

Strategy for development cooperation with **the West Bank and Gaza**

January 2007 – June 2008



REGERINGSKANSLIET

Government Offices
of Sweden

Cooperation strategy for Swedish support to the West Bank and Gaza
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1. Introduction

In the country strategy (subsequently called cooperation strategy) for the West Bank and Gaza adopted by the Government on 10 March 2005, and later extended to apply also to 2006, it was predicted that a review of the strategy would be made annually in the light of the outcome and the current situation in the region. The need for such a review arose in connection with the success of Hamas in the local elections, the movement's victory in the Palestinian parliamentary election at the beginning of 2006 and the subsequent formation of government.

The situation is unique. Never before has a movement subjected to EU sanctions against terrorism come to power through free and democratic elections. This fact entails both political and legal challenges also for development cooperation, giving rise to a revision of the strategy.

The election successes of the Hamas movement imply a marked change in the political situation in the West Bank and Gaza, as the Palestinian Authority's ministries and some municipalities are now governed by representatives of a movement under EU sanctions against terrorism. This alters the conditions for giving support through the government and the Palestinian Authority's ministries and certain municipalities. The legal situation associated with the sanctions list has led to restrictions in international development assistance to the Palestinian territories.

The EU regulations on restrictive measures (sanctions) to combat terrorism¹ are based on United Nations Security Council Resolution 1373 (2001), which prescribes sanctions against terrorists and terrorist groups in general. The sanctions include freezing of assets and a ban on making funds, other financial assets or economic resources or financial services available – directly or indirectly – to terrorists or terrorist groups².

As long as any organisation on the EU terrorist list³ controls the Palestinian Authority's ministries and certain municipalities, development assistance must be carried out with increased care and control.

¹ The Council Common Position 2001/931/CFSP on the application of specific measures to combat terrorism and Council Regulation (EC) No 2580/2001 on specific restrictive measures directed against certain persons and entities with a view to combating terrorism.

² In the EU regulations, terrorists and terrorist groups refer to persons, groups or entities who commit, participate in or facilitate terrorist acts, or entities owned or controlled directly/indirectly by such persons, or persons or entities that act on behalf of such persons.

³ A terrorist-listed organisation refers here to a group or entity covered by the EU's sanctions against terrorism. The groups or entities covered are specified in annexes to the Council Common Position 2001/931/CFSP on the application of specific measures to combat terrorism and Council Regulation (EC) No. 2580/2001 (Hamas is no. 17 on the list attached to the Common Position as most recently updated in Common Position 2006/380/CFSP and no. 10 on the list in the Council Regulation in its most recent wording in Council Decision 2006/379/EC).

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It should, however, be pointed out that the President, who belongs to the Fatah movement, also has some executive power in the Palestinian Authority, which means that this cannot be said to be wholly controlled by a terrorist-listed organisation. The EU legislation imposing sanctions only directly affects those parts of the Palestinian Authority – above all the ministries – that are controlled by representatives of a terrorist listed organisation. Support channelled via the President's office, PLO bodies and institutions independent of the government is not restricted by the legislation.

Both Israel and the Palestinians are responsible for the emergence of the conflict and its solution. Palestinian terrorist actions against civilians lead to continued escalation of violence and severely obstruct a peaceful solution to the conflict. At the same time Israel's continued occupation of the West Bank and Gaza has serious negative consequences for the conditions of life and local economy of the Palestinians. Israel's decisions to severely reduce Palestinians' freedom of movement and to freeze transfers of Palestinian funds for customs and VAT have created a humanitarian crisis. A number of countries have also decided to redirect development assistance away from the Palestinian Authority. Taken together, this has put the Palestinian Authority, which is dependent on the support of other countries, in a very difficult financial situation.

Swedish support to the Palestinian territories, in the light of the difficult political and humanitarian situation in the area, continues to be directed towards improving the conditions of life of the Palestinians and contributing to a peaceful solution to the Israeli-Palestinian conflict. The previous country strategy for Swedish support was based on the uncertain situation prevailing and focused on the importance of flexibility in the assistance given. Difficulties resulting from various restrictions, including the corrupt environment, security problems and violence on the part of different parties to the conflict, have always influenced development assistance to the Palestinians. The previous strategy does not, however, fully reflect the political, humanitarian and legal situation arising from the Hamas-led government taking office.

The changed situation raises the need for a revised, integrated strategy that can be adapted to the uncertain political developments in the area. The aim of the strategy is to influence Palestinian development (including the Hamas-led government) in a positive direction, find a way to safeguard Palestinian institutions and retain a long-term perspective for cooperation, enable active Swedish measures in the EU and international fora to seek a solution to the Israeli-Palestinian conflict, and to counteract and prepare for handling an even more acute humanitarian situation.

In the opinion of the Government, the long-term perspective for development in the Palestinian territories must continue to be safeguarded.

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Sweden must continue to seek common European and international solutions, including strengthened control mechanisms, that secure both short-term humanitarian needs and long-term development cooperation.

2. Continued Swedish support: Objectives, focus, volume and channels

2.1 Experience

Sweden's support to the Palestinians is considerable, about SEK 680 million in 2006. This includes support to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the Ministry for Foreign Affairs' support to special measures, Sida's development cooperation and humanitarian measures and is distributed as shown in the table (approximate figures):

Payments in 2006	Paid up to and including 20 December 2006	Payments in 2005	Outcome 2005
a. Development cooperation	176 568 000	a. Development cooperation	135 448 000
b. Humanitarian	83 260 000	b. Humanitarian	70 735 200
UNRWA (general fund ⁴)	230 000 000	UNRWA (general fund)	210 000 000
UNRWA ⁵ (emergency appeal)	55 000 000	UNRWA (emergency appeal)	40 000 000
c. Other Humanitarian and reconstruction⁶	102 200 000	c. Other humanitarian	
d. Extraordinary items:		d. Extraordinary items:	
TIPH	10 300 000	TIPH	14 540 726
EU Bam Rafah	7 000 000	EU Bam Rafah	12 500 000
Interpeace	1 700 000	Interpeace	1 700 000
UNRWA ⁷	2 000 000	UNRWA ⁸	40 000 000
EUPOL COPPS	11 050 000	EUPOL COPPS	21 900 000
		ILAC	2 390 000
Total	679 078 000	Total	549 213 926

Current initiatives in the West Bank and Gaza continue to be relevant in all essentials. Cooperation is mainly directed towards needs that are growing stronger in the increasingly acute humanitarian situation. The escalation of the

⁴ Refers to Palestine refugees in the entire area covered by the UNRWA, i.e. the Palestine territories, Lebanon, Syria and Jordan. The same applies to 2005.

⁵ This includes both decisions concerning *emergency appeals* (CAP) of SEK 40 million and *revised emergency appeals* (Revised CAP) of SEK 15 million.

⁶ This refers to support of USD 14 million promised at the International Donor Conference on the Palestinian Territories. Note that the support refers to 1) Humanitarian appeal for UNRWA (CAP), USD 4 million; 2) Transport and installation of new transformers for the power station in Gaza, USD 4 million; 3) The World Bank Emergency Service Support Program (ESSP) 2, i.e. support to the temporary international mechanism (TIM) first window of USD 6 million.

⁷ Support to the UNRWA *management reform*.

⁸ Grant to Quartet Special Representative James Wolfenson's *Quick Impact Programme*.

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conflict following the outbreak of the second intifada (in September 2000) necessitated a partial amendment of priorities even during the previous strategy period, which is particularly noticeable in the increase in humanitarian support. Sweden's ordinary support to the UNRWA has long been considerable and has increased in recent years, making Sweden one of the UNRWA's major donors.

The distribution, channels and cooperation partners of the Swedish portfolio of measures have so far made it possible to preserve the level of payments, despite the new political and legal circumstances.

2.2 General considerations

The peace process in recent years has brought hardly any results and the region has been characterised by extensive and serious violence. The peace efforts of the EU and Sweden aim at a two-state solution negotiated by the parties, based on the pre-1967 borders and relevant UN Security Council resolutions.

Respect for international law is the mainstay of the Swedish and EU position on the conflict. International law, including humanitarian law in the provisions governing the relationship between an occupying power and the occupied population, is *de jure* fully applicable to the Occupied Palestinian Territories. The international rules on occupation are found in the Fourth Hague Convention (1907), with its 'war on land' provision, and in the Fourth Geneva Convention (1949). Israel is a party to the Geneva Conventions and is bound by the 1907 Convention in terms of legal precedent. All states are obliged, as a general principle, to ensure compliance with the Conventions.

Israel has a legitimate right to defend and protect its citizens against security threats, including terrorism. This right must, however, be exercised in forms that are compatible with international law, including the human rights conventions and humanitarian law.

While solutions must be identified to enable Swedish and international assistance to the Palestinian people, the international donor community cannot fully solve the Palestinian financial crisis. As an occupying power, Israel is required under the Geneva Convention not only to provide for the Palestinian population's basic social and economic needs but also to permit humanitarian activities in the occupied territories. Because of the Israeli blockades and other restrictions on movement, humanitarian organisations are finding it much more difficult to access and move around in the occupied territories.

Israeli closure policies have meant that the Palestinian population finds itself shut into enclaves. This seriously aggravates both the economic and social situation, as well as implementation of assistance and humanitarian relief. International contacts resulting from development assistance efforts can help

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break the isolation. Such possibilities should be considered when planning relief. Under no circumstances should international development assistance contribute to making permanent social and family disruptions (see UN General Assembly Resolution ES-10/15).

In Sweden's view, which corresponds to that stated in the Advisory Opinion given by the International Court of Justice in the Hague and endorsed by the UN General Assembly (A/RES/59/124), the Israeli construction of a separation barrier on occupied territory (the West Bank) violates international law in a number of respects. It also makes humanitarian access more difficult. The separation barrier in its present form and location is unacceptable as it also pre-empts negotiations for a sustainable two-state solution and is an obstacle to economic and social development on the West Bank.

The separation barrier is being completed on the West Bank. Thousands of Palestinians will be on the west side of the barrier. Others will be on the east side of the barrier and have great difficulties in gaining access to social services on the west side. Farmers' access to their agricultural land west of the barrier will be severely restricted. These consequences will also be noticeable in East Jerusalem. Particular attention should be given to the needs of the population groups suffering the effects of the separation barrier.

Referring to these general considerations, Swedish support to the West Bank and Gaza will be guided by the following considerations:

i) The Government's policy objective

In accordance with the policy objective to continue to work for a two-state solution based on international law⁹ and negotiated by the parties, to respect the Palestinian people's democratic elections and retain the opportunity to influence the Palestinian government in a pragmatic direction, Swedish support to the Palestinians should continue. The Swedish policy of supporting democratisation and long-term institution building should then be carried forward.

As the Government considers that conditions for a resumption of the peace process will be promoted by rebuilding a functioning democratic and economically sustainable Palestinian rule of law, efforts should be made to prevent the undermining/collapse of Palestinian institutions. Creation of parallel structures should be avoided.

A total collapse of the Palestinian Authority would have serious consequences for the security, livelihood, health, medical care etc of the Palestinian people. An even more acute humanitarian crisis would probably ensue and lead to further political radicalisation and deterioration of the security situation in the entire region.

⁹ The starting point for a peaceful solution is UN Security Council Resolutions 242, 338 and 1397, stipulating that the occupation should end and be succeeded by a negotiated settlement involving the establishment of a Palestinian state side by side with the Israeli state.

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Principle requirements of the Palestinian government (non-violence, recognise Israel's right to exist, honour existing agreements and commitments) must be maintained. At the same time, the dialogue with Israel at different levels is central.

The humanitarian support will continue. A broad interpretation of basic needs must be the guiding principle. The solutions identified for meeting the Palestinian people's basic needs must not conflict with current Community law or the fundamental principles of humanitarian law.

In future it will continue to be necessary for decisions on humanitarian initiatives in occupied areas to be preceded by careful analysis and evaluation of whether existing conditions affect the possibility of implementing these initiatives in accordance with humanitarian principles (see page 9). Respect for these principles must be maintained.

In the light of the assessments made by recognised international institutions and UN bodies (the OCHA, the UNRWA and the World Bank) Sweden should strengthen its potential for meeting humanitarian needs in close cooperation with the rest of the donor community.

ii) The legal implication of an organisation subjected to EU sanctions against terrorism controlling parts of the Palestinian Authority

Assistance must be planned and implemented in accordance with the EU legislation imposing sanctions. Direct or indirect supply of financial assets and financial services to an organisation subject to EU sanctions, such as Hamas or the PFLP, is forbidden under current Community law and punishable under Swedish law.¹⁰ Swedish development assistance can therefore only be channelled directly to specially selected projects, under careful Swedish/international control and monitoring, with the aim of ensuring that the money is used for the intended purpose.

Channelling of support directly to or via the Palestinian Authority's ministries presupposes that approved control mechanisms are in place. These control mechanisms must be assessed on the basis of current legislation to ensure that no funds accrue to a terrorist-listed person or entity.

The governments of the EU countries have reached political agreement for the time being not to have any *political* contact with the Hamas-led government or with members of Hamas with political functions.

Given the restrictions mentioned above, contacts deemed necessary for implementation of Swedish development assistance should be safeguarded.

¹⁰ The Council Common Position 2001/931/CFSP, Council Regulation (EC) No. 2580/2001 and the Act on Certain International Sanctions (1996:95).

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iii) The changeable nature of the situation

During the period for the present strategy it is anticipated that strengthened consultation between the Ministry for Foreign Affairs and Sida will be necessary. Consultation must take place with the frequency deemed necessary and be led by the heads of the Ministry for Foreign Affairs Department for Middle East and North Africa and the Sida Department for Asia/MENA. Conclusions must be documented. As humanitarian questions are being discussed, representatives from the joint Ministry for Foreign Affairs/Sida consultation group for humanitarian aid must be invited to participate. Decisions on individual initiatives will be made by the agency responsible for the case.

As part of consultation, Sida must report on the implementation of the development assistance cooperation. Reports must focus on needs, opportunities and results of development assistance cooperation with particular regard for political developments.

Consultation with the Swedish Government Offices (Ministry for Foreign Affairs) on initiatives financed via the budget expenditure item *Humanitarian Assistance and Conflict-Related Activities* is to continue in the joint consultation group for humanitarian aid. Special efforts must be made to coordinate support to conflict-related activities whether financed from funds at the disposal of the Government, the Government Offices or Sida.

2.3 Objectives

The overriding objective of the Swedish *Policy for Global Development* is to help bring about equitable and sustainable development. Development cooperation is governed by this overriding objective but also has its own objective: To help enable the poor to improve the conditions affecting their own lives. Development cooperation must be permeated by a human rights perspective and the perspective of the poor on development.

In the Palestinian context, just development means that a solution to the conflict must be based on international law, including the relevant Security Council resolutions, and that a future Palestinian state must be viable in the long-term and based on respect for human rights, democracy and the rule of law. For development to be sustainable, the compromises in a peace agreement must be acceptable to the majority of the population on both sides.

The premise for the work stems from the three basic Security Council Resolutions stipulating that the occupation must end and be succeeded by a negotiated settlement involving the establishment of a Palestinian state side by side with the Israeli state:

- UNSCR 242 (1967): “withdrawal of Israel’s armed forces from territories occupied in the recent conflict”,

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- UNSCR 338 (1973): “negotiations shall start between the parties concerned under appropriate auspices”,
- UNSCR 1397 (2002): “vision of a region where two states, Israel and Palestine, live side by side within secure and recognized borders”.

Palestinian poverty has increased dramatically in recent years. It stems from the occupation and conflict. Internal factors such as corruption also contribute to poverty. The right to self-determination is crucial to the Palestinians’ chances of improving their situation.

The UNDP Participatory Poverty Assessment makes the point that many of the increasingly poor Palestinians perceive a clear link between their poverty, the conflict, the occupation and the actions of the occupying power. Taken together, these affect their lives particularly with regard to

- the destruction and confiscation of buildings, land and water resources
- blockades preventing access to healthcare, education, employment and commerce.

The subsidiary objectives for Swedish development cooperation with the occupied Palestinian territories during the strategy period are to:

- **Alleviate the effects of the current conflict:** Israeli policy and military action have resulted in a humanitarian crisis in the occupied Palestinian territories. As long as Israel fails to meet its commitments under international law as an occupying power, the outside world has a duty to protect lives and alleviate suffering.
- **Promote peace negotiations:** Since 2001, the parties have not engaged in any direct talks on final-status issues. The resumption of negotiations to end both the occupation and terrorism and to establish an independent and viable Palestinian state in the occupied Palestinian territories is essential if a peaceful solution to the conflict is to be achieved.
- **Promote Palestinian nation-building:** The Palestinian Authority and its institutions, civil society and the private business sector provide the basis for building a society in which democratic, economic and social development is a decisive factor in enabling the poor to improve their situation.

While development assistance strives to provide partner countries with the opportunity to improve their life situation, humanitarian support is aimed at saving lives and alleviating suffering. The above-mentioned objectives and perspectives for development cooperation should therefore be separate from the aims and principles that apply to humanitarian assistance.

Swedish humanitarian assistance to occupied Palestinian territories must follow fundamental humanitarian principles – humanity, impartiality,

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neutrality and independence – in accordance with the policy enshrined in the Government Communication 2004/05:52 *Government Policy on Humanitarian Assistance*. Sweden can thereby support humanitarian work wherever the need may arise in the occupied territories on condition that the humanitarian actors can work satisfactorily as regards access, needs analyses, transparency, coordination, impartial distribution channels and opportunities for evaluation.

Humanitarian support is an emergency, temporary measure aimed at meeting the humanitarian crisis. It should not replace development cooperation that has up to now been channelled via the Palestinian Authority or replace the Palestinian Authority's provision of basic public services. Nor can it replace the obligation of the international community to seek to persuade Israel to assume its responsibility for meeting the basic needs of the occupied population.

2.4 Focus and revised priorities

Depending on developments in the occupied Palestinian territories the various components of the strategic approach – in the form of striking a balance between different objectives – should be given different emphasis. If the situation continues to deteriorate, efforts to alleviate the effects of the conflict must receive high priority. A more positive development will promote conditions for democratic nation-building. At all events, promoting the resumption of peace negotiations is expected to be relevant. Moreover, it should be possible to transform long-term development efforts into more short-term emergency interventions, if the situation demands. At the same time it is important to retain the development perspective.

- The institutions that have been built up over a longer period to create conditions for a viable and democratic Palestinian state must be safeguarded to the extent possible. Support to or through these should therefore continue as far as possible. This presupposes well-developed control mechanisms.
- There should be preparedness for adapting support if the political or humanitarian situation so requires. It is assumed that any initiatives beyond measures already planned, including in the humanitarian area, will be discussed in the framework of the strengthened consultations between the Ministry for Foreign Affairs and Sida as described above.

2.5 Areas of cooperation

Efforts to work in partnership with other development assistance donors should continue during the strategy period in order to increase efficiency. At the same time there must be flexibility to adapt the form and organisation of initiatives as needed. The areas of cooperation below are expected to be relevant, with necessary adjustments of measures to developments:

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Alleviating the effects of the current conflict

Sweden's humanitarian aid is guided by the humanitarian imperative (the moral obligation to help people in distress) and fundamental humanitarian principles. Humanitarian activities must be strictly needs-based and aim to protect civilians and prevent and alleviate human suffering. The acute humanitarian situation has been mainly caused by infringements of humanitarian law. Consequently, different ways of increasing respect for humanitarian law among the parties to the conflict should be tried. Strengthening the coordination of humanitarian assistance should continue to be given priority.

The Palestinian refugee population in the occupied Palestinian territories, in Lebanon, Syria and Jordan must be given attention. The instrument for this is Sweden's support to the UNWRA and support via Swedish NGOs. Overall responsibility for Sweden's cooperation with the UNRWA lies with the Ministry for Foreign Affairs. In addition to the regular annual grant that is channelled via the Ministry for Foreign Affairs, Sida should continue to consider granting funds for humanitarian appeals issued by the UNRWA.

The need for job creation programmes is great. Sweden has established channels in this area, which provide a platform for continued support.

The need for economic support for purchasing pharmaceuticals, teaching material, spare parts and for other day-to-day operating expenses continues to be great in the Palestinian administration. Sweden should continue to provide such support in appropriate form, principally via multilateral channels.

Priority is to be given to the social sectors, including basic education, healthcare and higher education. The World Bank's *Emergency Service Support Program* (ESSP) is a possible channel for such support. Improving sanitary conditions as well as energy supply must also be seen in this context. Special priority must be given to electricity supply and water and sanitation in northern Gaza, where Sweden is actively engaged and where the infrastructure has been seriously damaged.

Projects in the health sector are expected to continue. The inability of NGOs and the Palestinian Authority to finance services by other means, given the current economic situation, warrants continued support.

Within the context of the cooperation particular attention should be given to women, children and young people, groups which are particularly affected by increasing poverty.

Promote peace negotiations

Strategic efforts aimed at directly and indirectly promoting the peace negotiations and fostering greater understanding between the parties and their

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populations are a matter of importance. Financial support to the cooperation between Palestinian and Israeli actors for increased mutual understanding and direct peace support work should continue.

Direct support for the peace process through provision of expert assistance to the PLO's negotiation structures should continue.

Unofficial talks between Israeli and Palestinian representatives are vital if a dialogue on the core issues of the conflict is to be maintained. When considering financial aid, Sida should make a careful assessment of the importance such exchanges might have for the political decision-making process.

In line with Sweden's *Global Development Policy*, Swedish aid programmes should continue to make full use of any opportunities that may exist for further involving Swedish government agencies, enterprises and civil society, both in reconstruction and in the task of creating better conditions for the resumption of the peace process.

Promote Palestinian nation-building

Measures to promote Palestinian nation-building are important. Particular priority is given to:

- supporting measures that can promote democracy and respect for human rights
- supporting the economic and social infrastructure

The Palestinian Authority constitutes the basic structure of a future Palestinian state. Efforts to set up a democratic state based on the rule of law are carried out in cooperation both with the Palestinian Authority's institutions and with organisations in Palestinian civil society. The possibilities of cooperation with the Palestinian Authority are restricted by the legal situation associated with the sanctions list.

Support for the promotion of children's rights and welfare is a priority area and should continue, but the forms for cooperation should be reviewed.

Civil society represents an important resource for continuing and deepening the democratisation process. Accordingly, Swedish support to independent actors in civil society is anticipated to hold a prominent place in development cooperation. Support for organisations in civil society seeking to promote respect for human rights and humanitarian law should continue. Particular attention should be paid to the rights of women. The work of developing forms of assistance needs to be carried further so as to ease the organisations' administrative burden and also minimise the risk of corruption.

Freedom of media and expression is an important condition for democratic development. Financial assistance for the training of journalists should

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continue, along with broader cooperation in the cultural field aimed at strengthening the Palestinian identity.

Electricity, water and sanitation needs remain considerable. Despite the difficult security situation the Palestinian water and electricity utilities have proved themselves capable of carrying out agreed measures. Support in these sectors should therefore continue.

Job creation programmes are particularly important for generating income and for people's self-esteem. Work-intensive methods can therefore continue to constitute an important element of water and sanitation programmes as can support for conserving the built heritage. Trade generates economic growth and employment. Support for capacity building in the area of trade is relevant in this context. When the basic conditions for increased trade are in place, Sweden should be able to support measures in this area.

Support to EUBAM Rafah and EUPOL COPPS should continue. Through its presence in the field the EU can contribute to confidence-building measures between the parties and to capacity-building measures in the security sector.

Sweden should be prepared to consider measures in other areas than those specified above where the need arises.

2.6 Channels, partners and cooperation

The legal situation entails restrictions on development cooperation support to the public sector in the Palestinian territories. Budget assistance has never been an option for channelling Swedish support. The channels for continued assistance are guided by the following principles:

- Sweden may continue development cooperation with the public sector (including ministries, Palestinian Authority bodies, municipalities) in the Palestinian territories, provided support goes directly to defined and specially selected projects under careful Swedish control and monitoring with the aim of ensuring that the money is used for the intended purpose (neither directly nor indirectly to Hamas or any other organisation on the EU terrorist list).
- The EU sanctions regulations prevent support to those parts of the Palestinian Authority that are controlled by Hamas, but cannot be seen as an obstacle to continued support to and contacts with the office of the President, institutions and Palestinian Authority bodies that report directly to the President or have independent status.
- A running assessment should be made of the opportunities and risks of cooperation with the Palestinian political leadership and administration.

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- A continuous inventory should be made of possible international control mechanisms and trust funds. In international discussions Sweden must decide what characterises an acceptable control mechanism. In brief, acceptable control mechanisms should be such that the donor feels convinced that the funds will not be available, directly or indirectly, to Hamas or any other organisation on the EU terrorist list.¹¹ Further, the door should be kept open for support to an international mechanism that can be extended to allow bilateral donors' financial support in more sectors. A temporary international mechanism (TIM) has already been established for the purpose of channelling assistance for the Palestinians' fundamental needs. Sweden has contributed to this mechanism and may consider further assistance.
- Ongoing projects that are being implemented by non-governmental organisations without any connection with organisations listed as terrorists by the EU may continue, provided that their purposes are in line with the focus of Swedish assistance as specified above.
- As regards assistance to civil society financed through grants from Sida, the agency must ensure that current Community and Swedish law on financial sanctions against terrorism has been made clear to Sida's Swedish cooperation partners. An important requirement for keeping abreast of the unpredictable situation in the area is presence on the ground, either through local representation or through frequent visits. When it is more difficult for Sweden to maintain a presence it may be necessary to channel development assistance more extensively through actors with well-established local networks and with reliable monitoring systems. The need for continued ongoing exchange of information between the Consulate-General in Jerusalem and the embassy in Tel Aviv is emphasised.
- Swedish humanitarian support must go to humanitarian actors working on the basis of humanitarian law. The measures must not constitute direct support to the Palestinian Authority. Nor must the support be designed so that humanitarian actors take over responsibility for vital public services from the Palestinian Authority. Broad and integrated processing of humanitarian measures in occupied territories must therefore include analysis and assessment of these aspects.
- Sweden encourages continued harmonisation and complementarity between different donors. In order to minimise the risk of duplicating

¹¹ Both intentional and negligent violation of the prohibition against provision of funds is punishable. If the donor was aware of a risk that development assistance funds could be used by the Hamas organisation, the behaviour may be deemed to be negligent, or even intentional, when assessing criminal liability. The final assessment of the permissibility of a decision on development assistance is made by the judicial authorities. The responsibility for taking sufficient security precautions probably lies with the person who decides on the provision of development assistance

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projects and funding, coordination should be sought with organisations from other donor countries and also with the multilateral organisations. Sweden must actively seek and support multilateral forms of cooperation, coordinated bilateral measures or international mechanisms that can contribute to increased effectiveness and control. Sweden must also promote cooperation with and between the UN organisations.

- As member of the EU, Sweden is able to influence the Commission's aid programme, for example through its active participation in the MED Committee in Brussels and in EU circles in Jerusalem. Closer coordination between the Commission, other bilateral actors, the World Bank and the IMF, and Palestinian actors is desirable.
- Swedish interventions will continue to supplement the assistance provided through the European Commission. Sweden's flexibility as a bilateral development assistance donor should be utilised.
- Sida's instruments for both auditing and control of financial resources and other monitoring must be reviewed on a current basis and where necessary be extended and tightened up.
- The Government stresses the importance of Sida maintaining established control and audit procedures. These must always be applied before new agreements are entered into or new payments made in order to ensure as far as possible:
 1. that the money is paid into accounts that are directly controlled by the partner, with particular assurance that no funds will be made available to the Hamas movement¹² ;
 2. that no changes have been made in the Palestinian constitutional framework regarding the respective organisations that increase the risk of violation or evasion of the economic sanctions against organisations on the EU terrorist list;
 3. that funds are programmed for the activities agreed by the cooperation partners, i.e. in accordance with agreements and project documents;
 4. that there are no "other" items that can be used for other purposes without the approval of the Consulate-General/Sida;
 5. that the cooperation partner has submitted the agreed reliable account of the use of amounts advanced previously.

2.7 Dialogue with the Palestinians

Sweden should play an active part in the dialogue with the Palestinians – both within the official structure and in civil society – and with other assistance

¹² Also applies to other groups or entities covered by EU sanctions against terrorism.

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donors concerning how development assistance might best interact with the undertakings of other actors in order to attain the desired targets. This is especially important in light of the fact that the violence on both sides complicates and hampers the implementation of aid projects and programmes. Sweden's repudiation of violence against the civilian population should be actively emphasised, from whichever quarter the violence may come. Special attention should be paid to the following concerns:

- reform of the Palestinian administration, aiming for greater efficiency, greater transparency and greater citizen participation, promotion of and respect for human rights and the rule of law
- corruption issues in all areas of development cooperation
- how development assistance impacts on the prospects for a two-state solution, and how to avoid measures that perpetuate the separation barrier and other such consequences
- donor coordination.

Matters concerning dialogue issues that apply to development cooperation must be discussed in the framework of the strengthened consultations between the Ministry for Foreign Affairs and Sida (see 2.2.iii).

2.8 Volume changes

For the foreseeable future the Palestinian territories will be in deep economic and political crisis. The uncertain situation makes it necessary to be prepared also to adjust the volume of development cooperation. A benchmark for the proposed framework allocation for Swedish development assistance to the occupied Palestinian territories should be about SEK 170 million per year. If the situation continues to deteriorate further humanitarian measures should be prepared for. In addition to this there is the basic support via the UNRWA and the Ministry for Foreign Affairs' special measures.

3. Financial and administrative issues

3.1 Financial planning

The deterioration in the financial and humanitarian situation as well as the uncertain political developments mean that the need for development assistance is estimated to be greater than normal. At the same time restrictions in humanitarian access and poor conditions for development cooperation with the Palestinian Authority may affect the focus and volume of cooperation. The situation requires particular readiness for flexibility.

The period of validity of project agreements signed by Sida for the West Bank and Gaza may only extend at most to the end of 2008.

3.2 Administrative resources

The present strategy is expected to be possible to implement with more or less unchanged resources at Sida in Stockholm and at the Consulate-General

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in Jerusalem. There has been some increase in staff at Sida's Department for Asia. Sida's sector departments are expected to continue to have 4-5 full time positions for work involving development assistance to the occupied territories. In addition there are 5.5 full time positions at the Consulate-General. Staff requirements at the Consulate-General in Jerusalem may increase as a consequence of the uncertain situation, increased humanitarian needs and work-intensive forms of development cooperation, for example as a result of more stringent requirements concerning control mechanisms. Sida should be prepared to meet such requirements.

4. Period of validity of the strategy

This revised cooperation strategy for Swedish support to the Palestinians has been drawn up on the basis of the current political and humanitarian situation, but also assuming that the situation will continue to be changeable. The strategy applies up to and including 30 June 2008. A thorough evaluation of results and experience will form an important basis for further planning. In order to put the strategy into practice there is an existing cooperation agreement with the PLO for the benefit of the Palestinian Authority. This cooperation agreement remains in force and is expected to be extended during the forthcoming strategy period. The importance of a close dialogue between the Ministry for Foreign Affairs and Sida concerning the design of both development cooperation and humanitarian assistance is stressed.



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