

Towards Two States

Multi-Annual Strategic Plan for the Palestinian Territory
2012-2015

Netherlands Representative Office to the Palestinian Authority
September 2011



Front page picture: Summer Games UNRWA, Gaza

The Multi-Annual Strategic Plan for the Palestinian Territory 2012-2015 is based on the policy directives as set out by the Netherlands government in 2011 and the policy articles and operational objectives of the ministry of Foreign Affairs, as stipulated in the 'Explanatory memorandum to the budget' and the 'Basisbrief OS' in combination with the Palestinian National Development Plan 2011-2013 (NDP). The latter document consolidates the state-building efforts of Prime Minister Fayyad two-year plan "Ending the Occupation, Establishing the State" and the Palestinian Reform and Development Plan (PRDP) 2008-2010.

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Selection of literature

The Multi-Annual Strategic Plan is a rolling document. The plan was presented by the Netherlands Representative Office (NRO) in September 2011 and approved by the Ministry of Foreign Affairs in December 2011. During the appraisal process, the focus of the strategy was enhanced and additional clarifications were received from the NRO. These were incorporated in the final version. In some cases plans will have to be further elaborated and considered before they can be implemented as part of the strategic plan. The new policy priorities will be further developed and operationalized in dialogue with government, civil society and development partners during the coming year.

List of acronyms

AHLC	Ad Hoc Liaison Committee
COGAT	Coordinating Office of Government Activities in the Territories
GoI	Government of Israel
HJC	Higher Judicial Council
HRD	Human Rights Defenders
IDF	Israeli Defence Forces
IMF	international Monetary Fund
JMCC	Jerusalem Media & Communication Centre
JSWG	Justice Sector Working Group
MASP	Multi Annual Strategic Plan
MEPP	Middle East Peace Process
MoA	Ministry of Agriculture
MOPAD	Ministry of Planning and Administrative Development
MTEF	Medium Term Expenditures Framework
MvT	Explanatory memorandum to the budget of the Netherlands Government
NAD	Negotiations Affairs Department / Palestine Liberation Organisation
NRO	Netherlands Representative Office in Ramallah
ORIO	NL Instrument for Infrastructural Investment
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PCP	Palestinian Civil Police
PLC	Palestinian Legislative Council
PRDP	Palestinian Reform and Development Plan
PT	Palestinian Territory
PSD	Private Sector Development
PSI	Private Sector Instrument
PWA	Palestinian Water Authority
RTF	Reform Trust Fund
SSR	Security Sector Reform
UNRWA	United Nations Relief and Works Agency
USSC	United States Security Co-ordinator
WB	World Bank
WFP	World Food Programme
WSWG	Water Sector Working Group

Chapter 1 - Management Summary - Towards two States

The Netherlands is firmly committed to a comprehensive peace agreement between Israel and the Palestine Liberation Organisation (PLO). The main objective is the establishment of two states, Israel and Palestine, living side by side in peace and security. The Netherlands will continue to play an active role in facilitating a peaceful, lasting resolution to the Israeli - Palestinian conflict through sustained, balanced and constructive engagement. As a relatively large donor the Netherlands has leverage with the Palestinian Authority, while the special relationship with Israel allows for political openings.

Countries like the Netherlands have invested in the establishment of a Palestinian Authority, stimulated economic growth and developed a functioning security service. However, the sustainability of these interventions is uncertain in the absence of reintegration of the West Bank and Gaza and a viable political agreement between Israel and the Palestinian Authority (PA). Therefore, the Netherlands' interventions can only succeed if political progress and development go hand in hand.

To ensure this, the Netherlands employs both development cooperation and political dialogue. The latter focuses on the Israeli and Palestinian authorities as well as on other key players such as the US, the UN, the Quartet and the EU High Representative. The Netherlands is well positioned to link development cooperation with political engagement. The best known example is the export of (Netherlands funded) flowers and strawberries from Gaza. This both sustained an export-oriented agricultural sector in Gaza and led to a dialogue with Israel resulting in the easing of some movement and access restrictions. The Netherlands will build on these experiences and intensify its efforts to enhance trilateral cooperation (between the PA, Israel and the Netherlands). State building must be complemented by peace building. These efforts will be focused on three of the four sectors where the Netherlands has a proven added value: rule of law, food security and water.

In particular, the Netherlands Representative Office in Ramallah (NRO) wishes to:

- *strengthen* the rule of law in the Palestinian Territory by enhancing the access to and delivery of justice;
- *contribute* to a situation in which Palestinian people have access to sufficient, safe and nutritious food, while Palestinian farmers have the capacity to compete with their products at national and international markets;
- *ensure* that Palestinian people have access to equitable and safe water supply and have full coverage of water sanitation.

Other foreign relations instruments, such as support to United Nations Relief and Works Agency (UNRWA), promoting human rights, economic diplomacy, sports and cultural relations will complement these activities. The attention given to these instruments will depend on political and economic developments.

The Netherlands track record on interventions in the sector on Sexual and Reproductive Health in the oPT is limited. Moreover the main challenges in the oPT in relation to this sector are mainly covered by the specialised UN-agencies. Experience with climate and environmental-friendly development interventions, especially related to agricultural and CO2-neutral infrastructure, will be integrated into future activities.

The projected Netherlands' interventions take place against the backdrop of an uncertain and potentially volatile political situation. To anticipate on changing circumstances, four different scenarios have been identified: 1) continuation of the status quo; 2) resumption of peace talks and moving towards final status issues; 3) unilateral steps on either side; 4) the collapse or dissolution of the Palestinian Authority. It is likely that different elements of these scenarios manifest themselves simultaneously (e.g. peace talks, violence between settlers and Palestinians and internal political disagreements). The Netherlands' interventions identified in this Multi-Annual Strategic Plan (MASP) are geared towards three out of the four scenarios and can be adjusted where necessary.

This MASP for the period 2012-2015 builds on the results of and lessons learned during the previous period of 2008 - 2011 and has been developed in close consultation with development partners and the PA (chapter 2). It takes into account the wider context in which the Netherlands operates, i.e. the Israeli-Palestinian conflict and its binding constraints for growth, social empowerment and poverty reduction (chapter 3). It presents the anticipated interventions in the three sectors, including the activities and expected outputs (chapter 4) and the other foreign policy instruments the Netherlands will employ (chapter 5). The final chapter focuses on the operational consequences.

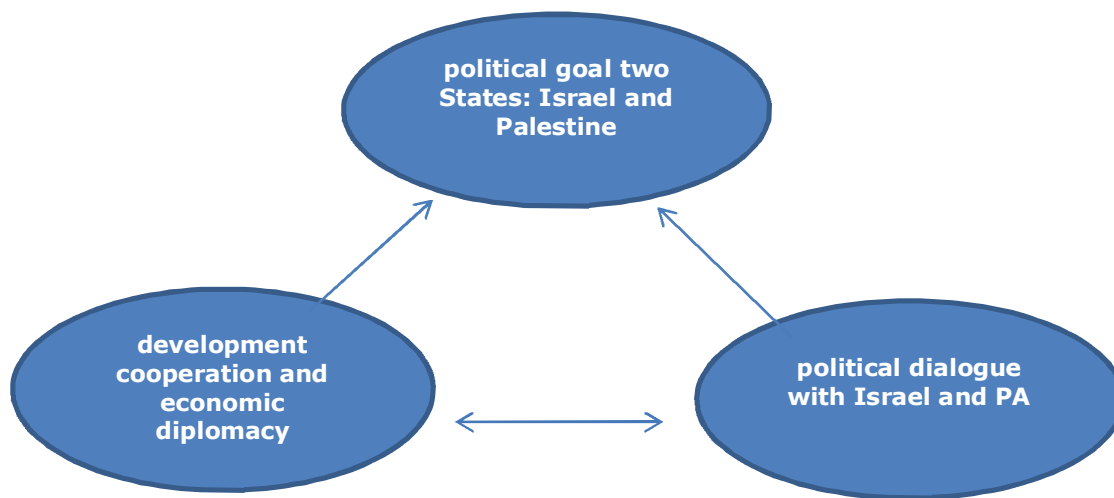
Chapter 2 – Internal analysis and review

This chapter contains a condensed review of the period covered by the previous MASP 2008 – 2011. The lessons drawn from this analysis form the basis of the choices proposed for the next four years.

2.1 Reflections on the NRO and its interventions

The NRO's mission has always been to encourage and support progress in the Middle East Peace Process through political and developmental means, as well as to assist in statehood building and socio-economic development (i.e. peace dividend to the Palestinian population). Since its inception in 1994, the NRO has been able to benefit from the excellent relationship between the Netherlands and both Israel and the Palestinian Authority. Being a relatively large donor with relevant sector expertise creates leverage with the Palestinian Authority, whilst the special relationship with Israel creates political openings.

Figure 1 -



The NRO interventions in the past 3 years (2008-11) were based on Palestinian Authority - Netherlands agreed priorities, while taking Palestinian Territory's fragility into account. The priorities were (i) Governance (including the Rule of Law (RoL) and human rights); (ii) Economic reconstruction; and (iii) Humanitarian aid. In addition, the NRO supported a few cultural and sports projects (iv).

The NRO has had a positive effect on the governance situation (i) in the West Bank. Investments in the Justice and Security chain have paid off. Public confidence in the system has increased according to public opinion polls of the Jerusalem Media & Communication Centre (positive respondents on the sectors performance rose from 17.4% in March 2007 to 23.3% in October 2010, while those who believed it to be bad declined from 47.9% to 22.3%). The Palestinian Civil Police has been empowered to act as the lead agency for law enforcement within the Palestinian Security Forces (PASF) and is now seen to be more effective, capable and credible. Despite the many political challenges, initiatives to improve transparency and accountability of PA institutions in order to combat corruption and promote human rights have been relatively successful.

The economic reconstruction programme (ii), - mainly focussing on strengthening the agricultural sector, also achieved some remarkable results. By combining development and diplomacy, we managed to maintain the export of flowers, strawberries and vegetables from Gaza in spite of the general ban imposed on exports, thus creating employment and sustaining these sectors in Gaza. This best practice has the potential of being mainstreamed into future food security activities. Another example is the establishment of a financial institution (Reef) which has improved access to micro credit for small farmers in the Palestinian Territories. Important lessons learned are the need to

increase ownership by farmers and cooperatives, as well as the need to create more flexibility in the various activities, and to collaborate with a variety of various implementing organizations.

Although the situation of the refugees remains unchanged, the pro-active role of the Netherlands has been instrumental in assisting UNRWA to set out a clear vision and improving its role in delivering humanitarian aid (iii). In addition, it helped the organisation in its process of reform and to prioritise its activities against the background of the financial crisis.

The Netherlands has increased its visibility through targeted interventions in culture and sports (iv). Through support to Palestinian organisations it has contributed to preserving Palestinian culture and identity. In addition, it has financed mixed sports events in Gaza and the West Bank for children.

Experience over the past years shows that establishing **greater coherence** between political and developmental work has contributed significantly to the **effectiveness** of NRO's interventions. Three examples illustrate this: (i) investing in sectors in which Gaza has added advantage (horticulture) whilst using the good relations with Israel to ensure the export of these products out of Gaza; (ii) investing in an independent and properly functioning rule of law sector, seconding Dutch expertise to EUPOL COPPS and United States Security Co-ordinator (USSC) and taking up the role of co-chair to the Justice Sector Working Group together have given NRO a unique position to punch above its weight and influence policy debates; and (iii) a significant Dutch contribution to and an active role in UNRWA, combined with an effective political dialogue with Israel, has allowed for more effective and efficient assistance to Palestinian refugees.

For reasons of complexity, risk management and the number and variety of stakeholders, development cooperation and political work in the Palestinian Territory (PT) has proven to be relatively labour intensive. Although successful, engaging in the aforementioned areas remains a constant challenge, all the more so because of the still relatively large number of NRO-funded projects and programmes.

2.2 Considerations for the future strategy

The NRO seeks to maintain and strengthen its **focus** on those areas in which the Netherlands has an added value and which, taken together, can have a positive impact on the peace process. In view of the special relationship between the NL and Israel as well as the recent decision to start a political dialogue between the Netherlands and the Palestinian Authority, there is ample opportunity to strengthen the linkages mentioned in figure 1.

Given Dutch **added value** as well as proven success in the agricultural sector and Rule of Law / security sector, the NRO will continue its efforts in these sectors. Targeted interventions in the water sector, a sector that has clear linkages to the final status negotiations as well as specific Dutch expertise, will complement these opportunities. For all three sectors, emphasis will be put on those interventions that lend themselves for maximising the linkages in figure 1, thereby ensuring maximum impact. The capacity to do so will be freed through more efficient project management.

Whereas the international financial institutions are lauding the PA for its institution building, the NRO's activities have to a large extent been geared towards the civil society. This has a number of advantages: it complements state institutional building, assists in creating the necessary oversight in the absence of a Palestinian Legislative Council (PLC) and creates resilience for our programme in case the situation deteriorates. On the other hand, given the success of institution building as well as the continuing lack of capacity in some of these institutions, institutional support to the PA is also warranted. This is preferably done through multilateral players, given their expertise as well as the link with the broader reform agenda.

Investing in sports and development and culture and development is an essential part of state building. Moreover these sectors can provide the Netherlands with more strategic depth in its relationship with the Palestinians.

Chapter 3 – Palestinian Territory

A summary of the country analysis is presented in the first part of this chapter. The assessment is related to the fragile nature of the PT and takes into account the possible conflict scenarios for the future. The second part will focus particularly on the binding constraints related to the possible interventions in those thematic areas where the Netherlands has an added value.

3.1 Context analysis

A credible process for achieving and implementing a two-state solution and resolving core issues associated with the conflict has yet to materialise. Prospects for a resumption of direct bilateral negotiations are uncertain. Settlement construction is continuing. A moratorium on settlement activity has been the key Palestinian demand for a resumption of negotiations.

The lack of progress on the Middle East Peace Process (MEPP) has negative consequences for the current situation in the PT and endangers the progress achieved in institution building. The PA has implemented a largely successful campaign of institutional reforms and economic development. This has contributed to increased economic performance, including public financial management (see international Monetary Fund (IMF), World Bank (WB) and UN reports). The results can be attributed to Fayyad, who was able to manage and maintain a solid track record and accelerated key structural reforms. The successful state building starkly contrasts to the complete lack of constitutionally elected institutions. Gaza is practically a one-party state. In the West Bank, the PA has prohibited the PLC from convening since mid-2007 and President Abbas rules by decree. This declining legitimacy is exacerbated by the absence of renewal within the various political movements (particularly Fatah), the decline of the PLO, and the failure of the various Palestinian leaders to achieve an end to occupation. If Fatah cannot deliver on popular expectations, this is likely to strengthen Hamas.

A further, crucial factor that helps explain the declining legitimacy of the political system is the Fatah-Hamas schism. There is a widespread perception that both movements have consistently pursued factional advantage at the expense of the national interest. The May 2011 reconciliation agreement signed in Cairo raised hopes that a process to overcome the division would commence. However, the outcome of the reconciliation talks between Fatah and Hamas remains uncertain.

Human rights are under duress; especially in Gaza where there are restrictions by Hamas on freedom of assembly, politically motivated arrests (also in the West Bank) and harassments, restrictions for women, NGOs, religious minorities and press freedom.

Meanwhile, the economy is still underdeveloped and highly dependent on foreign aid. The economic indicators still have not reached the level of 1999, before the second Intifadah. Potential for economic growth is limited given the absence of a contiguous state (Gaza, West Bank with areas A, B, and C, East-Jerusalem). The lack of control over borders and restrictions on movement and access has adverse consequences for internal trade, imports and exports. Outside the urban centres, the local economy remains mainly dependent on agriculture. Meanwhile the prevailing situation is one of water scarcity and food insecurity.

According to World Bank in 2011, the perception and especially the occurrence of public sector corruption is much lower than in comparable countries in the region such as Yemen or Egypt. The most common form of perceived corruption is the use of preferential treatment based on status or connections. The PA should do more to investigate and prosecute this form of nepotism as well as communicating its anti-corruption activities to build public confidence in government accountability.

Given the above, one would argue that the fragility on the PT is more the result of political insecurity than of weak institution building. Political instability and the on-going conflict complicate and may impede further needed action for state building and poverty reduction. There remains a dire need to promote the rule of law, the empowerment of institutions, legal structures and human rights. There are also possibilities to engage in developing Area C and rural areas, and areas subject to movement and access restrictions, including areas around east Jerusalem. The level and type of interventions

needs to correspond with the political developments. This is especially evident in Gaza, where any engagement strategy highly depends on the existing political situation.

3.2 Thematic development and challenges

3.2.1 Security and Rule of Law

Security and justice are critical to building a viable Palestinian state, and in doing so, effectively serve the Palestinian people whilst making a serious contribution to the prospects of a negotiated two-state solution. In contributing to this, the core mission of the donors – based on Fayyad’s statehood plan – is to assist the Palestinian Authority in completing the building of institutions, in persevering in the Palestinian reform process, and in ensuring a long-term viable economy.

Efforts directed at the further development and professionalization of the PA security and rule of law sectors, face a number of binding constraints of internal and external character.

Dominance of the security forces

The PA (in both the West Bank and Gaza Strip) has acquired characteristics of a national security state. The views of the security establishment and security interests often trump other considerations, including rule of law. Within the security sector, various forces tend to operate independently of each other and are not constrained by clear divisions of mandates promulgated in legislation. A key issue in this regard therefore is the transformation of the security sector into independent, legitimate and self-sustaining security institutions (ownership, control and responsibility, including respect for human rights), which are seen as serving the Palestinian national interest and not – as seen by a considerable percentage of the Palestinian population – only those of Israel and the PA’s external sponsors. An additional focus point concerns police primacy in terms of public confidence, in a context where other security forces have enjoyed extensive political authority and freedom, and have tended to operate rather independently. This relates to the larger challenge of excessive influence of the security establishment in governance, including the judiciary; there is little oversight and accountability in the security sector. The security establishment should be encouraged to operate as a full accountable apparatus of state, rather than an arm of government. This issue needs to be addressed in a manner consistent with accepted principles and standards of the rule of law.

Institutional rivalries

The security and justice sectors are complementary to and inter-dependent of each other; a sound security sector requires a professional justice apparatus to operate effectively, and vice-versa. Although progress has been made in the justice sector, this lags considerably behind that of the security sector. Intensified efforts to develop the justice sector are required not only because they are necessary to ensure the rule of law, but also because abiding deficiencies in the justice sector threaten the achievements of the security sector. As a consequence, the justice and security sector are unable to jointly ensure the implementation of rule of law and human rights. Improvements in this field tend to be ad-hoc and temporary rather than institutional and durable, like the transfer of civilian cases from military to civilian courts. This damages the legitimacy of the Palestinian government among its own people. A complicating factor here is that within both sectors many key institutions are dominated by personal inter-institutional rivalries, leading to a loss of sectoral as well as institutional coherence.

Geographical fragmentation and restrictions on movement and access

Continued Israeli control over the West Bank, Gaza Strip and East Jerusalem has far-reaching implications. Empowering the PA to extend its authority and activities to Area B, East Jerusalem and even area C forms a key challenge in this regard.

Fatah/Hamas schism

The division between Hamas and Fatah has resulted in parallel and rival security and rule of law structures. This has implications for all levels of government and society and is detrimental to the sustainable development of Palestinian institutions and economy. With the respective authorities increasingly institutionalized, integration becomes more difficult as time passes. A depoliticized development of both sectors would be the only option for a possible and successful integration of the parallel structures.

Democratic deficit

Finally, although the PA is not a national institution, it holds various degrees of responsibility for Palestinians in the PT. There is currently no parliamentary oversight of its activities, a role that could be compensated by civil society. However, civil society has traditionally been too marginalized to exert effective influence. It only holds a few strong organizations and individual politicians properly equipped to contribute to the democratic process. From a government perspective, strengthening the transparency and public accountability of the justice and security services is key to build strong community relations with citizens and to ensure that the human rights of all citizens are respected without exception. Finally there is also a strong need for reform. Not only to anticipate a successful dialogue between public and government institutions, but also to enable government to take up its legitimacy role by contributing to its fiscal sustainability, to guarantee the payment of salaries to civil servants and to all Palestinians.

3.2.2 Food Security

The people of the PT are one of the most food import dependent populations in the world. To begin with, currently around 88% of food consumption is imported, a figure which is projected to rise even further. In 2011 FAO also reported 33% of the Palestinian people are food insecure, especially in Gaza but also in the refugee camps of the West Bank, whose inhabitants mainly rely on food distribution by UNRWA and World Food Programme (WFP) (for example: over 75% of the Gaza population still relies on humanitarian assistance according to World Bank Poverty Report on West Bank/Gaza, 2011).

Palestinian agriculture sector: good potential but underdeveloped

The Palestinian agriculture sector is of key importance for both food security and income generation, as well as private sector development. A significant part of the Palestinian population is dependent on it, either for their daily access to food or for employment opportunities (around 15% of the population derives its income directly from the agricultural sector). However, the agricultural sector in the PT is still seriously underdeveloped and losing ground in terms of contribution to the Palestinian GDP (dropping from 13% in 1994 to 6% in 2010). Although there is good potential, the Palestinian agricultural sector has so far been unable to significantly increase its production. This situation needs to be addressed, also in view of the objective of building a viable Palestinian state.

Constraints in access to land, water, markets and institutional capacity

The dependence on imports and food distribution is partly caused by challenges coming from the 'demand side', i.e. the growing population (over 3% per year). However, the main challenges to tackle food insecurity and high food imports dependency are to be found on the 'supply side', where a combination of factors continues to limit the physical, social and economic access to food for the Palestinian people.

The main elements for increasing agricultural production in the PT – the availability of land and water, access to (external) markets and institutional capacity – are currently also the main constraints for its sustainable development. These constraints are essentially of a political nature, as they derive from the Israeli-Palestinian conflict. There are serious limitations in the access to land and water. As a consequence, farmers have great difficulty in acquiring permits to develop the arable lands in Area C, which is over 60% of the West Bank territory. Moreover, 50.000 ha has been confiscated for settlement expansion. Another 5.000 ha has been expropriated for the construction of the separation barrier. When it comes to water, Palestinians cannot freely access the water outlets located in Area C, while 82% of Palestinian groundwater is used by Israel. The remaining water available for Palestinian agriculture is often of low quality, partly due to waste water contamination by both Palestinian cities and Israeli settlements, as waste water infrastructure is underdeveloped.

The conflict also limits the access to markets, as the limitations on movement and access of commodities and persons coming from and going into the West Bank and Gaza result in not only higher transaction costs, but also in unpredictability of supply and exports. This severely affects the marketability of Palestinian products. These limitations are not only physical (checkpoints, crossings etc.), but also administrative: Israeli regulations and procedures (security requirements, food safety and quality standards for exports, licensing requirements for importing dual use goods such as

fertilizer and pesticides, etc.) which are applied for imports to and exports from the PT, pose an additional barrier to market access.

Finally, from a governance point of view it should be noted that the capacity of the Ministry of Agriculture needs to be further developed especially in the area of policy making & strategic planning, legislation and service delivery. This would create an institutional environment that would be able to better exploit the potential of the agriculture sector as a whole. The donor community has so far largely overlooked this option, but there is now a growing consensus that this should be addressed.

The combination of these factors limits the opportunities for local food production and access to markets for agricultural products, which explains the aforementioned relative demise of the agriculture sector and the heavy dependence of food imports. Only interventions that address these challenges will effectively improve the Palestinian food security situation.

3.2.3 Water

Water links the day-to-day lives of the people living within the PT to the broader political context. On the technical side, access to drinking water and sanitation and efficient and sustainable water use in agriculture remains problematic. On the political side, water remains intrinsically linked with the MEPP. The Palestinian water sector suffers from water supply constraints, lack of access to own/shared water resources due to the Israeli – Palestinian conflict and substandard water governance.

Water supply

The PT are located in a water scarce region. Water scarcity is exacerbated by conflict conditions, a rapidly increasing population and the impacts of climate change. The per capita share of water supply is below the WHO standards in terms of quantity and quality. Underground water resources in Gaza are overexploited, saline and contaminated. In the West Bank, water resources are exposed to contamination due to inadequate wastewater collection and disposal. This is further complicated by waste water polluting downstream valleys, both in the West Bank and cross border. Development of new water sources will be a priority, as well as the reduction of unaccounted-for water and wastewater projects. Even more so, since high-quality groundwater supplies are being utilised agriculturally. This leads to problems. Increased use of treated waste water in agriculture may be an interesting alternative.

The PA and donors currently have common investments in water infrastructure of one billion dollars. Most of these projects have been in the planning phase for 10 to 15 years, without being implemented.

Water governance

The PWA is the most important governmental actor. The ministerial leadership has brought water related issues to the forefront of the political agenda. There is an increasing willingness to build a strong water sector and an increased awareness among stakeholders in the Palestinian water sector that its poor functioning can partly be attributed to factors under its own control. The PWA can improve its effectiveness a by separating implementation, regulatory and policy functions. Strategic planning and reformulation of the investment program dealing with water supply and sanitation needs improvement. In Gaza, the PWA presence is effectively suspended. There is therefore a strong need for institutional reform, to redefine the sector's architecture in the light of today's reality and to equip and build capacity in the agencies that have to carry this agenda forward. Coordination mainly centers around infrastructure development rather than around Integrated Water Resources Management. GIZ – as co-chair of the water sector working group - is attempting to reshape this as far as infrastructure development is concerned. The World Bank is moving towards centralization of funds (and hence interventions) through the establishment of a trust fund for water sector reform and governance.

The municipalities are important players when it comes to water and wastewater service delivery. There are intermediate steps towards the establishment of three regional utilities in the north, middle and south of the West Bank. Access to funding (from the PA and donors alike) has decreased substantially for Hamas dominated municipalities.

Cross-border cooperation

The conflict between Israel and the PT also has an effect on water governance. The Palestinians insist on the application of international customary law regarding "equitable and reasonable" allocation of water rights. This would mean they would have a right to a larger share than they receive at the moment. The Israelis insist on a "pragmatic" approach. In the interim period, Israeli-Palestinian negotiations have focused on water infrastructure development projects in the West Bank and Gaza. The Joint Water Committee (JWC) is the negotiation platform, which has kept on functioning regardless of ups and downs in the MEPP, but which has failed to provide significant results. Nevertheless, the predominantly technical nature of water resource management creates opportunities for relatively depoliticized cross-border cooperation. Many river basins in the West Bank are currently filling up with waste water, causing environmental and health risks across borders downstream. Local officials of municipalities on both sides of the 1967 border have shown to be prepared to tackle these problems together. Practical solutions, however, will be assessed by the PA in terms of their contribution to the overall goal of a two-state solution (acceptable) or their contribution to reinforcing the status quo of the conflict (unacceptable). Regional initiatives become less and less attractive for the PA because they contribute more to normalisation than change.

Constraints in availability and access

The historical and political context of the conflict form important parameters of the current situation in the water sector. Availability of water and access to water are currently important constraints for sustainable development (see 3.2.2.).

From a governance point of view, it should be noted that the water sector is poorly governed, that reforms are badly needed, but that the political context currently does not allow for a far-reaching transformation. The PWA needs support in terms of policy making & strategic planning, legislation and service delivery. Engaging in capacity building of the PWA would create an institutional environment that would be able to better exploit the potential of the water sector as a whole. The donor community has so far largely overlooked this, but there is now a growing consensus that this should be addressed.

Chapter 4 – Strategic Choices and Interventions

Taking into account the standing policy framework of the Netherlands Government long-term goals, results and activities are defined along the line of the relevant sectors: Rule of Law, Food Security and Water. Additionally, the country and NRO outcome and output, including indicators of change on what to achieve are presented. The intervention strategy is developed against the fragile nature of the conflict. Monitoring and evaluation mechanism will be designed to address the related challenges and to safeguard the objectives.

4.1 Security and Rule of Law

Further development and professionalization of the security and justice sectors on the West Bank has been a priority of the PA since 2007 and has once more been underlined by Fayyad's two-year plan. It also is a primary objective for its key donors and forms the cornerstone of their efforts to resolve the Israeli-Palestinian conflict. The context analysis of rule of law has clearly indicated that a number of constraints seriously hamper this objective. The Netherlands strategic goal is to address these constraints in order to help create the necessary conditions to build an independent, democratic and viable Palestinian state living side by side in peace and security with Israel and its other neighbours. The added value of the Netherlands lies in its well-represented, trusted and valued role as partner of the PA and the donor community in justice and security sector, as lead donor in the field of justice, its proven track record in the field of human rights and in its close and constructive relationship with Israel. The NRO will maximize its impact by an integrated approach of combining development-oriented interventions and effective diplomatic activities.

Strategic outcomes and country outputs for the PT are:

1. Palestinians receive capable, accountable and response justice and security services;
2. A more capable and responsive Palestinian government.

The Netherlands/NRO aims to achieve the following outputs:

- 1.1. Security and justice institutions capable of delivering criminal justice services;
- 1.2. Better cooperation within and between the security and justice sector actors;
- 1.3. Equal access to and delivery of justice and security for vulnerable groups, expanded to area B, and if feasible Area C;
- 2.1. Increased civic participation to hold public actors within justice and security sector accountable;
- 2.2. Criminal justice and security establishment accountable to Palestinian public.

Intervention strategy

NRO's interventions address the main constraints in order to achieve the strategic outcomes mentioned below.

Activities under **outcome 1** focus on **(1.1)** the development of independent, legitimate and self-sustaining security and justice institutions, **(1.2)** a better cooperation within and between the security and justice sector actors and **(1.3)** enabling equal access to and delivery of justice and security for vulnerable groups, expanded to area B, and if feasible Area C.

In order to achieve **output 1.1**, the institutional capacity and effectiveness of both sectors and related personnel (police officers, judges, prosecutors, court staff and others) have to improve further. NRO activities therefore aim at enabling civil servants, police and judicial representatives to perform better by improving their knowledge base and capacity. In addition, the police will be professionalized by better equipping and educating them as well as enabling them to deal with the complex challenges of the geographical fragmentation of the PT. The administrative court will be enabled in handling the increasing number of cases that result from these professionalization achievements. A last element of this whole-of-chain approach would be the infrastructural contributions. The necessary effective import of MoI related infrastructural goods can be achieved by improved cooperation between the PA and Israel (responsible for Coordinating Office of Government Activities in the Territories (COGAT) approvals). This specific intervention is a sheer example of combining a development-integrated approach with effective diplomacy based on the special relationship with Israel.

Better cooperation between and within the two sectors (**output 1.2**) is only possible on the basis of a sound and clear division of mandates between the security forces and police primacy, and a legal framework between the justice and security actors. The NRO will continue to steer both the PA-institutions and the donor community to a more efficient and effective cooperation and institutionalization of the mandates of the sectors themselves and of the connection between them: in its role of co-chair of the Justice Sector Working Group (quarterly meetings), active member of the Security Sector Working Group, together with EUPOL COPPS en USSC, via spot relevant strategic positions within these two missions and MoI.

Output 1.3 will be achieved by creating more awareness amongst the Palestinians of access to justice and their rights, by providing qualitative better legal aid and by guaranteeing better case management via training of the prosecutors. The delivery side will be addressed by enabling police in guaranteeing human rights according to international standards and coping with the complexity of the geographical fragmentation. The main impediment here is the movement and access restriction. To enable the relevant government actors in delivering both justice and security services and at the same time enabling the public to access these services, the NRO will explore the possibilities to expand its activities beyond area A, starting in area B. Taking into account the close cooperation between the Israeli and Palestinian security forces and the dependency on Israeli approval, the involvement of both parties is essential to achieve results in those sectors of the Palestinian society. In so doing via lobby and advocacy, the NRO will capitalize on its relationship with Israel and closely coordinate their efforts with the Netherlands Embassy in Tel Aviv. Extra attention will be paid to the position of women and youth, that might be endangered in case of a worsening security situation.

Activities under **outcome 2** are on the one hand directed at **(2.1)** a strengthened civil society that in absence of a parliament is able to act independently between public and government in order to hold government public actors (within justice and security sectors) accountable. Via support to Independent Commission on Human Rights and AMAN-Coalition for Integrity and Accountability (AMAN), a strong focus will be put on safeguarding human rights issues and corruption. On the other hand the activities will focus **(2.2)** on a criminal justice and security establishment to be accountable to the Palestinian public. The implementation of a civil complaints mechanism will contribute to more democratic and societal oversight. Via the implementation of a reform agenda, the government will be able to provide a stable flow of funds and salaries to the security and justice sectors, that will mitigate the risk of marginalisation, escalation and radicalisation and that eventually will increase the legitimacy of the government. The NRO will look into possible activities in the field of stabilisation and socio economic reconstruction. The exact modalities will be explored.

Cross-cutting issues

Gender

Ensuring respect for women's rights is essential to build the rule of law. In order to achieve this goal in the PT, reforms have to be promoted that foster women's empowerment and enhance their legal status. Three areas are critical to achieving gender equality: enhancing women's access to justice (movement and access restrictions), legislative reform (penal code, family law) and combating gender-based violence (which increased substantively after the second intifada). NRO activities cover these three areas through: legal aid, UNDP-advocacy program to advance women's rights, legislative reform, enhancing law enforcement officials and lawyers' capacity on gender equality, family law and human rights law, improvement of the justice system's response, and finally, lobby and advocacy activities that will address the limitations women face under the movement and access restrictions. Gender perspectives constitute an integral component of the NRO programs across all thematic areas.

Monitoring and Evaluation

The indicators of change will be an important basis to measure progress. Important partners in this quantitative and qualitative endeavour are besides the polls of the Jerusalem Media & Communication Centre and Palestinian Central Bureau of Statistics (PCBS), also ICHR and AMAN.

Risks, scenarios and risk mitigation

Crucial issues for implementing the rule of law program for the coming years remain. For the PT, the political/security dimension is seen as having the highest impact on the effective implementation of

the programmes. Within the rule of law spearhead, the activities will be designed in such a way that they can be effectively implemented within the context of the first three scenarios, as described in 3.1. In order to be able to deal with a situation under scenario 4 (collapse PA) in which the political or security situation significantly deteriorates, the programmes will be designed and/or adjusted to adapt to changing circumstances, with a view to preserving results achieved and tailoring activities according to actual needs and circumstances on the ground.

4.2 Food Security

A food secure Palestinian society, in which the private sector – including agribusiness – is the driver for economic growth and development, contributes to stability and the prospects of a viable Palestinian state and brings us closer to the prospects of a negotiated two-state solution. Agriculture is the natural playing field to effectively achieve this, as it not only has the potential to improve the quantity and quality of food production within the PT, it also serves as an important economic sector and income generator for a large portion of the Palestinian population. The Netherlands is uniquely positioned to work towards this goal, given our ability to combine meaningful development-oriented interventions to improve food production (NL has a long track-record in the PT and is world leader in terms of expertise and technology transfer) with effective diplomatic activities (based also on the special relationship with Israel) to improve market access for Palestinian agricultural goods.

NRO's strategic goal, outcomes and outputs for food security in the PT

At a strategic level, the NRO wishes to contribute to a situation in which the Palestinian people within the PT have access to sufficient, safe and nutritious food, while Palestinian farmers, including smallholders, have the capacity to compete with their products at national and international markets.

The following strategic outcomes and country outputs (for the PT) are identified:

1. Sustainable increase in food production to the benefit of the Palestinian people through (1.1) improved access to and use of land and water for food production, and (1.2) improved service delivery to the agricultural sector; and
2. Improved access to markets for Palestinian farmers through (2.1) increased competitiveness of agricultural products.

This leads to the following outputs which the NRO aims to achieve:

- 1.1 Increased availability and use of land and water for food production;
- 1.2 Strengthened public and financial institutional framework for the agricultural sector;
- 2.1 Reduced impediments to movement and access for agricultural goods and farmers; and
- 2.1 Improved quality and marketability of horticultural products.

Intervention strategy

The NRO has developed a food security and private sector development programme which aims to build upon the results achieved in the past, but at the same time allows for a more development-oriented approach, which is in line with the Palestinian National Development Plan and the Agriculture Sector Strategy. The NRO has identified a focused range of possible interventions, often mutually complementary and reinforcing (e.g. by combining development and diplomacy) in order to increase coherence and effectiveness. Some of them are basically a continuation of an existing activity with several adjustments based on the lessons learnt from the previous MASP, while others will be completely new to the NRO programme.

Concerning outcome (1), the interventions are aimed at addressing the main constraints to a sustainable increase of food production to the benefit of the Palestinian people. Firstly, NRO will address the (1.1) limited access to land and water for agricultural use, for which NRO aims to build on its track record of land and water development (West Bank) and early recovery (Gaza). Within these two projects, a clear link with the spearhead Water can be achieved by linking up to the possible waste water reuse activity, which could be used for agricultural purposes. However, for both activities the approach (need for more ownership by farmers) and the choice of the implementing organization (diversification of partners) will be different. Specifically for Gaza, funding for future activities aimed at preserving or resuming agricultural capacities will be channelled through the UN Consolidated Appeal Process (CAP). This will provide NRO with flexibility when programming for this highly volatile and

unpredictable environment. Finally, ORIO (NL Instrument for Infrastructural Investment) may be a useful instrument for the PA when in pursuit of funds for major public infrastructural projects in support of the agricultural sector, for example when it comes to water infrastructure.

Another constraint that has hampered a sustainable increase in food production is (1.2) the level of services (in terms of quality and quantity) delivered to the agriculture sector. Especially the Ministry of Agriculture needs support to enable deliver essential services to the sector. On the basis of a growing consensus in the Agriculture Sector Working Group (ASWG), the NRO will participate in a joint endeavour by several donors to support the Ministry of Agriculture. In addition, the financial institution Reef, created with the support of NRO, is expected to become self-sustainable. In order to ensure this, NRO will approach the FMO MASSIF programme to see if there is scope to assist in an exit-strategy.

When it comes to outcome (2), the interventions are geared towards achieving improved market access for Palestinian farmers. In order to achieve the required level of (2.1) competitiveness for Palestinian agricultural products, NRO aims for a two-pronged intervention strategy. On the one hand, one of the main obstacles is the Movement & Access regime imposed by the Israeli authorities. This regime not only causes access problems and therefore higher transaction costs, but also unpredictability of supply and export flows, which severely affects the competitiveness of Palestinian products. NRO has addressed this issue through lobby and advocacy directed at the Israeli authorities at numerous occasions in relation to NRO-funded activities (e.g. cash crops programme) and in conjunction with other players, including the Office of the Quartet Representative. These lobby and advocacy efforts have been relatively successful, but there is scope for improvement and for a wider agenda on this issue. Specifically for Gaza, while taking into account the legitimate Israeli security concerns, the NRO would like its efforts to be translated into sustained, growth-oriented and more diversified exports from Gaza, allowing more exporters to get involved.

On the other hand, Palestinian farmers' market access is limited due to inadequate production quality levels and marketing techniques. Palestinian agricultural products still have a long way to go in order to become competitive at local and international markets. However, if done right, there is great potential: the existing Global GAP and cash crops programmes are proof that it is possible to develop competitive products that serve the Palestinian farmers and business community. Since Global GAP and Cash Crops are heavily interrelated, NRO will merge them into one programme aimed to develop high quality and export-oriented product chains both in Gaza and the West Bank. In terms of the approach vis-à-vis the farmers and the cooperatives, the aim is to increase their ownership by moving from grant to loan-based approach, in which the farmers will only be reimbursed in case of externalities that could not be foreseen (mainly political/security risks; see below).

Finally, the existing instruments for Private Sector Development managed by the relevant organizations in The Hague could be used in such a way that they also contribute to increasing the competitiveness of the Palestinian agricultural sector on the international market. In order to create synergies, NRO would like to explore if there is scope to tailor these instruments – currently open to all economic sectors – more towards the MASP priority sectors (in particular food security/agriculture). This would nicely complement the other foreseen activities as mentioned above.

Cross-cutting issues

Gender

In formulating activities in the agricultural sector, NRO takes into account that women contribute significantly to the rural economy, in particular through household food production, farming and the care of small ruminants. Moreover, women play an important role in food production and sales, but often have less access to factors of production such as capital, knowledge, and land. In particular through the land and water resource development programme, NRO considers involving the Rural Women Development Society, as RWDS has displayed its capacity to deliver concrete results when it comes to implementing small land and water investments at household level.

Environment

The combination of climate change and unsustainable natural resource management is the major environmental challenge for the PT. Over 60 % of land which is suitable for agriculture on the West Bank is located in area C, and the majority of these lands cannot be used due to Israeli restrictions. This severely limits the availability of land for food production and herding, resulting in

overexploitation of available natural resources in Areas A, B and C, often with irreversible effects. Therefore, the support by the NRO for activities such as the land and water resource development programme (increasing the availability of arable land) as well as the programme to improve the quality and marketability of horticultural products (improving productivity) is vital to mitigate further erosion and destruction.

Governance

Governance is a key criterion for the NRO when selecting the implementing partners. They should be able to deliver what is required for the activity to succeed, while at the same time they should operate in a transparent and accountable manner and fight corruption. Moreover, several of the activities are specifically geared towards improving good governance, i.e. the capacity building programme of the Ministry of Agriculture (MoA) and the programme to improve the quality and marketability of horticultural products.

The issue of governance is of particular relevance for the possible engagement with the Ministry of Agriculture. The capacity building within the field of policy making, legislation and service delivery would make a significant contribution. This is a bottleneck as much as it is an opportunity for the development of the sector: improving its governance rating would make the agriculture sector in the PT more appealing for domestic and foreign investors, including Dutch enterprises.

Monitoring and Evaluation

FAO reports and the assessment of the semi-annual reports of World Bank, IMF, UN and PA in the context of the Ad Hoc Liaison Committee (AHLIC) are an important sources of information in monitoring the indicators of change.

Risks, scenarios and mitigation

Within the context of implementing a food security programme in the PT, the following risk dimensions should be taken into account:

- Political-security risks, including violent conflict eruptions, implosion of the PA, and tighter restrictions within the Access & Movement regime;
- Environmental risks, including drought or outbreaks of pests and diseases; and
- Governance and corruption risks within related public institutions and implementing partners.

As the political-security dimension is seen as having the highest impact on the effective implementation of the programs also within the food security spearhead, the activities will be designed in such a way that they can be effectively implemented within the context of the first three scenarios . In order to be able to deal with the 4th scenario – an implosion of the PA – the programs will be re-designed or adjusted to adapt to changing circumstances, with a view to preserving results achieved and tailoring activities according to actual needs and circumstances on the ground. NRO could then opt for a rechanneling of some of the funds through multilateral organisations such as the World Bank, who have shown the ability to adjust to changing circumstances and respond to the most urgent needs.

4.3 Water

The specific challenges within the water sector allow for a re-entry of the Netherlands. Given the crowded playing field, however, the interventions will have to be smart, specific and suited to the needs of the PA.

Objectives

The Netherlands' strategic goal for the water sector is to ensure that Palestinian people within the PT have access to equitable and safe water supply and have full coverage of water sanitation. The added value of the Netherlands lies in its widely appreciated historical role in the water sector, its internationally recognized expertise in water issues and the special relationship between the Netherlands and Israel. For the above mentioned reasons, the Minister of Water has specifically requested the Netherlands to re-enter the sector.

Strategic outcomes/outputs

For the PT:

1. People fulfil their needs for water, in terms of quantity as well as water quality;
2. More effective water governance to the benefit of available water for the Palestinian people.

For the Netherlands/NRO:

- 1.1 Improved integrated water resources management at regional and local levels;
- 1.2 Increased use of non-conventional water resources;
- 2.1 Improved cross-border cooperation;
- 2.2 Support to the PWA in fulfilling its mandate.

Intervention strategy

The NRO will develop a full-scale water program that is based on the actual needs, PA priorities, the activities employed by other donors and our own added value. The Netherlands will not be funding large infrastructure projects (except through ORIO).

Instead, the program will have a strong focus on two pillars. The tentatively proposed activities can be found in the result chain. Activities in the first pillar focus on the improvement of water security as **outcome (1)**, both quantitatively and qualitatively, through integrated water resources management (IWRM) and the use of non-conventional water resources. Focusing on IWRM will help to protect scarce water resources and the environment. It will improve resilience of local communities in the face of climate change. Practical results achieved at catchment level may inform policy and be replicated in other areas. The non-conventional water resources component also offers plenty of scope for the gender sensitive implementation of projects such as the retention and recharge of rainwater. In addition, it will focus on (co)financing of waste water facilities through ORIO.

The second pillar focuses on improving water governance as **outcome (2)** through improving the capacity of the PWA. The Netherlands could (co-)finance the final reform phase and contribute to the policy dialogue regarding the implementation of reform measures.

A crucial element that has an adverse impact on both water security and water governance is the lack of effective cross border cooperation between the PT and Israel. The programme therefore has a component which consists of a mix of local trans boundary projects focused on reuse and of Dutch support to the Palestinian negotiation capacity with respect to cross border water issues.

Given the capacity of the NRO, the crowdedness of the sector and the serious challenges, NRO proposes to develop the water program in two phases. The first phase will start in 2013 and will build on the most important objectives of the Netherlands' water diplomacy in the Middle East strategy: resolving political impasses by dealing with water-related problems in a technical way. The first phase will therefore focus mainly on trilateral projects between Israel, the PT and the Netherlands (both cross-border and at the Jordan river basin level). Also, it will consist of support for final status negotiations through capacity building of the Palestinian Negotiations Affairs Department. Finally, the first phase will focus at strengthening the capacity of the water sector through reforming the PWA. This is also in line with the objectives of the Netherlands' water diplomacy in the Middle East section of the water strategy. The focal points related to trilateral cooperation will be developed in close cooperation with the Embassy in Tel Aviv. After two years, the program will be evaluated and a decision to expand it to the full potential will have to be taken.

Monitor and Evaluation

The Water program will be newly developed, including the interventions, identification of indicators of change and the baseline data. In 2012 these will be fine-tuned in close cooperation with the PWA and relevant stakeholders and as soon as the deliverables per activity are set on the NRO and Country output level the result chain will be further finalised.

Risk mitigation

- Carefully going about the reform program, limiting interventions to where they are really needed and have an added value, and only after thorough consultations with PWA/stakeholders.

Emphasise complementarity between the ad hoc component and the strategic component of Dutch support for final status negotiations including water (Negotiations Affairs Department / PLO, NAD); (ii) NRO and Embassy Tel Aviv will jointly assess possibilities before formally starting up trilateral projects;

- Cooperate with reliable partners; limit number of activities and partners, make use of available backstopping from the Ministry of Foreign Affairs in The Hague and Dutch expertise in the water sector.

Chapter 5 - Other Foreign Policy Instruments

The integration of available instruments is elementary to increase the impact of interventions. In the following paragraphs other foreign policy instruments, including those available at central level, are presented.

5.1 Annual political dialogue and bilateral consultations

With the signing of the MoU between the Netherlands and the PA in June 2011 a platform has been created for political consultations on bilateral relations and regional and international issues of common interest, including the peace process, political aspects of the Dutch development cooperation programme, Human Rights issues and incitement. Exchange of views will contribute to a common understanding of issues to be addressed by both sides. The annual bilateral consultations of the Director General International Cooperation will focus specifically on the development relationship.

5.2 Human Rights support

Promoting human rights worldwide is one of the core aims of the Netherlands' foreign policy. The priorities contained within 'Responsible for Freedom' are reflected in the projected NRO-interventions at the bilateral and multilateral level.

Bilateral

The rights of Palestinian people are under duress by both the Palestinian Authority and the Israeli government. Therefore, the NRO provides financial aid to a limited number of local human-rights organisations. In choosing its partners, NRO works towards an adequate geographical and thematic coverage, i.e. human-rights NGO's that are active either in Gaza or the West Bank or both. Priorities for the NRO include freedom of expression and religion, equal rights for women and LGBT-people and support for human rights defenders. To improve the impact of donor support to those individuals and civil society organizations that advocate these rights, a likeminded donor secretariat on Human Rights (NGO Development Center – Sweden, Denmark, Switzerland and the Netherlands) was established. NRO will continue to monitor the financing of Human Rights organizations to verify that the funds that are allocated to Human Right activities are used not contradictory to Dutch Foreign policy.

The recently established Netherlands' facility in support of transition in the Arab World provides an opportunity to learn lessons from contributions to democratization and development of the rule of law in neighboring countries, and to apply these to the PT.

Multilateral

The NRO will continue to improve local EU-foreign policy coordination mechanisms. Its aim is to ensure that the local EU-strategy on human rights issues is balanced and unified. The strategy should cover all parties involved in the conflict and supports the work of the EU-High Representative.

In close consultation with HMA Tel Aviv (EU focal point on Human Rights in Israel), the NRO will work towards an improvement of the EU-monitoring mechanism of Human Rights Defender-cases in military and civilian administrations of the PA and Government of Israel (GoI). Furthermore, the Human Rights local strategy paper needs to be fine-tuned and - also on the operational level - brought in line with the member states' objectives, including the Netherlands.

5.3 Humanitarian aid

There is a continuing need for humanitarian and emergency aid in the PT. In this context, UNRWA is the most important service provider for Palestinian refugees in Gaza, the West Bank and other host countries (Lebanon, Syria, and Jordan). UNRWA also plays an important political role with respect to the status of the Palestinian refugees. Its service delivery also has a stabilizing effect on a turbulent region. Therefore, the Netherlands will remain to be a key donor of UNRWA. It provides core funding to the general budget, supplemented with emergency funds to UNRWA and UN-related emergency agencies (WFP, UNICEF). The Netherlands will work together with UNRWA on improving the movement and access situation in the PT and on improving the performance of UNRWA itself through a comprehensive reform process.

5.4 Private sector development instruments

A wide range of private sector instruments (incl. ORIO, PSI plus, MMF, PUM, CBI, FMO) is applicable for the PT. In order to create synergies, NRO would like to explore if there is scope to tailor these instruments – which are currently open to all economic sectors – more towards those sectors that are prioritized within the MASP (such as food security/agriculture and water) and thus to improve competitiveness of Palestinian products, especially from the agriculture sector. The idea is to promote the relevant instruments with a view to complement the activities which are implemented via NRO's delegated funds, thus enhancing coherence and effectiveness of the Dutch interventions in its entirety. One concrete idea which the NRO will explore is to see if there is a possibility to include an indicator to the appraisal process which assesses the extent to which proposals contribute to the MASP, in particular for PSI Plus, MMF and PUM. This should increase the opportunity for specifically the NRO outcomes mentioned in chapter 4.2 and 4.3 to benefit from these instruments.

The Facility for Infrastructure Development *ORIO* has been set up to encourage public infrastructure development in developing countries. For the PA, *ORIO* can be particularly interesting when in pursuit of funds for major public infrastructural projects in support of the agricultural and/or water sectors, for example when it comes to water infrastructure.

The Centre for the Promotion of Imports *CBI* has recently re-activated its dealings with the PT. In the period 2011-2015, the *CBI* offers an Export Coaching Program for Palestinian companies that want to market their IT outsourcing services in the European Union. The main objective of this ECP is to assist companies in obtaining a firm and lasting position on the EU markets for these outsourcing services.

5.6 Culture, Sport and Development

A new set up of the Culture, Sport and Development program and set of procedures will be developed by the Netherlands Ministry of Foreign Affairs in 2012. In both fields, Sports and Culture, the Netherlands clearly have a lot to offer, and for Palestinians both subjects are positive ways to cope with the everyday restrictions. A low cost high output niche will be designed, both in terms of money as well as capacity. Two short policy papers will be written in 2012 to identify these potential niches.

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