

Reforming Donor Coordination in the West Bank and Gaza

The Proposed Reform of the Structures

1. Following discussion at the Oslo AHLC & TFPR meetings in December 2004 and the renewed political contacts between Israel and the Palestinian Authority, the London Meeting on 1 March 2005 underlined the importance of improving the effectiveness of donor structures to provide assistance and financial support to the Palestinian people. Accordingly, the Chair of the AHLC, the World Bank and the European Commission were asked to propose, in consultation with the Palestinian Authority and UNSCO and in discussion with other members of the international community, an improved donor co-ordination and support structure. This proposal is in line with the OECD-DAC Paris Declaration on Aid Effectiveness.

The Local Level

2. The following is proposed:
 - a **Local Development Forum** (LDF), combining the current work of LACC, the LTFPR and the HEPG. The LDF would be open to all donor and aid agencies as well as to the representative of the international NGO network (AIDA). The Ministry of Planning would co-chair the LDF together with Norway, the World Bank and UNSCO.
 - The work of the Sector Working Groups and the Reform Support Groups would be subsumed under four new **Strategy Groups** (SGs), which would deal with the main clusters of economic policy, governance, infrastructure development and social development & humanitarian issues. These groups would be co-chaired as follows:
 - *The Governance Group* will be co-chaired by the Prime Minister's Office and the EC; *The Economic Policy Group* would be co-chaired by the Ministry of Finance and the World Bank; *The Social Development & Humanitarian Assistance Group* would be co-chaired by the Ministry of Social Affairs and Labor and the UN. *The Infrastructure Development Group* will be co-chaired by the Ministry of Housing and Public Works with the USAID.
 - It would be up to the SGs to decide whether or not additional groups or a further breakdown of the issues is required.
 - The SGs should focus on practical policy formulation and programmatic coordination, and should pursue greater integration of donor projects with PA priorities as well as a much higher degree of harmonization of donor procedures. They should draw up work plans for their SGs. Membership should be limited to those who can add financial or analytical value.
 - Liaison with the Israeli military on issues of project implementation should continue to be handled by the **TFPI**, which would liaise with the LDF.
3. The LDF and SGs would be supported by a new **General Secretariat** (GS) to be created by merging the LACC and the TFPR secretariats. It will also be composed of members from the Ministries of Planning and Finance and members of the (ex)-LACC Secretariat in addition to the co-chairs of the SGs.

The International Level

4. A two-tier structure should be maintained.
 - We propose that the work of the ITFPR be integrated into the AHLC. The AHLC would be chaired by Norway, cosponsored by the EU and the US, with the World Bank as its Secretariat. It would meet as needed, probably at least twice each year in periods of diplomatic activity. It would review donor/aid policies and strategies. Other members of the AHLC would consist of the PA, GOI, Canada, Egypt, IMF, Japan, Jordan, Russia, Saudi Arabia, Tunisia, UNSCO and bilateral invitees subject to the agreement of AHLC members.
 - All other arrangements for international coordination will remain as they are.
 - The **Quartet** would play a facilitating role.