committee; this was in fact done at a later stage. With help from an unlikely source, the PA (specifically, the new Ministry of NGO Affairs), representatives from Gaza were added to the GC structure in December 1999. The Governance Committee sought to

- provide preliminary suggestions to maintain the sustainability of the Project;
- participate in the assessment of the Project's First Cycle;
- participate in discussing the procedures pertaining to the implementation of the various grants of the Project, in particular the Block Grants;
- participate in periodical project evaluations by the PMO; and
- examine the PMO's implementation plan and ensure adherence to policies and procedures, and dissemination of information to the largest possible number of NGOs.

This committee did not have a decision-making role during Phase I of the NGO Project, a situation that most on the GC wish to change as the Project moves into Phase II. For the third grant cycle, two representatives from the GC sat as observers to the WAC's Supervisory Board. The GC reviewed the Board's file in advance and submitted its comment/recommendation to the Board in this meeting. As a mechanism designed to enhance PNA-PNGO relations, the Governance Committee (GC) is too new and untested to gauge its effectiveness and impact. The Mid-Term Review recommended modifications in its structure (see below) to maximize the potential of this body.
II.5 Trouble-Shooting and Response to Emergency Situation, 2000-01

With the growing reputation of the PMO as a professional and effective organization coupled with the increasingly desperate situation facing Palestinians during Al-Aqsa Intifada after September 2000, the World Bank asked the PMO to take on additional responsibilities. Given ongoing Israeli closure of Gaza and the West Bank, employment generation remained a critical need. Thus, on top of the regular PNGO-Project funding, the World Bank allocated an additional $1 Million to Emergency Projects from the Holst Fund, to be channeled through the PMO to the NGO sector. The PMO initiated an emergency response program, and solicited proposals from NGOs. Two rounds of emergency projects were funded by April 2001; 33 projects for a total of $1,000,000 were quickly obligated.

An ad-hoc emergency approval committee was founded for this fund. The committee included representatives from the NGO networks, the PMO, the Welfare Association, and the PA. The PMO expected a further grant of up to US$ 1.5 million from the Islamic Development Bank for emergency projects, again to be managed by the PMO. To increase understanding of the criteria and the overall quality of the applications the PMO held workshops in Jerusalem, Hebron, Nablus and Gaza. Almost 400 proposals were received. A shortlist, to the value of US$2.5 million, was delivered to the World Bank at the end of April 2001.

This rapid-response action by the PMO demonstrates its organizational maturity and breadth (with offices on the ground throughout Palestine) as well as a growing confidence in the Project by the World Bank and other organizations.
While the Palestinian NGO Project is not technically a Social Fund (SF), it shares many of the same objectives, governance oversight, and/or funding mechanisms as other SF's supported by the Bank globally. The SF experience globally is relevant to the Palestinian NGO Project because of the significant role NGOs play as partners in development within SFs as well as PNGO Project. The first Bank-supported Social Fund was established in Bolivia in 1987. By the end of 1996, 51 SF projects were supported by the Bank. Nearly one-third of these are in Latin America; over half in Africa; 6% in the Middle East; and 7% in Asia.

Egypt's Social Fund for Development (SFD) was designed to alleviate some of the social and economic dislocation expected with the Economic Reform and Structural Adjustment Program [ERSAP], in particular the widespread unemployment expected with large-scale privatization. Created in March 1991 under the direction of the World Bank, the SFD focused on unemployment and poverty reduction activities. However, these efforts did not begin in earnest until 1993. Originally funded at $613 million (1993-96), a second phase (SFD II) began in 1997 with $717 million.

The World Bank has taken a broad-based approach in the social sectors and has supported projects in basic health and education. The support to SFD is providing a vehicle to help reduce poverty and improve living conditions by creating employment and supporting community development. The proposed project [SFD II] will support activities designed to reduce unemployment and increase growth by harnessing the productive capacity of Egypt's small entre-
preneurs and community groups. It also provides an im¬
portant vehicle to support World Bank/NGO partnership.¹

With local needs and conditions determining the specifics of imple¬
mentation of each project, both the Palestinian NGO Project and
Egypt's SFD are designed to reduce poverty and unemployment by re¬
ylying on NGOs to deliver services. The SFD, among other funds
globally, has relevant experience for the Palestinian NGO Project.

NGOs play a prominent role in Egypt's SFD programs, particularly in
the Community Development Program (CDP) and the Enterprise De¬
velopment Program (EDP). (The three other focuses of the SFD are:
public works and small-scale labor intensive projects; labor retraining
and human resource development to mitigate effects of privatization;
and institutional development, poverty monitoring, and research on
social safety nets.) Through July 1995, NGOs managed over 50% of
the CDP projects and over 40% of the EDP projects. This accounts for
over 700 million Egyptian pounds (approximately US$200 million) that
NGOs are responsible for in these projects.

"Thus, the SFD has also been able to attain its objective of
working in partnership with NGOs. NGOs provide an es¬
sential link to communities and are able to articulate com¬
munity concerns well ... Initially the SFD had to rely primarily
on government sponsored NGOs, but it has been able to
broaden the range of NGOs it deals with and thus to broaden
its appeal to communities. Close collaboration with the main
religious NGOs as well as with the Egyptian Red Crescent
and the Family Planning Association has helped the SFD to
work with smaller NGOs and community groups through the
use of a mentor system. Many of these smaller NGOs are
now working independently, mostly in poor rural areas."²

Critiques of SFD relate to its close association with, and perhaps
overall control by, the Government of Egypt. The concern is that the
Fund management is not the "autonomous" agency it is designed to
be. A related critique is the enormity of its tasks and thus its bureau-

¹ The World Bank, Staff Appraisal Report: Arab Republic of Egypt, Second Social
² Ibid.
ocratic nature. While these are legitimate concerns, the ultimate ques-
tion is whether the SFD works – whether it attacks poverty, retrains
workers, and reduces unemployment. These concerns will be ad-
dressed in the detailed study that the Bank has commissioned com-
paring NGO-government relations in Egypt, Hungary, Ethiopia, and
Yemen (above).
As of this writing (summer 2001), the World Bank was finalizing the PAD (Project Appraisal Document) for Phase II. A great deal of re-thinking occurred between the Mid-Term Review and the PAD preparation, based especially on the conclusions of six separate studies including an assessment of the Block Grant Scheme, a paper on Governance, and one on the "supply and demand" for Capacity Building. Thus, much has changed since the Mid-Term Review and Bank Response that resulted in the recommendation of a Phase II. Specifically:

- The initial Bank request that the WAC add a fourth Consortium Partner was dropped. The PMO's argument was that, in the event of adding a fourth, the harmony of the relationship (for the three WAC partners) would be at stake. Also, the present partners could have contributed more, but then the existing contractual agreement between the partners further inhibited their contributions. The Bank later dropped their request out of a concern over cost – the proposals they received from potential International NGO partners were quite expensive so the Bank opted to require that inputs from each of the three WAC partners be linked to specific capacity building interventions. So, the challenge for Phase II in the absence of a fourth partner is to present the inputs from the ongoing WAC partners to make up for the gap in expertise that the Bank initially recognized, a gap that they used to recommend a fourth partner in the first place.

- The Resource Center was eliminated as a project in Phase II. Although the Bank was receptive to the concept after the Mid-Term Review, it dropped the plan as there was no clear consensus reached among all the stakeholders: WAC, the PA, and some

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1 Welfare Association, British Council, and Charities Aid Foundation.
members of the NGO Networks. (The Resource Center may also have been dropped due to the emerging "turf battles" raging over the concept – with the PNA's Ministry of NGO Affairs making a strong case that it should be in charge. Imagine the irony, a governmental body seeking to direct and manage a center for non-governmental activity!) From the World Bank's perspective, the idea has evolved to one of "NGO Support" program.

- The management restructuring proposed by the Mid-Term Review and the Bank's mission were postponed until Phase II. Rather than a significant overhaul of management, slight modifications to the PMO and WAC partners is being planned. The Bank will outline all of this in the PAD for Phase II.

- The Bank formed a Local Consultative Working Group (LCWG) to provide input into the design of Phase II. It is made up of the PMO Director and Operations Manager, one representative from Welfare Association, all Networks, the PA as observers, and three independent technical advisors/experts.

- The Governance Committee of Phase I was to be phased out and merged with the restructured Supervisory Board (SB). The SB is the policy-making body and has utmost authority of approval on all grants and components. This Board will form the policy dialogue platform between the PA and NGOs. Also, as a direct or indirect outcome of the PNGO Project (Phase I), a coordinating committee of all NGO Networks was formed. It is, at present, suggested that representatives from this coordinating committee will be nominated to the SB for Phase II.

- PNGO II has a budget of $16 million. Welfare Association now joins the World Bank as a full partner in terms of fundraising, with the Bank (through IDA funds) committed to raising $8 million for Phase II and Welfare expected to raise, at a minimum, the remaining $7 million. An additional $1 million is to be raised from "community contributions."

- Phase I was to have ended on July 15, 2000. For the purposes of reviewing the design, and in preparation for Phase II, two extensions of Phase I were given (from 15 July 2000 to 15 April 2001; and from 15 April 2001 to 15 June 2001). Phase II is to commence on 15 June 2001 and will be authorized for three years.
IV.1 Project Management and Oversight

Given the complexities of this Project – the first ever of its kind – and the uncertain and unstable political and economic environment (continuing occupation and lack of Palestinian independence and sovereignty), it is a wonder this Project has had so many successes already. Yes, there was an understandably difficult start-up process (1997-98) when this Project was launched. And yes, after initial difficulties, project management did improve markedly in late 1998, early 1999. And yes, there is still much to improve in overall management, governance, and oversight. The overall success – despite the hurdles and on-going difficulties in management, governance, and stakeholder buy-in – is due in large part to the professionalism between these stakeholders: the PMO, PNGOs, PA, and the Bank and other donors. All organizations are committed to the success of this Project.

Still, there is much to be done in Phase II of the Project. The Bank recommendations as a result of the Mid-Term Review called for an improved management structure inside the PMO and the Consortium. Improved management is even more of a challenge with the temporary departure of the Operations Manager, who was involved with this Project throughout Phase I.

Outside the PMO structure, there is tentative praise for the performance of MOPIC in its “technical oversight” role. In that role, MOPIC is charged with verifying that PMO-recommended funding to PNGOs does not duplicate any ongoing ministry projects. In this sense, and in its role as coordinator with other PA ministries (e.g., Health, Education) or agencies (e.g., PECDAR), MOPIC deserves recognition for maintaining a professional approach to proposal assessment. In its review of first and second grant cycle (including Block Grants) recommendations, it raised no objection and has worked in close cooperation with the PMO in furthering the aims of this Project.

As the Ministry of NGO Affairs takes over from MOPIC in Phase II, it can learn from MOPIC’s example to maintain this professional approach and technical oversight.
IV.2 Governance

In this unique public policy and international development Project, the governance and oversight issues are complex and fraught with potential risks that could undermine the ultimate goal and objectives, unless dealt with conscientiously, systematically, and with transparency. The World Bank, WAC Partners, stakeholders in the PNGO community, and others are involved in making this operation work. It is Bank financing and supervision that has been key to initiating this first-ever Project; it is PMO management that, despite early difficulties, has been instrumental in steering this Project successfully through its first phase. But it will be PNGO buy-in and acceptance of responsibility that will ensure the future — i.e., the sustainability — of this Project.

A SB has overall responsibility for overseeing the implementation of the Project. It has had, and will continue to have, approval authority for awarding development and partnership grants, based on recommendations made by the PMO. As discussed above, the composition of this SB is changing, however, from Phase I to Phase II. The concept of Supervision and Governance has evolved from a structure that at one time envisioned (and for a very short time established) a “Governance Committee” to a reconstitution of the existing SB.

Whatever the title or structure, the concept of such an oversight board has much work to do, both internally on its organization, operations, mandate, and membership and externally in determining its functions vis-à-vis Palestinian society and government. To institutionalize itself for the future, it should ask: What is its overall goal? What are its interests? Who should be members?

Does the Board have functions beyond this project or is it solely in existence to work with this project? The Mid-Term Review Team recommended that the GC (Governance Committee) be modified to establish it as a coordinating body on promoting civil society in Palestine. That suggested a forum where NGOs and PNA representatives can discuss, coordinate, and work on policies relevant to service delivery, poverty alleviation, civic education, and other aspects of good governance.
Denis Sullivan: The World Bank and the Palestinian NGO Project

To strengthen the GC’s claim to representing Palestinian civil society, members of women’s organizations and the PLC were to be added to the Board. Other interested parties include representatives of Islamic and Christian charitable organizations. If they are not otherwise represented (e.g., through the General Union of Charitable Societies), they, too, could rightfully argue for a seat.

As the GC concept has been incorporated more fully into the Supervisory Board structure in Phase II, this will better represent the stakeholders in Palestinian society and governance and create ownership of the Project within the NGO sector. The NGO Support component in Phase II includes a sub-component for assessing the needs/options of sustaining the Supervisory Board. One important question is whether such a board will or could evolve into a Foundation for Palestinian NGOs. The Bank will do an external assessment of the performance of the Board within 9 months, and another assessment within 21 months. It will assess the sustainability of this structure, and whether it needs to continue beyond the PNGO II.

(Note: On the question of membership, civil society and network members were also urged to give attention to women representation on the SB.)

IV.3 Building on Success: Beyond Capacity Building in Phase II

The ultimate goal of Phase II of the PNGO project is to improve the quality, impact, and sustainability of basic social services provided by NGOs to poor and marginalized communities and increase access of those groups and communities to such services. Capacity building represents a key element of the project strategy to achieve its goal and will, therefore, be pursued as an objective that transcends all project components.2

The $16 million-price-tag of the Project in Phase II will be used to support: Partnership Grants (approximately $9 million), Development

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Grants ($2-3 million), NGO Sector broadly speaking (around $2 million, with a focus on Capacity Building), and management costs (roughly $2 million).

The NGO Sector Support Program is an evolution in the thinking beyond "capacity building." With such support (and through this Program), the proposed SB could become the platform for policy dialogue. If this occurs, such a Board would be a resource for the NGO sector throughout the West Bank and Gaza, and not just for the PNGO project. This could evolve into a foundation for NGOs after Phase II.

IV.4 Concerns & Opportunities, Phase II

**Band-Wagon Effect**

Perhaps due in part to the success of PNGO Project I, but primarily due to the enduring legacy of Palestinian NGOs' role in development, more international aid has been targeted for PNGOs. The World Bank's *PNGO Project II* will have to work around as well as with these other projects in order to avoid duplication and to increase coordination and cooperation in service delivery and NGO capacity building.

The most significant of this aid has come from USAID, in the form of two programs:

1. *Community Services Program (CSP)* with a budget of $120 million.

   During phase I and II, the CSP project was to support community based projects (health, rehabilitation, agricultural roads, training, gender, youth centers, job creation, information technology, etc.). Approximately 20% of the total grants are to be used to strengthen the capacity of CBOs, mainly through training. The focus of CB is mainly to strengthen partner NGOs ability for service delivery rather than to strengthen the partner NGOs.
The implementation of the Phase II project was frozen due to the 2000-2001 cycle of violence.  

2. The Civil Society Building Program with a budget of $32 million

Chemonics in partnership with CARE, MASSAR, and AMIDEAST (and collectively calling themselves “Tamkeen”) are responsible for implementing this USAID Project. The program will focus on democracy, civil society building, domestic violence, etc. Discussions between Chemonics and USAID may add a service delivery component to the project. The implementation stalled due to the 2000-01 cycle of violence; its Chief of Party resigned in April 2001.

Capacity building of NGOs will be carried out through cooperative agreements between Chemonics and service providers (mainly training institutions). The idea is to engage service providers in building the capacity of weak NGOs in the field of civil society building and the promotion of democracy as a main focus.

Jerusalem

In Phase II, the World Bank’s position on service delivery and capacity building of NGOs in Jerusalem is: “The treatment of projects/proposals originating from Jerusalem will be treated in exactly the same manner as in Phase I of the project.”

Gaza

Project assistance to PNGOs, the poor, and the marginalized in Gaza needs added attention through this Project. In the first grant cycle, about 25% of the nearly $2 million in funding went for projects in Gaza (representing nine projects of the 39 funded). In the second cycle, only 12% was recommended (representing four projects of the 35 funded). The PMO has sought to increase its outreach and provide even greater technical assistance to NGOs in Gaza, e.g., by helping them

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3 This cycle may better be seen as failed peace talks, enduring legacy of occupation, both of which contributed to triggering the “Al-Aqsa Intifada” which led to Israel’s response with excessive force.

4 “Main Issues raised by the Local Consultative Working Group: Bank Position,” n.d., p. 3.
through the application process. Continuing attention to this community is vital to the success of this Project as Gazans remain convinced that, as a people and a community, they truly are "marginalized" and neglected, if not forgotten.

**Politization of Grants**

When this Project began, there was great concern at the Bank as well as within the PNGO community that the PA would seek to control the distribution of grants. The Bank and the PMO have been vigilant in their insistence that PA/MOPIC review of PMO-approved grants is conducted on technical grounds, not political ones. All grants should be approved or rejected using the same criteria and not whether an NGO is seen as supportive of the PA/PLO or as in "opposition" to these political organizations. The fact that the PA (MOPIC) has not raised objection to any projects recommended by the PMO indicates that this risk has not materialized during Phase I of the Project.

MOPIC and the Bank must ensure that PMO support for certain projects, and the NGOs proposing them, is done on technical feasibility and merit, not due to an NGOs support for a certain political group, e.g., Fatah, the PLO, or the PA. The former organizations similarly must watch that the PMO rejects projects on the same grounds - merit and technical reasons, not due to a perceived "opposition" to the PA/PLO. The PMO argues correctly that its grant awarding procedure is very tightly documented and seems to be understood by all the staff involved. The PMO has put a heavy emphasis on following "due process" including rigorous adherence to deadlines and full completion of proposal forms. There has been pressure to deviate from these procedures – including from the political, religious, and other non-governmental establishment – and these pressures have been resisted by the PMO.

**Role of PA**

The Ministry of NGO Affairs will become the new PA counterpart to the Bank and the PMO for Phase II. To be sure, the Bank and the PMO are committed to ensuring that role of the PA overall will be clearly defined and articulated in the final design of the project.
Conflict of Interest

The PMO also is working within the LCWG and as a management organization to establish clear guidelines on what constitutes a conflict of interest as members of the Supervisory Board make decisions on grant-making and other expenditures and policies.

Communication

The PMO must ensure that the purposes of this project – its objectives, its process of grant application and approval, and soon its capacity building and "NGO sector-support" program, as well as overall follow-up and evaluation – are communicated to the PNGO community, Palestinian society, and the PA bureaucracy. Success of this NGO Project depends, in large part, on community understanding and acceptance of and support for its objectives. Modification and empowerment of the Supervisory Board and successful implementation of the NGO Sector Support Program in Phase II of this Project will have a significant and positive impact on communication, stakeholder buy-in, and dissemination of "lessons learned" and sharing of best practices.

Poverty Alleviation?

Although as a Project, the three objectives have been advanced and the PMO has performed well in the end, poverty has not improved significantly in the first four years of this Project (see above) and NGOs continue to face funding shortages. The stagnant situation of poverty is due directly to the continuing Israeli occupation of most of WB/GS/EJ and control over all border areas between ‘Palestine’ and its neighbors: Israel, Jordan, Egypt, and the Mediterranean. This control, plus the lack of accountable Palestinian governance, mean that no matter how successful this Project is, it cannot succeed in full until a just and equitable political resolution to the Israel-Palestine conflict is found. And all of this directly affects NGOs’ service to the poor and marginalized as well as their ability to focus on their own institutional capacity building.

Israeli Occupation and Closures mean that the PNGO Project – i.e., the poor and marginalized and PNGOs, the intended beneficiaries of the Project – are daily affected by the on-going Occupation. Practically speaking, the PMO reports that – for their staff, the NGOs they work with, and the people they serve – movement has continued to be greatly
restricted and checkpoints and clashes have impeded project implementation, although the PMO has maintained its operational capabilities and managed to monitor the majority of the projects through field visits. Only in completely closed areas has the PMO resorted to monitoring by telephone. The PMO is now looking to recruit field monitors within those closed areas to now monitor projects that are impossible to access from the outside. The satellite office in Nablus remains functional and the PMO is considering more use of the Hebron satellite office. ...Despite restrictions on movement, the monitoring of the development grants has continued. ...The emergency situation has obviously decreased the project implementation rate, most notably for Cycle III projects, and several grant recipients have requested amendments to their contracts to reflect this.\(^5\)

Given the lack of more progress on the poverty front, questions have arisen about the actual objectives of the PNGO Project -- is it "poverty alleviation," as implied by statements aimed at reaching the "poor and marginalized"? Or, is it more limited? Indeed, poverty will not be "alleviated" through this very focused and small-scale project. But, poor and marginalized communities have been and can be helped.

The PMO estimates (April 2001) that the number of direct beneficiaries of PNGO Project (Phase I) are over 100,000. They point to the World Bank's original PAD calling for a target of 50,000 direct beneficiaries. The estimated direct beneficiaries of these 54 completed Development Grant Projects (out of 105 total, from Cycles 1, 2 & 3) can be classified as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>15,148</td>
</tr>
<tr>
<td>Men</td>
<td>6,299</td>
</tr>
<tr>
<td>Children</td>
<td>64,370</td>
</tr>
<tr>
<td>Youth</td>
<td>15,713</td>
</tr>
<tr>
<td>Elderly</td>
<td>2,308</td>
</tr>
<tr>
<td>Adults with Special Needs</td>
<td>2,626</td>
</tr>
<tr>
<td>Children with Special Needs</td>
<td>410</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>106,874</strong></td>
</tr>
</tbody>
</table>

In comparison to the performance indicators outlined in the PAD for Phase I of the PNGO-Project, it was estimated that the project would target 50,000 poor and marginalized Palestinians. The 106,874 direct beneficiaries refer only to the Development Grants, and do not include sub-grants under Block Grants (BG). Thus the actual figure could be approximately 50% higher if BG statistics are included. Indirect beneficiaries were estimated at around 300,000 during the Mid-Term Review (January 2000).

As to the nature of the (direct) beneficiaries, most of them can be classified as marginalized, but it is unclear how many are poor. The PMO states it does "not have accurate information as to the levels of income or access of these beneficiaries to services" and thus is not "able to estimate the percentage of total beneficiaries at or below poverty line."6

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This unique, "first-time ever" Bank involvement directly with NGOs is a success and should be replicated, both in Palestine (Phase II) and elsewhere. "Success" can be measured directly against the objectives of the PNGO Project:

- Over 100,000 people are direct beneficiaries and nearly 300,000 indirect beneficiaries as a result of grants to NGOs from this Project; thus, the target sought by the World Bank has been exceeded;

- Service delivery to poor and marginalized communities have been facilitated with $11 million distributed to 286 projects (105 through Development Grants, 181 through Block Grants), thus helping sustain Palestinian NGOs throughout the West Bank, Jerusalem, and Gaza Strip

- PNA-NGO relations have been improved through the life of this Project. It is difficult to assign specific amount of credit to the Project but certainly relations would likely be far worse in the absence of this Project.

Given the equally unique situation in Palestine (Palestinians still living under occupation and thus with no certainty of statehood; considerable international donor assistance to what was expected to be interim "state institutions" of the PA), another lesson is that politics is unavoidable (huge understatement) and thus must be managed. Managing these political realities has been done largely by PMO leaders as well as Bank officials. The efforts have been successful, for the most part. The politics has been:
1. Between the Bank and Palestinian NGOs, again especially at the beginning but is on-going as well;

2. Between the Bank and the PMO;

3. Inter-Palestinian, between and among
   - NGOs
   - NGO networks
   - NGOs and PA ministries and the Executive Branch
   - NGOs and the PMO

The latter is ongoing and falls increasingly to the PMO to manage.

Other lessons are as obvious:

- The needs of PNGOs are far greater than the resources available through this Project. As the Palestinian State and a Government of Palestine fail to materialize, PNGOs continue to be seen as the "first defense" against poverty and the first offensive front in favor of pro-active service delivery in education, health care, job training, employment generation, and so on.

- Smaller and/or less experienced NGOs continue to need mentoring, technical assistance, and management assistance from larger/more experienced NGOs. Thus, the Block Grant model of Phase I should be seen as critical to sharing experiences throughout the PNGO sector.

- The "areas of risk" section of the original Bank PAD did not materialize – i.e., concerns that Jerusalem grants would be threatened or that the PA would interfere in this Project were/are real risks but they have been averted (so far).

- The PMO needs greater managerial flexibility within the organization; the PMO needs to decentralize decision-making internally as well as to share decision-making with (and thus empower) PNGOs, which is an ultimate goal of this Project.
Chapter V: Conclusions & Lessons Learned

- The Bank needs both consistent personnel (less turnover) in its oversight mechanism as well as a shift to less oversight/control in Phase II.

- Palestinian NGOs need a greater role in governance, with clearly defined "rights and responsibilities."

- "Sustainability" is key to the ultimate success of this Project. This concept is as much about financial management, transparency and accountability as it is to organizational ability. Trust and cooperation – within the PNGO sector and between PNGOs and those responsible for this project (the PMO, a Supervisory Board, and the Bank) – are critical to the success and sustainability of the Project. And the focus of all efforts should be on empowering NGOs as well as empowering women and the ever-present "poor and marginalized," especially the neglected communities throughout Gaza as well as in other remote areas of Palestine (northern and southern West Bank).
COMMENTS ON THE WORKING PAPER 'THE PALESTINIAN NGO PROJECT' 1

I. by Abdulrahman Tamimi

II. by Allam Jarrar

III. by Izzat Abdul Hadi

1 It should be noted that the comments presented here were made with reference to Dr. Sullivan's original Draft Executive Summary presented at a PASSIA roundtable meeting on 17 April 2001 in Ramallah.
Introduction

Regardless of the fact that this project was considered an essential and positive leap in regard to the conduct of the World Bank during the last two years and in regard to the scope of beneficiaries from marginalized communities, we believe that conducting a study of such a project should help us in finding the best method to develop such projects and the methodology to deal with them.

My comments can be divided into the following areas:

1. **General language and terminology** that was employed in the report:

   *Terms:* “NGO leaders” – I believe that this term is misleading and might give the impression that NGOs are simply leaders. I suggest that the term could be adjusted to “NGO Representatives”

   I detected in the study an unjustified focus on problems between NGOs and the Authority. This appears especially wrong as it sometimes presents the problem as if it were purely financial and that there are no other essential problems in the method of work or vision in the development of that work.

2. **Technical part**

   2.1 A reduction in the number of project-submitters occurred in the second phase of the project, where there were only 235 – indicating a reduction of about 53.8%. This needs to be examined in more detail and the reasons behind it analyzed.

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2 Dr. Abdelrahman Tamimi is Director of the Palestinian Hydrology Group (PHG).
2.2 There is a need to study the problem of accepting only 7% of applications in the first phase and only 14% in the second phase, despite the effort put into submitting such applications.

2.3 The needs addressed in the seminars held within the context of the project were not the same priorities as put by the task manager of the World Bank in Feb. 1998.

2.4 The needs reflected by the project tended to be the opinions of the institutions that were present in the meetings and not necessarily the needs of the beneficiaries themselves. Few actual beneficiaries attended especially those representative of CBOs.

2.5 There is a need to reconsider the stipulations of the manual and to quicken procedural aspects as it seems that credibility is sufficient but that it contradicts the methodology of the fieldwork.

3. Future

3.1 It appears unfair that the Palestinian Authority and NGOs consider their relationships only from the legal aspect, especially as there are tens of projects that are implemented jointly in all domains.

It is worth mentioning that the dispute between the two parties is not legislative or political only but that the problems are, in fact, differences in views, benefits and abilities. This reflects a general Palestinian situation.

3.2 Governors' committee: I think there should be a discussion about whether or not the role of the committee has been exceeded in this project, however this needs to be discussed in different circumstances.

3.3 NGOs Resource Center: The idea itself is not bad but the ambiguity in the role and the authority of the center brings up matters that need to be discussed in detail.

3.4 Second phase of the project: I would like to see focus on the block grants; the project should not restrict the manager of the block grants in dealing with CBOs because this created problems. We will develop ways to solve the problems we encountered with these grants in the future. The CBOs could be judged and assessed according to certain criteria:
- CBO's structure and qualification
- CBO's future after the project
- Villages in need that have no CBOs
- The social and economic conditions where the CBOs are formed
- Other.
The working paper that has been drafted by Denis J. Sullivan is primarily an interesting document to read as it gives an insight into the process of development of the World Bank - NGO Trust Fund project.

At the same time the paper is comprehensive in approaching the NGO project whether from the historical point of view, or from a developmental or political perspective.

The paper shows in many places the uniqueness and the exclusivity of the context, in which Palestinian NGOs are functioning, moreover it shows the importance of NGO work in Palestine and the scope of the operations that they are responsible for.

It has been rightly said that, from the moment of its inception the NGO project was designed to address the issue of rising poverty in Palestinian society through supporting local NGOs to continue to deliver their essential services to the poor and marginalized.

However, the project was envisioned to support the capacity of NGOs to deliver services and to try to fill the gap in NGO funding that resulted from substantial changes in the political context.

The creation of the Palestinian National Authority entailed a major shift in funding from NGOs to the Authority. It coincided with a sharp reduction in financial support that used to come from Gulf States as a consequence of the Gulf War.

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1 Dr. Allam Jarrar is member of the Steering Committee of the PNGO Network and board member of the Union of Palestinian Medical Relief Committees.)
I believe that Dr. Sullivan’s paper is balanced in presenting the project from different perspectives, yet it is not critical or analytical enough to present other dimensions related to the shifting political context, or the role of Palestinian NGOs in this changing environment. Moreover, the issue of governance is compared with the overall goal of the project and the overall nature of the fund with other social funds.

The paper addresses many varied issues and in this respect I would like to make the following comments:

1. As mentioned in the paper, Palestinian NGOs have played an extremely important role in advancing social development in the Palestinian occupied territories; the Palestinian NGO movement has been linked with the struggle of the Palestinians to gain their national independence. Up until the establishment of the PNA, Palestinian NGOs were responsible for a major component of all social services provided to the Palestinian people. Within a very short period of time after the establishment of the PNA, the level of funding for NGOs dropped sharply to less than 25% of its original level. From its inception, the project was meant to deal with the hardships that NGOs were going through as a result of these factors, though the size of the project was not comparable with the actual size of the problem that NGOs were facing.

2. Although this project has described poverty alleviation as its main objective, well-defined indicators of the expected impact on poverty levels have not been developed. At the same time the midterm review revealed that the project performance in this respect was not outstanding. In one incidence the total number of direct beneficiaries was estimated at 360,000 people, however there was no mention of what kind of impact the project has on these ‘beneficiaries’.

3. Development grants were seen as the most effective tool for the disbursement of funds to achieve the goals of the project. Yet through simple calculation the beneficiaries of development grants in three cycles were estimated to be less than one hundred NGOs in the West Bank and Gaza. Most of these NGOs were middle size organizations with reasonable financial and management capacity. However small NGOs working at the
grassroots level with limited capacity were unable to compete, thus hindering the possibility of support for small NGOs and eventually limiting the access afforded the poor and marginalized.

4 One of the indirect positive results of the project was the creation of a consultative structure between NGOs and the government. This structure has served as a forum, where NGOs and the government can meet and discuss issues related to socio-economic development of the country on a professional basis. However, this structure should not be seen as an alternative forum for a more comprehensive consultative structure between NGOs and the government, but rather a model of professional dialogue and cooperation in one project that may be promoted and learned from.

5 The issue of governance should have been dealt with more critically, however the conclusion that has been reached in the paper, which states that the issue of governance should be addressed in relation to the role of NGOs in strengthening civil society in Palestine, is correct. Nevertheless the issue of governance should be based on three major principles, ownership, sustainability and civil society strengthening and enhancement. In this context Palestinian NGO involvement in the design and overall management of the project should be encouraged and strengthened. The sense of ownership by NGOs should be promoted, as this will inevitably ensure the sustainability of the project on the longer term, as an NGO owned project.

6 One of the project objectives was to build the capacity of Palestinian NGOs to deliver services to the poor and marginalized. The activities related to this objective were limited during the first phase and few initiatives have been taken to address this issue. The midterm review team has emphasized this issue and recommended that measures should be taken to strengthen this component in the second phase of the project. However, building capacity should be seen as a program, rather than merely a center or a training facility. In this respect the program should be developed into a specific component in the second phase of the project and should be owned and managed by
the NGO sector. This will guarantee the notion of sustainability, and the proper utilization of local resources as well as building on the existing experience of the Palestinian NGO sector.

Less than 20% of the projects in the first phase went to NGOs operating in Gaza. This reflects the limitation of the project to involve Gaza NGOs. Apparently this result of limited engagement by Gaza NGOs can be explained by the inability of the project to design specific strategies and consequently appropriate measures that would have led to better involvement of Gazans in this project.

As the Palestinian NGO project enters its second phase, it should be noticed that Palestinian NGOs continue to be vital in service delivery for the poor and marginalized groups of society. Thus, utilizing their experience and their capacity to alleviate poverty in Palestinian society is essential.

The role of NGOs in the democratization process should be emphasized, and their role in strengthening civil society should be enhanced and supported. This vital role should be reflected in the overall management and organization of the project, where Palestinian NGOs should take a leading position.

Funding for Palestinian NGOs remains at a very critical level, yet limited resources are allocated to support NGO work. In this context the NGO project will eventually be of great value, though it remains limited by its scope and size to adequately address this need.

Building the capacity of Palestinian NGOs on the one hand, while utilizing the existing capacity of local NGOs to transfer knowledge and empower smaller NGOs on the other, should be considered an appropriate strategy to strengthen the NGO sector in Palestine.

The block grant component in the second phase is a true reflection of this strategy yet it should not be rigid in terms of bureaucratic project requirements.
Although NGOs work will continue to be extremely important in service and implementing the project, different levels should always be taken into account while designing the transitional nature of Palestinian society in many aspects and for a certain level of flexibility is needed in project design and implementation.
Palestinian NGO Project

By Iz zeal Abdul Hadil

Breif Comments on Dr. Sullivan’s Paper “The
Sector that highlights the importance of this initiative:
There are several points from the perspective of the Palestinian NGO
project, outlining no less than 7 million.
The project's objective is to work directly with NGOs and not with govern-
ments. It represents the first time that the World Bank disposed a
unique. It represents the first time that the Palestinian NGO project was

Palestinian NGO Project
committee of the Palestinian NGO Network at the first stage of the
mission with the World Bank, in my capacity as a member of the steering
committee, as a member of the team who framed the initial discussion.
My comments are based on my personal experience with the govern-
ment.

Discussions and the publication of the proceedings of this meeting,
I am happy to see PASSIA’s role in this
Study of International Affairs (PASSIA) for unbiased and clear pro-mo-
the publication of the Palestinian Academic Society for the
Discussion. The publication of the Palestinian Academic Society for the
chosen the appropriate professional organization for this roundtable
If is clear that Dr. Sullivan and the Wharfe Association Consortium have
ne.

Palestinian NGO project with the NGO sector and Palestinian society
for their initiative in sharing the information, experience and results of the
also like to thank the Wharfe Association Consortium and the World Bank
and its analysis of the impact of the Palestinian NGO project. I would

I like to thank Dr. Iz zeal Abdul Hadil for his important paper

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I like to thank Dr. Iz zeal Abdul Hadil for his important paper
was not appropriate. The failure to develop professional criteria
to identify and assess the World Bank's intervention projects
and the establishment of the government committee, for ex-
ample, were incorporated into the government committee's
decisions, thereby weakening the composition of the PA's
and the Palestinian networks, especially those in its relationship
with the World Bank. The political considerations of the World Bank
in its relationship
with the PA also suffered from sev-
eral deficiencies. These include:

5. The project was also an opportunity to increase and enhance the

West Bank and Gaza Strip.

environmental organizations contributed to this process.

Emphasis on the relationship between governmental and non-Gov-
ernmental organizations (NGOs) and PA through the membership of
Palestinian NGOs in the PA's NGOs and PA in the government committee. Indeed, the con-
servation work of the project, and through the membership of Palestinian
NGOs over the last eight years, has been in the face of a decrease in financial assistance to PA-
Palestinian NGOs. This project seeks to provide additional funds to continue
their work to assist and serve the marginalized and poor. This

2. The project was designed to assist the World Bank in its collaboration

with NGOs, in order to establish a clear definition of NGOs, to

advocate for NGOs, to support the development of NGOs in the

Bank, and to ensure that NGOs are involved in decision-making at the

World Bank. The project included consultations with the World

Bank, NGOs on the role of the Palestinian NGOs, and the

targeted projects. The project's main objective was to establish

NGO networks, and engage them in the decision-making process.

3. The project was designed to assist the World Bank in its collaboration

with NGOs, in order to establish a clear definition of NGOs, to

advocate for NGOs, to support the development of NGOs in the

Bank, and to ensure that NGOs are involved in decision-making at the

World Bank. The project included consultations with the World

Bank, NGOs on the role of the Palestinian NGOs, and the

targeted projects. The project's main objective was to establish

NGO networks, and engage them in the decision-making process.
Establish a more constructive relationship between PA representatives and to some mandate and responsibilities of PA representatives and to those in the coming phase, it is necessary to identify the process.

The performance and attitude of the PA representatives within the governance committee are especially the representatives of the Ministry of NGOs, were not helpful. They occasionally interfered in the internal affairs of the NGO sector. Improving the role of the NGO sector is essential.

The supervisory board will substantially address this problem.

The new design of the project, including NGOs representatives in the NGO sector in the project, less accessibility of information and decision-making processes. This did not happen, less participation in decision-making processes, less accessibility of information and the NGO sector in the project.

This approach has contributed to the decrease in involvement of the NGOs sector in the project. The decrease in involvement of the NGOs sector, needs regular and consistent consultation with the NGOs sector's needs and their representatives. The NGOs sector's needs and their representatives are not clear, the approaches are not clear, and the processes are not clear.

This component is developed to the NGO sector's needs and resources. The NGOs sector's needs and resources are developed to it. The institutionalization of this component is less developed. The lack of the importance of this component is an important aspect of the capacity building component of the project. In general, the delay in the establishment of a viable governance body led to poor project design and implementation, specifically the delays and the delay in the establishment of a viable governing body in the project.

The decrease in involvement of the NGO sector in the project is crucial.

In a realistic vision, it is worth mentioning that only $200,000 out of $1,000,000 has been spent on this project component.

For the selection of the national NGO partner was significant.
The mid-term evaluation team proposed that an NGO resource center be managed by NGOs themselves. Why should the NGO resource center be managed by the NGOs themselves? What are the benefits of doing so? In the same line, it is recommended that the local communities all at the same time be trained to manage these NGOs and to sustain their services to the local population of Palestinian NGOs and to sustain their services to the local communities. The establishment of the NGO resource center is an effort to enhance the capacity of Palestinian NGOs to serve their communities, to improve governance, management and human resources so they be able to bring resources to poor communities and serve their communities of marginalized groups. In the new direction, the NGO resource center will be able to bring resources to the communities and serve their communities of marginalized groups. In the new direction, the NGO resource center will be able to bring resources to the communities and serve their communities of marginalized groups.

Dr. Sullivan suggests that while there were differences of opinion on specifics between the review team and the bank mission, both agreed on the need to expand the NGO project at least three years.

In this context, I would like to discuss two points.

1. The establishment of an NGO Resource Center

In the light of these comments, I would like to discuss two important issues raised by Dr. Sullivan:

7. The establishment of an NGO Resource Center

In the light of these comments, I would like to discuss two important
was to be examined through a feasibility study. A

cultural, especially those related to the NGO resource center, which

cellar consultation) assessed much of the abstract of the recommen-
dreland, and to enhance the PMO and the WAC (Waste Associates).

As Dr. Sullivan mentions in this paper, "as a follow-up to the bank's

sustained within the PMO more than within the NGO sector.

applicable, the strategies, processes, and procedures will be

implemented by the NGO to sustain the project and the

planning of the capacity of NGOs to sustain the project and the

process of the NGO to the end of Phase II by the NGO sector. Their

management at the end of Phase II by the NGO sector, their

capacity building program. The concept of "building by doing"

NGOs themselves are not able to manage and implement the

NGOs resource centers to its objective of establishing the NGO resource centers.

- The sector institutions, and other civil society organizations;

but to the government political and technical institutions.

- capacity building services and activities not only to the NGOs,

development programs have continued since the beginning of the

been established on institutional and organizational

years group of professionals. Organizations and centers have

management and effective management. During the last seven

government models. In addition to a proven track record of good

management, implement and run other the proposed NGO re-

Palestinian NGOs have the experience and competencies to

building program activities relating to their needs and priorities.

strategies, approaches and plans of action for any capacity

NGOs are more capable of designing specific objectives,

using the so-called outside-consultants-approach. In addition

done from within by the NGOs themselves without

organizational needs and priorities, and this process should

NGOs are more able to identify their institutional and

for the NGO sector. It is obvious that this objective will not be met if

If the objective of establishing the NGO resource center is to

Palestinian NGOs have the experience and competencies to

Palestinian NGOs have the experience and competencies to

Palestinian NGOs have the experience and competencies to

Palestinian NGOs have the experience and competencies to

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Palestinian NGOs have the experience and competencies to

Palestinian NGOs have the experience and competencies to

Palestinian NGOs have the experience and competencies to
merly accountable to the World Bank. Of the supervisory board is becoming clearer although it is still part.

vaguer interests, in addition, the accountability of the PMO in front especially when the presence of different stakeholders, representing the previous governance committee while still influencing the new phase a new structure has been proposed focusing on the governance committee, which should enjoy more substantial responsibilities.

The PMO is now focused on or a sort of advisory board. Another through process, and turned into a soft committe, making a comprehensive committee accountable to the government committee were many obstacles and constraints that prevented the government committee, the NGO involvement and participation was the government committee, the NGO involvement and participation.

It is obvious from this analysis and my experience as a member of.

2. The Governance Body

The recommendation of lessons learned and share.

Another important recommendation of the mid-term evaluation report...
APPENDICES

I. Governance & PNGO-PNA Relations

II. Palestinian NGO Resource Center: Recommendations by the Mid-Term Review Team

III. Development Grants Project Cycle

IV. Outline Concept of the Goals, Objectives, and Activities of Proposed PNGO Project (Phase II)
Proposal outlining activities for PNO Project Objective Three, p. 1.

1999 and January 2000, The workshops were designed to promote organized tours. Workshops were held in the WB/CG during the December-February season. PMC attention to this objective, notably, the PMC parallel to this effort, other activities have been focused on their den-...

For the implementation of conferences, recommendations from follow-up committees to develop practical mechanisms to form action plans to enhance future cooperation and to provide an open forum for both the PA and PNOs to da.

Practical. It would

minister. Then what was said, the conference focus would be more

attention would be more on who attends (e.g., heads of state or

NGOs and networks, and international organization the PMC

members are representatives of the very objective this conference

Executive Committee was formed to work with the PMC on this issue. 

Issues: Cooperation and Partnership, held February 14-17, 2000. An

activities, "Participation, Governance, and NGO Relations, "

once this objective was the PMC's efforts to plan and organize a major

because it was finally prepared by the PMC. A primary mechanism to ad-

project selection and distribution, in the first two years of this project, it-

Recall that Objective 3 of the PNO Project is: To support efforts

Appendix I: Governance & PNO-PNA Relations

(Appendices)
WRF Bank, 15 July 1997. P. 2 (emphasis added)

The Palestinian NGO Project: Public Discussion Paper: ARAM. West Bank. The

2

Type of oversight of the PNO.

The next decision was to determine the appropriate

as designed. The NGOS Project 

would ensure that the project met all basic objectives and operate

the PNO funds and (2) the WRF Bank as Project Administrator,

would be selected by the WRF Bank to act as the legal recipient of

agreement structure (1) the Project Management Organization (PNO)

When this project was conceived, the Bank decided on a two-tier man-

Governance Committee and Management Structure

In addition to these efforts, NGOS representatives interviewed for this

In addition to these efforts, NGOS representatives interviewed for this

meet with the MTR Team

FWK Review: and

discuss the February International conference and January MTR-

highlight topics for the four workshops (above)

hear from new minister of NGOS Affairs, Mr. Hassan Ajjour

highlight is membership (especially Gaza representatives)

1.999 and January 2000: to:

The Governance Committee met about five times, between November

in addition to the four PNA officials, these workshops

ese from academia, NGOS Union and networks and the local commu-

as well as the Director General of Ministry of NGOS Affairs, joined lead-

Nablus, and Gaza City, the Ministers of Labor, Agriculture, and Health

workshops participated in four workshops, held in Hebron, Ramallah,

then inform the February 2000 conference discussions. Over 100 par-

sectoral communication and cooperation between local NGOS and

Dany Salloum: The World Bank and the Palestinian NGO Project
"By late 1996, the Project Preparation Committee had agreed on the creation of a Governance Committee consisting of representatives from PA ministries and various NGO networks; this committee was to have acted as a focal point for PA-ngo coordination and would have recommended sector and area guidelines for each bi-annual grant round. It would also have helped the World Bank supervise the activities of the PMO — though it would have had no part in decisions about which NGOs were to receive awards (it was understood, for the sake of impartiality, that the choice of awardees should be the job of the PMO alone). In recent months, though, controversies surrounding the management of the NGO sector, including disagreements over which NGO union or network can claim to best represent the sector as a whole, have led most parties to conclude that it is not advisable to form a project Governance Committee at this stage."

By early 1997, before the Bank contracted with the PMO, the idea of a Governance Committee was dropped from the proposed management structure. In the spring 1998 (i.e., about one year after WAC was chosen to be PMO), the Bank revisited the idea of establishing a GC. Palestinian NGO leaders met with the PMO to discuss establishing the Governance Committee, a mechanism that would allow PNGOs some form of oversight in this Project. The PNGO representatives most directly involved in discussions with the Bank and the PMO represent the three most prominent coordinating groups of Palestinian NGOs:

- the Palestinian General Union for Charitable Associations
- the Palestine National Institution for NGOs (National Institution for Palestinian NGOs)
- the Palestinian NGO Network

The PMO wanted PNGOs to have a consultative role in project management; PNGOs sought a more active role, primarily one of governance over and decision-making in the project. In July and August 1998, the PMO indicated to the three groups that a governance com-

---

Coexistence is a process of dialogue, negotiation, and understanding. It requires the commitment and involvement of all parties. The establishment of the Coexistence Mechanism is a significant step towards achieving this goal. It provides a forum for the exchange of views and ideas, and a platform for the resolution of conflicts.

The Coexistence Mechanism was established in response to the ongoing conflict in the region. Its primary function is to facilitate dialogue and negotiation between the parties involved in the conflict. It aims to create a climate of trust and confidence, and to promote understanding and respect for each other's positions.

The Mechanism is composed of representatives from all parties involved in the conflict. It operates on a voluntary basis and is guided by principles of fairness, justice, and respect for human rights. Its activities are focused on promoting peace and stability in the region.

The Mechanism has already made significant progress in bringing the parties together. It has held several meetings and seminars, and has facilitated the exchange of views and ideas. It has also initiated a number of initiatives aimed at promoting understanding and cooperation between the parties.

The success of the Mechanism will depend on the commitment and participation of all parties involved in the conflict. It is a challenging task, but one that is essential for the achievement of peace and stability in the region.
enhance their ability to deliver services and manage and generate
resources.

To undertake a capacity building program for NGOs designed to
undertake a secretariat for coordinating sectoral meetings;

To provide a secretariat for coordinating sectoral meetings;

To provide a focal point for information sharing on NGOs and
community.

The guiding objectives of this Center would be as follows:

Such a Center, which is owned, managed and operated by the NGO
project might be able to lay the groundwork for the establishment of
NGO Resource Center. The MTR supports the rationale and approach
of the POGO project makes a compelling case for the establishment of an
NGO Resource Center. The MTR supports the rationale and approach
of the POGO project makes a compelling case for the establishment of an
NGO Resource Center.

The framework of civil society in the Palestinian state,

The need for the development of a training, research and networking facility which

The MTR and the MTR have both need repeated support for the
disestablished broader

until now, NGOs (including societies and charities) in Palestine have

they are well known to need within the NGO sector for networking or represen-
tation. Particularly a center of coordination - usually evolves based on

Mafriq NGOs communities in need virtually country have developed

Principal Author: Laurie Zivetz
Mafriq Team: Review Team: Laurie Zivetz
Appendix II: Palestinian NGO Resource Center
From the Bank:
The Center will be empowered to operate without additional clearance.
First quarter of the Center's establishment. Once clearance is given, the
submission to the World Bank for its no objection clearance within the
immediate relevant training and research needs.

A three-year plan will be drawn up by the Steering Committee and
branch office in Gaza to ensure maximum access to users.

The MTR recommends that the Center be housed in Ramallah with a

Secretary:
The World Bank will serve as an observer. The PWO will participate as the
committee should be women. One of the NGO representatives will
not less than fifteen percent, annual and geographic balance will be
PNRG Governance Committee will nominate the members. The WAC
sector, training institutions and the university/research communities. The
PNRG Governance Committee will nominate the members from the NGS.

and/or participation in specific activities of the Center will be received
long-term funding to sustain the Center, and that fees for membership
the difference between the Center and the PWO will work together to raise addi-
Source Center will come from remaining research and training money
Seed funding including operating, and program expenses for the Re-

For civil society:
To support a series of key research studies related to NGO best

Dana Sullivan: The World Bank and the Palestinian NGO Project
Appendix III: Development Grants Project Cycle
The Review Team believes that the second phase of the project must

Social Invention.

The problematic nature for the identification of sectors most in need of

prescriptive criteria for the identification of sectors most in need of

the part actually pursued was the adoption of untested and often-im

and marginally indicators of PAM1s (did not prove to be effective, and

errors influenced in this direction (such as the development of poorly

magnified as the largest population for assistance. However, the

appears to have generated with was the identification of the poor and

gave rise in project documents and practices concerning the

clarify as reflected in project documents and practices concerning the

ion society, particularly problematic were the inconsistencies and lack of

sociopolitical, social, economic, political and institutional conditions in Palestinian

compilation and the opportunities for the realization of the goals, some of the objectives of the project, and in terms of their initial con-

some of the objectives of the project, and in terms of their initial con-

The mid-term Review (MTR) pointed to the problematic nature of

sector.

Support for the development of a positive legal framework for the NGO

Authority and NGOs to strengthen their working relationships, including

supporting efforts of NGOs; and supporting efforts by the institutional set-

incentive to deliver services to the poor and marginalized us-

Apendix 1A: Outline Concord of the Goals, Object-

Denis Sullivan: The World Bank and the Palestinian NGO Project

Dennis Sullivan, Lisa Tarak, Laurie

Zivetz, Dennis Sullivan

John Cameron, Lisa, Tarak, Laurie

NGO Project (Phase II)

Apendix 1A: Outline Concord of the Goals, Object-

Denis Sullivan: The World Bank and the Palestinian NGO Project
operation in identifying and meeting the needs of the more excluded
more prominent, and the realization of the necessity of PNA-NGO co-
operation for the provision of basic social entitlements to all citizens is becoming
state-building process when the notion of the responsibility of the state
well-placed to play an advocacy role. Particularly at this stage of the
role, civil society institutions are in fact discussing what positive role they
More directly, it is the team’s understanding that major Palestinian

could obstruct initiatives coming from the NGO sector.

An absence of strengthened Palestinian government bureaucracies that
may noted here that one positive aspect of the current situation is the
meet strategy for Palestinian society in the moment, and longer term, it
the very slow movement on the part of the PNA to develop a develop-
acting as social policy advisors in their society, particularly in view of
establishing social policy direction in their society. Efforts to in
In this way, it is the team’s belief that NGOs can take the initiative in ini-
Phase II is the need of such intervention.

in determining which sectors of society are most in need of such interven-
in developing social intervention profiles and thus making an effort to
Palestinian NGOs are ready and willing to play a more active role
such neighborhoods, orNGOs and NGO initiatives. The team believes

Phases: The main goal of the Project as envisaged in Phase II is expressed as

The Goal of the Palestinian NGO Project (Phase II)

Palestinian society at this juncture in its history.

careful thought given to the constraints and opportunities in force in
be enhanced by the kind of policy dialogue mentioned above, since it stands to reason that social indicators of socio-economic and population data (as the main generator of socio-economic and population data) would social monitoring. The work of institutions such as NPS and the CPS is further strengthened by their annual reports. The Economic Monitor and the Economic Outlook provide an annual update on the state of the economy and the West Bank and Gaza Strip. Several indicators of socio-economic trends are presented in such activities, notably the MAH. Institutions are well placed to present trends, and are highly respected in this regard. Finally, the process will greatly benefit from the monitoring of macro-economic trends.

The sectors of society most in need of social indicators stand out in this policy dialogue with a view to developing a better understanding of the needs of the population. As indicated earlier, NGOs are well-placed to research institutions and find and some PNA institutions (such as the Investment Bank) are very active in this area, and NGOs and PNA institutions can find such a dialogue does exist between NGOs and PNA institutions. In fact, the challenge is to develop sustainable and ongoing social policy dialogue among NGOs themselves and between NGOs and PNA institutions. Nuggets in the locations in which they work should be gleaned. NGOs are in a unique position to provide an understanding of the needs of the people with whom they work. Many NGOs have already established institutional links with other actors in their environment; what is missing is a sustained and ongoing dialogue with NGOs, other PNA institutions, and the people and the state. The opportunity for a dialogue between NGOs and the people and the state is not simple, in view of the multiplicity of views and concepts that are in process is based on the realization that the achievement of this aim is not simple. The importance of this activity is that it provides an opportunity for a better understanding of the mutual benefits of the process of consultation and engagement in an innovative and multi-faceted process of consultation and engagement. It is proposed that the NGOs more engaged in Palestinian society, it is proposed that the NGOs more engaged in Palestinian society, it is proposed that the NGOs more engaged in Palestinian society. It is proposed that the NGOs more engaged in Palestinian society. It is proposed that the NGOs more engaged in Palestinian society.
The main objective of the Project is to assist Palestinian NGOs to engage more effectively with the more excluded sectors of society. Enhanced capacity of Palestinian NGOs to identify social policy and development practice in both the public and NGO sector.

2. The more specific objectives of the Project are:

   - To meet all the needs for social services and social support.
   - To enhance the capacity of Palestinian NGOs to develop innovative intervention profiles.
   - To enhance the capacity of Palestinian NGOs to identify social policy and development practice in both the public and NGO sector.
   - To enhance the capacity of Palestinian NGOs to influence social policy and development practice in both the public and NGO sector.
   - To enhance the capacity of Palestinian NGOs to influencing policy and development practice in both the public and NGO sector.
   - To enhance the capacity of Palestinian NGOs to influencing policy and development practice in both the public and NGO sector.

The Project Objectives

The Project would become an important link in a network of social policy institutions in the country. It would also be well linked with the Resource Center proposed for the rest of the Palestinian NGOs. This aspect of the project's activities would involve the training of the NGO staff in the administration of the Resource Center. The Project would provide training and support to NGOs in the administration of the Resource Center.

Appendices
disadvantaged position in the labor market, either in terms of employment or among the unemployed. In all cases, these groups suffered from a force participation gap, which was quite high, although not as high as that in the labor force participation rate. The difference, in fact, was found, rather, to be a poverty among labor force participants. 3. In the past, it was found that the rate of poverty among labor force participants was quite high, although not as high as that in the labor force. The difference, in fact, was found, rather, to be a poverty among labor force participants. 4. Not surprisingly, poverty is more prevalent among the unskilled.

3. When examining the demographic characteristics of the poor, the highest poverty rates prevailed among large households, followed by very small households (composed mainly of the elderly with social support or pension benefits). In general, however, a comparison between the Gaza Strip and the West Bank shows that the higher rates of poverty in refugee camps is in fact due to the higher incidence poverty rates in Gaza overall. In fact, the poverty rate in the Gaza Strip (38%) is more than double that in the West Bank (16%).

1. In the Palestinian society, material poverty is a very general level of poverty which cannot be compared with main indicators. Keeping in mind that exclusion cannot be confined to some of its levels, the Palestinian society faces significant regional disparities. The West Bank is significantly better off than the Gaza Strip. The Palestinian society, while very diverse, is not homogenous. The most excluded people in Palestinian society are not covered by social “safety nets.” While there may be other levels of exclusion, the economic and social indicators are the most obvious measure of identifying the most excluded people in Palestinian society.
migrant, nucleation of the family, and women's education and
employment. Understandably, the nuclear family, where the
father is the breadwinner and the mother is a homemaker,
is the ideal model. However, the reality is that many families
do not fit into this ideal model. Women are often the primary
producers of food and the family's only income source. In
many cases, they are forced to work long hours in low-paying
jobs to support their families.

The protection of women and their rights is also an issue. In
many countries, women are not given the same rights as men,
and they are often excluded from political and economic
opportunities. Women are also more likely to be victims of
violence and discrimination.

To address these issues, it is important to provide women
with access to education, health care, and economic opportuni-
ties. This can be achieved through policies that promote
gender equality and provide women with the tools they need
to succeed.

Appendix:

1. The Giza Strip, one of the poorest areas of Cairo, is home
to many working-class families. These families are often
surrounded by areas of poverty, making it difficult for them
to access basic necessities such as food, water, and health care.

2. The informal sector, which includes many women, is
often excluded from formal economic opportunities. This
exclusion can lead to poverty and lack of access to basic
needs. Policies that support the informal sector can help
improve the lives of these women.

3. The role of religion in shaping women's lives is complex.
Religion can both promote and hinder women's rights.

4. The importance of education cannot be overstated. In
many cultures, education is seen as the key to breaking the
cycle of poverty and inequality.

5. Women's empowerment is a critical component of any
strategy to improve women's rights and opportunities.

6. The protection of women's rights is essential to
creating a more just and equitable society. This includes
providing women with access to education, health care,
and economic opportunities.
These basic facts, coupled with the outright absence or weak presence of technical skills, in the skilled labor market due to their lower levels of education and qualifications of their families, women are also obviously disadvantaged in the higher percentage of women in the informal economy, which in turn limits their economic opportunities and reduces their social and cultural capital, leading to a more difficult path towards economic independence. Most of these women are unemployed and therefore excluded from the labor market, resulting in very high fertility rates and low age at first marriage, meaning that a large proportion of Palestinian women are excluded from the labor market and thus not able to contribute to their families' economic well-being.

Very high fertility rates and low age at first marriage mean that a large proportion of Palestinian women are excluded from the labor market and thus not able to contribute to their families' economic well-being.

The World Bank and the Palestinian NDC Project
Chinese women who are social supporters of their families. RWA, and other charitable organizations, employ these, which are

cal assistance programs (such as those operated by the MUSA, UN-

secondary school. Another example would be the realization that so-
cover that girls in the location are excluded from post-primary educa-
diagnose with different sectors of the people in the location, may dis-
this kind of investigation, which would involve a focused yet directed
chelated in relation to these resources or opportunities. For example,
privileged or -

investigating how different groups in the location are privileged or -

policies that may be investigated are the availability and accessibil-
and support within the location: the kinds of resources and op-
and different "social maps" of the location as a basis for an understanding
wills imply for coming to an understanding of what constitutes social
What will distinguish this project is the innovative methods that NGS

 tion within the context and to explore the meaning of social exclu-

interventions. Efforts are also needed at the local level to identify the par-
ience of such an effort in lieu to identify a successful program for such

and the identification of the major excluded groups in society. It is not

The discussion above has restricted itself to a delineation of the basic

Identifying the More Excluded: The Local Level

limited in the case of poor women, their personal and economic autonomy; the exclusion is greatly maf-
legal and excluded from resources and opportunities for family survival. Poverty certainly exacerbates this, as the case of
Social Policy Dialogue and Advocacy

Consistent with the project’s goal and objectives discussed earlier, implementing projects require collaboration and networking. The project would be unique in its focus on the identification of some of the activities that would entail.

If NGOs are to become effective agents of change in their society, they must develop the mechanisms for a dialogue among them.

If NGOs are to become effective agents of change in their society, they must develop the mechanisms for a dialogue among them.

Project Activities

Empowerment projects require careful consideration and proper implementation. Even in the project’s society about gender equality and gender issues, some of the activities that would entail.

The project would be unique in its focus on the identification of some of the activities that would entail.

Without going into further detail about the social methodologies to be used in this process, the project’s needs to be emphasized is that once NGOs have chosen the locations in which they work based on maceo-level, they have the localities in which they work.

Dana Sullivan: The World Bank and the Palestinian NGO Project
NGOs: the more successful methodologies can then be used as mod-
els which would sharpen the conceptual and methodological skills of
in terms of capacity building, there is room here for training activities
largely.

dedicated to developing other methodologies. The following must be
from the use of PRA-type methodologies. Creative and flexible
NGOs and non-governmental departments have benefited greatly
NGOs, as the more excluded in Palestinian society, while many Palestin-
ian adoption of innovative techniques for the identification of the priorities
The proposed project can serve an important role in encouraging the

Building

Identification of Social Intervention Priorities and Capacity

phase I would be an ideal vehicle for the execution of this activity.

Research and Monitoring

Transparency on the part of the government

have been marginalized by the executive branch of government. It

womans among the more excluded sectors of the society.

Appendices
Service Delivery

best to address the issue of social exclusion in Palestinian society.

logue (which already exists) can be extended to a discussion of how
project can play such a role, and it is envisioned that a productive dis-
situation where the implementation of activities is a common feature. The
women's exclusion can best be tackled, especially in this short
of activist work from major international donor agencies;
agement. The kinds of activities mentioned here are
beyond the prevailing trend in gender planning; gender sensitive-
project would distinguish itself and provide a model for

Innovative Programs of Social Interventions

ance in program planning, implementation, and maintenance.
and NGS will also be served by providing support and assis-
house for training personnel and materials, institutional development,
process and again the Resource Center could serve as a clearing-
ction for training activities would be desirable aspect of this
els to be extended to the wider development community. Pooling of
The Plan will be developed through a consultative process, involving projects, workshops, and study tours to meet the project's needs. The breadth and depth of the project objectives vary, depending on the target audience.

Management

Law, accountability, and good governance

NGO's and the government will be engaged to promote the rule of law, accountability, and good governance. Certain civil society groups are also represented within the PLC, such as a member of Women's Affairs Technical Committee, the PLC, and the PLC as represented by the government. Women's organizations are also represented within the PLC, with the existence of representative groups.

Women's organizations are represented within the PLC, while the two major actors, Women's Affairs Technical Committee, and the PLC, have a representative role. Women's umbrella organizations will be able to join the PLC, as well as Women's Organizations, with representatives on the PLC. Women's organizations are represented within the PLC, with the existence of representative groups.

Governance

The Team has indicated that the existing governing committee can

Appendices
The level of management and technical expertise required by this Project, which is working with the more excluded.

4. Proposals are to be evaluated according to the main focus of the common context.

3. It also must have a clear vision for the project which incorporates crafted and supporting smaller, more grassroots NGOs.

2. This organization must have sound and appropriate procedures for the selection of grant recipients, including mechanisms for assessing potential participation of and impact on the more excluded population.

1. The management organization must have the capability to focus on the new aspect of the Project, which is strengthening civil society skills and organization as follows:

The nature of the proposed project requires certain preconditions in order to be sustainable.

Plan as approved by the bank, no further exercise of the "no objection" stance byside Committee will be applied of anticipated changes. Once the World Bank approves the modified terms of reference, it may be given the incremental nature anticipated learning from the project asPalestine's institutional capacity, by a design team of four development experts working in the World Bank and the Palestine NGO Project.