



Programme Coordination Office  
for West Bank and Gaza Strip

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# Social Protection in the West Bank and Gaza Strip 2006-2007 Working Paper Series January 2008

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## Paper 1: National Social Support Programs\*

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# Social Protection in the West Bank and Gaza Strip 2006-2007

## Paper 1: National Social Support Programs

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### Introduction

In 2006, as a result of the continued closures, including the geographical segregation and the hundreds of barriers and movement restrictions all over the West Bank (WB), the entire West Bank and Gaza Strip (WBGs) witnessed a deepening of the economic crises that had started in 2000. The deteriorating economic situation led to a further deterioration in living standards and to an alarming increase in poverty and unemployment. Consequently Palestinians came to rely heavily on aid and assistance programs financed by the international community.

Further compounding the problem was the international community's financial sanctions on the Palestinian Authority (PA), imposed following the victory of Hamas in the 2006 elections and the Israeli Authority's withholding of tax funds, comprising about 50 percent of the PA's budget. These two issues led to the failure of the PA to meet its obligations towards the Palestinian people. Wages and salaries of the public sector were not paid for a series of months and all the PA's programs and development projects, including its social support programs, were put on hold.

Under such circumstances, alternatives to support the Palestinians in the West Bank and Gaza were examined. In this context, the Temporary International Mechanism (TIM) was established, and the international community relied on non-governmental organizations (NGOs) and international organizations to channel its support to the Palestinians as an alternative to the PA institutions. This led to the weakening of PA institutions, and paralyzed the PA's ability to meet its obligations towards marginalized and both socially and economically vulnerable groups, as well as all PA reform programs aimed at improving its performance and service delivery.

The sanctions imposed on the PA revealed the extreme level of vulnerability of the Palestinian society and the PA's inability to meet the basic needs of its population. This vulnerability came as a natural outcome of the prolonged absence of an independent state and the occupation that weakened the structure of Palestinian public institutions and impoverished the society.

This paper aims to monitor the change in social support programs during 2006 and the first half of 2007, focusing on the PA's social support programs. The paper will:

- Explore the PA's programs during the specified period;
- Compare the implemented programs with those planned; and
- Monitor the financing for these programs, their assistance in terms of frequency of distribution and the number of beneficiaries.

The data for this update was collected July-August 2007, through a series of interviews conducted with PA officials responsible for these programs, in addition to related published official reports.



## **Official Government and International Social Support Programs in the International Context**

International poverty eradication efforts, take into consideration the socio-economic characteristics of the poor. They merge two types of strategies. The first strategy adopts relief strategies and policies aimed at providing the poor with their basic and urgent needs through "social welfare strategies". This integrates efficient transfer systems, which guarantees reasonable living standards for the disabled and the poor, together with building a social safety net to protect those who are vulnerable to poverty. The second strategy adopts development strategies aimed at enhancing the assets of the poor and at the same time improving their access to resources. These two strategies come within the framework of "social capital strategies" which is based on improving the current generation's ability to secure a decent level of income and improving the ability of the coming generations to generate income, through their improved access to resources, including information, and improved access to credit. However, in the long term health and education are likely to have the greatest impact on the investment in human capital.

International agencies working in poverty eradication called for directing the attention to the resources and expertise of the poor, with the aim of developing these resources as a key determinant of raising these people out of the poverty cycle. They also called for more attention to training, rehabilitation and micro finance programs and encouraged the establishment of micro businesses as well as employment generation schemes, in addition to encouraging the local development programs which enhance the participation of the beneficiaries and civil society organizations in the processes of planning, implementing and follow up of the programs. These trends are evident in the international and regional human development reports, in addition to the World Bank report entitled "Attacking Poverty".

Most poverty eradication strategies that have emerged in developing countries, have recommended establishing financing institutions for the poor such as a "Bank of the Poor", poverty eradication funds, and social development and employment funds. For example, the United Nations Arab Gulf Fund (AGFUND) saw that the mezzo-financing programs have become a predominant international trend embodied in the programs and policies of organizations working in the area of development as a powerful tool for poverty eradication. Such programs are supported by banks and micro financing programs in seven Arab countries (Syria, Jordan, Djibouti, Mauritania, Lebanon, Sudan and Yemen).

Evidence of the importance of mezzo financing on the international level, is illustrated by the establishment of several financing sectors aimed at reaching millions of the poor worldwide. The sectors have succeeded in providing the poor with financial services and improving their poverty levels. This has proved that the poorest of the poor can benefit from credit facilities at a low cost, in contrary to the previous understanding that it is very costly to offer credit services to the poor (<http://www.agfund.org/arabic/projects-bank.htm>2006-10-14).

In this context, various communities have developed different forms of social safety nets. For illustration purposes, we will present two different forms of social safety nets, or more precisely, we will present two major support poles, between which lay several forms of safety nets with various combinations of these two poles' characteristics (ESCWA). These forms are:

**Traditional Safety Nets:** based on charity for the poor and vulnerable groups. These forms of safety nets are spread among traditional communities. Within this form, families and relatives are the main pillars of the safety net and the forms of support are varied - individual charitable support, family cooperation, and local groups' cooperation. It also includes other forms of support, which are based on the concept of individual or group savings (family funds, savings and credit cooperatives).

**Modern Safety Nets:** This is based on the principle of citizenship, which says that it is the citizen's right to be provided with his basic needs. This includes disabled social assistance programs and social security schemes (unemployment, work injury, elderly, sickness, death, widow, and orphan care programs).

In the case of the WBSG, safety nets are characterized by a lack of efficiency, since they are not built on clear political vision. So far, safety nets are arbitrary and dependent on external financing. In this respect, the Palestinian society is closer to the traditional forms of safety nets.

Most of the regular programs in the WBSG,<sup>1</sup> had so far concentrated on social hardship cases, i.e. women headed households, widows, divorcees, orphans, elderly, chronic sick. But since social vulnerability differs from economic vulnerability, the targeted groups are not necessarily the poorest population groups. This was proved by field surveys; inclusion rates<sup>2</sup> in 2006 had reached 56.6 percent while under-coverage rates had reached 28.6 percent, meaning 28.6 percent of the needy groups were not receiving assistance, and 56.6 percent of those who were receiving emergency aid were neither poor nor needy.

Social support programs in the WBSG provide instantaneous and emergency assistance to Palestinian families, with no attention given to the asset availability variations that exist among the poor,<sup>3</sup> with the exception of the "Al-Raed Program" and the "Employment and Social Protection Fund" program.

In this context, the Participatory Poverty Assessment Report (PPAR) stated that one of the strategies stressed by the poor themselves to get out of poverty was improving the

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<sup>1</sup> Emergency support programs during the current intifada included those who are disadvantages as a result of the Israeli siege, including the unemployed. However these programs are temporary and linked directly with the political changes.

<sup>2</sup> Inclusion Error: calculated by dividing the number non-needy beneficiaries over the total number of beneficiaries. Exclusion Error: is calculated by the ration of the needy that are not receiving assistance. Needy people are defined in this report to be those who were poor prior to receiving the assistance.

<sup>3</sup> While the logic calls for dealing with this variation through programs that responds to such variation. For instants a study by Al-Sahel consulting firm revealed that, the poor own various forms of resources and were classified accordingly in the following groups: families that own labor force but no experiences, families that previously had family businesses, families that have plans to establish a business in the future, families that own natural resources (land), and finally households that have outstanding projects. Small percentage of the families had labor lacking skills and expertise with no other resources, and at the same time characterizes by the optimism with regard to the possibility of getting out of the poverty cycle, in addition to families who doesn't have any of these resources.

conditions for participation in the labour market. This should take place through training, rehabilitation, and improving their skills and abilities to establish their own business. The PPAR called for an improvement in capabilities of the poor, by providing them with skills to help them be integrated or reintegrated in the labour market and link the designed programs to the spatial and technical characteristics of the poor.

### **Government Support Programs**

The PA's intention to develop a Social Safety Net System was seen by its efforts to form a clear social policy and to reform its program of support to the poor and the vulnerable, in addition to its initiative to link relief and development efforts in the field of poverty eradication. However, in 2006 progress was severely curtailed, due to the sanctions on the PA and its institutions by the international community. The alternative mechanisms preferred by the international community weakened and in some cases paralyzed the PA's positive trend.

This is clearly evidenced with the PA plans begun as part of the medium-term development plan 2006-2008, and later neglected by donors after the Hamas victory in the elections.

### **Programs in 2006:**

The two pivotal programs in the PA development plan for 2006 were the Social Protection Program and the Employment Fund. This was in addition to existing programs of assistance of the poor families through the Ministry of Social Affairs (MoSA), and the Emergency Employment Program operated through the Ministry of Labor.<sup>4</sup>

#### **A. Social Protection and the Poorest of the Poor Program (SSNRP):**

In 2005, the MoSA worked on developing, consolidating and integrating its assistance programs through the Social Safety Net Reform Project (SSNRP), a comprehensive safety net that included nine programs. Work has started on the social protection program, which targets the poorest 10 percent - 15 percent of Palestinian households (approximately 45-55,000 families). In this project, priority was granted to the following types of families:

- No income or very low-income households, among the poorest 10 percent of the population.
- Families with disabled members, classified among the poorest 30 percent of the population.

In order to identify the beneficiaries under this project, the MoSA relied on application forms filled out by those who claimed assistance eligibility in 2005. This was accompanied with a media and publicity campaign warning non-eligible applicants from registration. Providing assistance under this program was conditional upon specific

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<sup>4</sup> The Ministry of Labor is leading a national team composed of the three main players (Private and public sector, and the civil society) to supervise and follow up this program.

criteria and linked to obtaining certain health and education services for its members. Applicant families were given a score based on a specific formula taking into consideration the different factors affecting the poverty status of the family according to the PCBS household expenditures and consumption survey findings.

The formula included five sectors of information, namely: demographic and economic information about family members, age, sex, academic achievement and social situation, ownership of durable goods, and the income of the head of household. A team of social workers was trained to visit these families in order to validate the data and the information submitted, and to evaluate family's social and economic status (The Ministry of Social Affairs, 2005, Social Safety Net Reform Project, Poorest of the Poor Program).

The suggested scale of assistance within this program varied between NIS 228 per person to a maximum of NIS 1,000 per family. The allowances per households were calculated according to the following formula:

Value of the allowance	= Assistance + incentives
Assistance	= NIS 200 + NIS 28/number of family members
Incentives	= NIS 14/Number of children under five + NIS 28/Number of basic education attendance + NIS 84/number of students in secondary education and vocational training + NIS 56/number of vulnerable members. <sup>5</sup>

The households beneficiaries under this program were supposed to receives free health insurance, a lump sum cash allowance, plus a conditional cash payment upon provision of primary health care and children's school attendance in addition to the parents' and adults' in the household attendance of at least four awareness workshops per year on health and social issues related to the family.<sup>6</sup>

Beneficiaries' household's status were subject to regular evaluation, to determine the changes in their ability to generate income, implying that households no longer considered eligible under the program would be replaced by other needy families.

The program has relied on scientific methodologies to calculate the values of the assistance and the PA official poverty map was used to insure assistance is distributed in accordance to needs. In general, US\$240 million were requested to implement the Social Protection Program during the years 2006-2008, of which US\$84 million were required for 2006. As this program was planned to become the major assistant program at the MoSA, the traditional hardship cases program was to be revised and gradually merged in the SSNRP program.

<sup>5</sup> Note: Vulnerable members include: orphans, disabled, women heading households, elderly, and the chronic sick members.

<sup>6</sup> An additional 14 NIS are paid for each child for the households who are committed to take their children to a health clinic once every six months at least, and a premium of 28 NIS for each student from the first grade to the ninth conditional upon school attendance rate of 85 percent and above, additional 56 NIS incentive will be paid for students from 16 to 21 years.

However, the World Bank funded the SSNRP with US\$10 million, earmarked for four years, of which US\$2.5 million were assigned to design, equipment and capacity building and US\$7.5 million were assigned to conditional cash transfers.

However, only a greatly scaled down project has been implemented so far. Lack of financing led to a restriction of beneficiaries to 2,200 families only. The MoSA planned to expand the number to reach 5,000 families in 2007 but was unable to do so. Recently, social workers were sent to the field to carry out inception visits to families so as to add 1,200 new households to the caseload. Payments to beneficiaries under this program began in the last few months of 2006, after having being put on hold since the beginning of that year. Four payments were made covering the value of eight payments, the fifth payment is planned to be paid during January 2008. The total value of each payment was NIS 1,520,000 and will be expanded to NIS 2,670,000 (following the inclusion of the new 1,200 households).

The program is currently suffering from the complications related to the PA's political crises and the existence of two separate governments in the West Bank and Gaza Strip. As a result, only cash payments are being made to beneficiaries under this program, through accounts in the local banks. The vulnerability factor and conditionality was eliminated from the formula to calculate allowances due to the financial inability to implement these items.

Cash transfers during 2007 were made through banks and not through post offices in order to avoid complications resulting from the disruption in the Gaza Strip.

Currently a work-plan is being developed for presentation to the World Bank to explore opportunities for project extension. The current phase is due to be finished by August 2008.

### **B. Employment and Social Protection Fund:**

The Palestinian National Authority began establishing an Employment and Social Protection Fund in 2004, but this was put on hold in 2005. The Fund was to be an independent agency characterized by technical, administrative and financial flexibility to enable it to perform its functions in a decentralized manner (International Labor Office, 2003: p. viii). The Fund was lead in partnership among the three concerned partners in formulating labour market policies (private, public sector and the civil society). The program's design aimed at addressing the problem of unemployment, and improving labour market indicators. The Fund, in its first phase, is planned to implement three programs: the development of infrastructure, the establishment of a development program, and the establishment of a human resource development program. The Fund is to target disadvantaged groups and assist them in accessing the labour market, or accessing to resources, such as those newly enrolled in the labor market, women, and others.

A total of US\$5 million were made available to cover the establishment expenses and another US\$90 million are required for the functioning of the fund. Efforts are being

made to revive the fund (second half of 2007), with an announcement of the employment of the Funds' main staff.

As in the case of the other programs, this fund has suffered from the lack of resources due to the financial sanctions by the international community.

## **Government Programs Before 2006**

### **A. Social Hardship Cases**

It was planned to gradually reduce the size of this program in favour of the Program of Social Protection, but with the declining expectations for the implementation of the new program, it was decided to retain the Social Hardship Cases (SHC) program, and at the same time to consider the intersection between the two programs to maximize the benefits.

Currently 47,000 families, around 3.5 percent of the Palestinian population, are enrolled under this program in the WBGs. These families receive various forms of assistance (cash, in kind, rehabilitation, health insurance, etc.) keeping in mind that each family is eligible to receive more than one type of assistance at the same time.

In late 2005, the payments were put on hold due to a lack of funding, and remained on hold for most of 2006 due to political developments. As a result of the political changes and the sanctions imposed on the PA in 2006, the European Commission paid these vulnerable households some allowances through the Temporary International Mechanism (TIM), which is an alternative mechanism established to finance vital projects in the PA without passing through the Palestinian ministries. The TIM made a total of five payments - the first payment of NIS 1,000 per family in 2006 (covering 35,669 SHC), three further payments of NIS 1,000 per family (again covering 35,669 SHC) and a final payment of NIS 1,500 per family in 2007 (covering 41,000 SHC). Discussions are currently being held regarding considering these payments as part of the households' allowances under the SHC program.

No change has taken place regarding either the eligibility requirements or the scale of payments under this program during the reference period. However, it is worth mentioning that the ministries are performing as channels of distribution for in-kind assistance (whether food or non-food) on behalf of others, such as the World Food Program (WFP), UNICEF and other humanitarian organizations and Arab countries.

For Example, in 2007 MoSA distributed six times WFP food parcels to 42,000 SHC. The total value of the food parcels each time was US\$2,478,369.

### **B. Emergency Employment**

The Palestinian National Authority had worked on centralizing the response to the unemployment problem in the Palestinian territory since 2003. It established the General Directorate of Employment at the Ministry of Labour (MoL). The Ministry has also established permanent employment councils in the different governorates, involving

representatives of the relevant parties (public sector, local government, private sector, and civil society). These councils were given the responsibility of planning and managing of the emergency employment projects, including the identification of beneficiaries, institutions and companies. The employment offices nowadays play an important role in this respect, where they provide and update unemployed registry, and compile a computerized national labor market information system that allows matching the supply of and the demand for labor. (MAS, Social Monitor-eighth edition, 2005).

The Ministry had three different and complementary employment programs. The emergency employment program started in May 2004 and received initial technical and financial support from the International Labour Organization (ILO). It is targeted at the unemployed, offering temporary two-month pay for proven jobs in the PA, local councils and, to a lesser extent, the private sector. The program started with a small number of workers and expanded to serve 50,000 unemployed people. The program targeted all unemployed people with the exception of housewives and students. The program employed a wage scale ranging from NIS 500-750 per month in case of a single beneficiary and NIS 750-950 if married. All payments were made through the Ministry of Finance. Beneficiaries can apply for benefit again after one year from their first enrollment. The total number of beneficiaries from the program was 200,000 workers with the total spending reaching NIS 2 million.

The PA intended to broaden the number of beneficiaries of the employment generation program during 2006, by reducing the duration of the employment and accompany it with cash allowances for those who were eligible but did not get the chance to benefit from the program. However, this program was halted in April 2006 with the start of the government's financial crisis.

Another program operated by the MoL aimed at employing fresh graduates in the private sector, was entitled 'Partners'. The MoL gathered information regarding employment opportunities available in the private sector and matched this to a list of graduates willing to work. The duration of the opportunity offered was nine months (adequate period for them to get the expertise necessary to continue in the private sector), and the minimum wage was set at US\$350, of which they received US\$200 over the first four months, US\$150 over the following three months and US\$50 in the last two months.

The program was supposed to serve 10,000 graduates, but actual contracts was signed with only 264 graduates, after which the program was stopped by the prime minister's office upon Hamas' election victory. The contracts that had been already signed were resumed and finished at the end of 2006, with just a few remaining payments due to be paid upon availability of funds.

Finally, the 'Contracts' program employed 400 PA and Community Collage graduates as social workers in the Labor Offices throughout the WBGS. They were involved in receiving applications, data entry, and information verification for beneficiaries of the other two programs. There were employed from May 2004 to June 2007. The scale of payment was NIS 1,500 for PA graduates (85 percent of the beneficiaries) and US\$1,300

for community collage graduates. This program was also stopped due to the halting of the other two programs and the lack of funding.

Alternatively, donors have funded emergency employment projects implemented through international institutions, such as UNRWA, or through Palestinian NGOs. In general, emergency employment programs received less priority in the international and local NGOs programs. It is no longer a major focus of support to the Palestinians, perhaps due to the economic crisis turning into a more urgent humanitarian crisis with the government's inability to provide the salaries of its personnel.

Despite the importance of the emergency employment schemes, the relief programs implemented will not eliminate unemployment in the medium or long run. With employment periods as short as three months, such schemes cannot be considered as part of a development strategy to eradicate poverty. The design of these schemes should be revised and ideally linked to rehabilitation and vocational training in order to become developmental efforts and not just relief efforts.

### **C. Detainees and Ex-detainees Program**

The institution budget reaches NIS 300 million of which 85 percent covers the detainee's allowances while the rest covers the services and allowances offered to ex-detainees.

#### **Detainees:**

Detainees are entitled for a monthly salary in addition to cantina allowances. The scale of the allowance depends on the number of years in prison and it ranges from NIS 1,000 (for five years or less) to NIS 4,000 (for 25 years and more). They also receive NIS 300 if married, NIS 50 for each child they have, and an extra NIS 300 if they are from Jerusalem. The cantina allowance amount is NIS 250 and is paid as a lump sum to all prisoners. The total cost of this program is estimated by the MoL to reach NIS 2.5 million for the cantina allowances in addition to NIS 10 million.

This program was also affected by the sanctions. It was put on hold during 2006, however, the monthly payments were resumed in 2007.

In addition, the current Palestinian government has granted US\$ 5,000 to the families of prisoners who had spent more than 20 years in prison.

#### **Ex-detainees:**

The institution provides several services to ex-detainees, including a monthly salary that ranges between NIS 1,400 and NIS 2,000 for those who were imprisoned for more than five years or more (for males) and three years (for females) in addition to a lump sum amount paid right after the release, again determined by the years in prison (no figure is available).

The ex-detainees rehabilitation program offers a variety of specialized training modules that take into consideration market needs. So far 10,056 people have benefited from

this program. These trainees receive NIS 350 to help them enroll in the training. The program also encourages the ex-detainees to resume their education in Palestinian universities by paying 50 percent of the tuition on their behalf (4,946 beneficiaries).

In addition the program grants US\$1,500 loans for the rehabilitation program graduates to obtain tools to start working and to start up a business (3,309 beneficiaries).

#### **D. Injuries and Martyrs Institution:**

Under the PLO, the Injuries and Martyrs Institution served Palestinian families who had lost a family member due to the conflict with Israel, in the West Bank and Gaza as well as in the neighbouring countries. The current number of families enrolled is roughly 8,500. About 60 percent of the cases were taken into the program before 2000 (before the Intifada Al Aqsa). The estimated cost in 2003 was US\$8.8 million.

The institution provides a cash assistance of US\$120 per family, health insurance, and education to the families of martyrs and those injured due to the conflict with Israel. No change has taken place to the eligibility criteria or the scale of payment of the assistance provided by this institution. However, the frequency of the payments was affected by the political changes, and the consequent lack of funding for all social protection programs.

#### **E. Others**

In addition, 31 centers are operated by MoSA, covering various field of social protection. The table below lists the number of centers by type:

<b>Type</b>	<b>Number</b>
Child protection	2
Rehabilitation of youth	13
Elderly shelter	1
Elderly daycare	1
Orphanage	1
Abused women shelter	1
Handicapped care	6 (one under construction)
Handicapped care (daycare only)	3
Adolescent rehabilitation center	3
<b>Total</b>	<b>31</b>

These centers offer a wide range of rehabilitation, training and skills development services. Most of the rehabilitation assistance is economic-based, to help reintegrate the beneficiaries into the labour market. For example, youth centers train and rehabilitate an average of 450 youths each year.

Other forms of non-regular assistance were provided by some ministries, such as the Ministry of Agriculture, the Ministry of Islamic Waqf and MoSA. Such assistance was subject to availability support, mostly in kind, from donors. The ministries' roles were nothing more than being channel for distribution. This form of assistance disappeared completely during 2006.

The following information was made available for this report regarding assistance provided by MoSA in 2007:

- Ramadan Emergency Assistance to 117,312 needy households with a total value of US\$117,312,00.
- Cash grant of US\$100,000 from Spain used to purchase food parcels distributed to 21,000 SHC.
- In-kind grant from the Jordanian Government of 5,148 food parcels of canned meat, sugar and rice was distributed to needy households.
- In-kind grant from the Jordanian Government of food parcels worth NIS 100 each was distributed to 3,920 households.
- In-kind grant from the Russian Government of 1,804 food parcels of canned meat, sugar and rice was distributed to needy households.
- Emirates Emergency assistance included:
  - Hamdan ben Zayed grant of 400 Iftar meals in each of the last 10 days of Ramadan with a total value of US\$100,000.
  - Khalifa Ben Zayed grant of 11,086 food parcels of basic food items was distributed during Ramadan with a total value of US\$250,000.
  - Emirates Red Crescent grant of US\$95,000 worth of Adha Meat (US\$61,000 for the WB and US\$34,000 for the GS) was distributed to a total of 4,400 households.
  - Emirates Red Crescent grant of US\$57,000 worth of food parcels distributed to SHC.

## **New Government Projects**

### **Empowerment of Economically Deprived Households – Deep Project**

The MoSA, on behalf of the Palestinian National Authority, signed the Deep Project agreement on 12 August 2007. The total budget of the project was almost US\$30 million, funded by the Islamic Bank for development. This funding was subdivided into the two following sub-programs:

**1.** Provision of social services through cash transfers, in kind assistance, and rehabilitation and restoration of houses, education, and other grants for which two thirds of the funding is devoted (US\$20 million). This part will also be managed by the UNDP and 9,000 poor families are planned to benefit from this program during the coming 30 months.

Beneficiaries of the program will primarily be poor families, with priority given to women headed households. Eligible beneficiaries under this program will be identified through applications submitted by hopeful beneficiaries, followed by community leaders and field assessment visits. A family's eligibility will depend primarily on its needs and its ability to become economically independent upon receiving the assistance.

The assistance package will include:

- Rehabilitation;
- Vocational training;
- Small loans; and
- Supervision and follow-up for the businesses.

In the event of the pilot phase being a success, the project will be developed, its capital will be expanded, and the numbers of beneficiaries will be increased to become one of the major national poverty eradication projects.

The philosophy of this project takes into consideration the diversity of poor families, with regard to their structure and the human and economic resources available to them. It will consider the poor as active players in getting themselves out of poverty cycle. Therefore, the project seeks to help families' use their own resources, through a proper and appropriate assistance package (grants and loans offered).

**2.** Financing of various types of small businesses, for which US\$10 million were earmarked. This program will be managed by the UNDP. Small lending institutions in the Palestinian territory have been already contracted, though which loans will be channeled to poor families. The idea of the project is to provide poor families with potential human or economic resources a small loan to start an income-generating project. These loans will later be retrieved by the lending institutions and then loaned out to new poor families. The value of the loan will range between US\$3,000-5,000.

The first phase will be implemented over 30 months as a pilot period. Should the program improve effectiveness, project ownership will be handed to the PA, to a semi-independent institution to be established for that purpose. This institution could take the form of a revolving fund or a Waqf, which is anticipated to adopt the same lending mechanism. The PA is required to initiate the process of establishing such an institution by the end of the year 2003.

A Board of Trustees will chair the project; the Ministry of Social Affairs will head this board with members of the Ministry of Labor and the Ministry of Planning, in addition to the UNDP and the Islamic Development Bank. In addition to the Board of Trustees, two committees will be formed: the Technical Assurance Committee, chaired by the Ministry of Planning, with members of the MoSA, the MoL and the UNDP; and the Advisory Committee, chaired by the MoL, with members of the MoSA, Ministry of Planning, and a number of other line ministries, in addition to the participation of the private sector and non-governmental sector and some Palestinian academics.

The project is planned to work with 3,000 poor families in its pilot phase.

## Conclusion

The role of the PA in providing protection for poor and disadvantaged families has substantially weakened during the period under study, whereas the role of international organizations, particularly the WFP and UNRWA, has grown substantially. UNRWA was adopted as the major agency for the distribution of emergency assistance during the intifada and its role was enhanced following the political change in the Palestinian Territory since 2006. The shrinking role of the PA was an outcome of the interaction of the two following groups of factors.

### The first group of factors:

- The inability of the PA to realize the fundamentals of its sustainability, especially financing its budget.
- The limited funds from the PA's own resources, accompanied by budget support cuts by the international community, and withheld tax income by the Israeli authorities.
- The vulnerability of the PA was a natural outcome of the impoverishment process resulting from prolonged occupation, and the lack of the PA's control over its own resources.

### The second group of factors:

- Related to the Palestinian political context, and the sanctions imposed on the Palestinian government, which included severe restrictions on financing, and the direct relations.
- Consequently, cash available to operate the PA's programs, including social assistance programs dried up, and PA reform programs were put on hold, causing severe drawbacks in developing the PA's performance.

The blockade paralyzed some developmental processes, particularly the process of formulation of a clear social policy, and the development of a poverty eradication strategy based on linking relief to development, and taking into account the diversity of the poor (in the type and/or severity of their poverty, and in the resources available to them).

The political crisis had cast a negative shadow on the working mechanism of the PA ministries and government institutions during 2006 and 2007, especially after the recent events in the Gaza Strip, and the existence of two different governments in the West Bank and Gaza Strip. These institutions are facing great difficulty in management and fieldwork, including the delivery of assistance to those who are entitled to it.

In short, the crisis has engulfed the PA's ability to represent itself as a body that has a vision translated into specific demands, which are subject to negotiation with the donors. Subsequently, the PA is now looking for any source of funding and is accepting to be marginalized in the social support programs being implemented in its territory. Diagnosing the reality reveals the deteriorating performance of governmental development programs during 2006-2007, the only exception being Deep Project pilot program, which has not been implemented yet.

The deterioration has hit the three main pillars on which social protection program evaluation is based: (i) Adequacy of the aid package, which now relies heavily on what is made available by the donors; (ii) Mechanisms of accessing the beneficiaries, and the efficiency in reaching the targeted groups, which was severely affected by the political complexities, especially in the Gaza Strip; and (iii) The coordination and the networking among service providers, which is clearly impacted as a result of the political crisis, leading to the fragmentation of services and support provided.

In general, the Palestinian society, government and relief agencies operating in the West Bank and Gaza Strip, have become overburdened in delivering emergency and urgent needs to the population, and cannot provide them with the hope of becoming self-reliant in securing their own needs.



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