

Michael Maxey
Weekly Report - January 16 - 21, 2011
Palestinian Community Assistance Program (PCAP)
Water Resources & Infrastructure (WRI) Office
USAID West Bank Gaza

January 16 – Arrived in Tel Aviv.

January 17 – Start check-in process at USAID West Bank Gaza. Attended Gaza Program meeting chaired by PPD. General discussion on pending actions from various programs in the Mission that have activities in Gaza: (1) Equipment Approval – list of approved equipment updated; (2) Budget – program reporting within the Mission needs to be consistent (some expenditure numbers don't make sense) – fidelity of budget and expenditure information needs to be monitored – 3 numbers are key (i) cost of commodities, (ii) cost of program support, and (iii) total of these two amounts – the historical information needs to be consistent; (3) Program Funding – no definitive news on funding levels; (4) Beneficiary Coordination – Front Office is concerned that some beneficiaries get a disproportionate share of resources from USAID programs – we need better coordination on monitoring of total USAID resources going to beneficiaries in order to avoid duplication of assistance.

January 18 – Check In

January 19 – Check In

January 20 – Check In. Attended meeting on Palestinian Community Assistance Program (PCAP) implementation with USAID and Mercy Corps representatives. See attached Memorandum of Conversation from my notes of the meeting.

January 21 – Check In. Attended Water Resources and Infrastructure (WRI) Office staff meeting in the morning. Notes: Welcome back to Carole. Staffing assignments – changes will be made in office structure as Gary transits out over next few months. Program filing is being set up for electronic filing of vital and other program related documents (talk to Carole). IG audits are coming – water projects. Update on WRI project activities. New environmental officer in Washington. Regional Water Livelihood Initiative (talk to Daniel). Attended the Gaza meeting (Sen. Mitchell Office – Mara) in the afternoon. Great deal of focus on private sector ramp up in Gaza. Key question was how to help businesses become successful in Gaza. Focus on coordinating procurements under USAID or Other Donor programs in a way that would encourage local purchase of material and products produced in Gaza. Financial and banking sector was discussed. CHF representatives are in West Bank next week to discuss banking initiatives. What role could USG play? Risk mitigation? Mission is not in favor of “donor subsidy” to support private sector in Gaza. Trade promotion? How can USG support linking Gaza firms to West Bank and international markets?

Michael Maxey
Weekly Report - January 21 - 28, 2011
Palestinian Community Assistance Program (PCAP)
Water Resources & Infrastructure (WRI) Office
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January 24 – Check In (GSO Warehouse) – Met with housing, vehicle, shipping and cable/internet assistance staff to make arrangements for arrival of UAB, eventual shipment of HHE and vehicle.

January 25 – Branding Issue – Reviewed Mission policies on branding. Put together package (see attached documents) and shared it with Mercy Corps staff.

January 26 – PCAP Proposed Activities – Reviewed activities, put together summary and drafted list of questions for Mercy Corps staff.

January 27 – Implementation Meeting with Mercy Corps – Reviewed proposed activities, Mercy Corps staff provided latest draft of Rapid Multi-Sectoral Needs Assessment (final copy is due by COB January 31 2011). See attached Memorandum of Conversation from my meeting notes.

January 28 – Check In (Courtesy Call – Ambassador and DCM) - Completed my check in with courtesy call with Embassy leadership. Scanned copies of both the USAID and Embassy check in sheets with all the required signatures were sent to HR offices. Front Office Approval of PCAP Activities – Starting put my notes together from the meeting with Mercy Corps on 1/27. Part of the meeting focused on review of the 13 activities proposed by Mercy Corps as the first start up activities of PCAP. The USAID WB Gaza Policy and Program Development (PPD) Office drafted a Front Office Approval document and shared it with the Mission leadership. A meeting will be held with PPD and Front Office to review pending activities and discuss which ones are ready to move forward and which activities require further information and/or coordination within the Mission.

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Michael Maxey
Weekly Report - January 31 – February 4, 2011
Palestinian Community Assistance Program (PCAP)
Water Resources & Infrastructure (WRI) Office
USAID West Bank Gaza

January 31 – Gaza Coordination Meeting. Received Outline of Three Year Implementation Plan and Quarterly Report from Mercy Corps.

February 1 – PMP Training - Half day meeting was held with Mercy Corps and partners (CRS and CHF) staff to receive USAID training regarding the PMP and how Mercy Corps should manage data input into the USAID GEO-MIS System. There was also a discussion of a “missing middle” – that is, the link between the results and the goal. What is needed is a clearer understanding of how activities, outputs, and outcomes create the conditions required to achieve the overall goal. Received Multi-Sector Needs Assessment from Mercy Corps. See attached MemCon.

February 2 – Compliance Training – Attended day long training of how to adhere to Mission Order No. 21 on anti-terrorism assistance compliance. See attached MemCon.

February 3 –

- Attended CEP (Community Engagement Project) sub-grantees meeting at ARD. Mark Levenson, ARD, provided an overview of the status of sub-grants (the was from the last of 5 rounds of sub-grants). Actions are underway to finalize the sub-grantee activities and start close out of the program. Discussed possible follow up meeting with PCAP staff to talk about issues related to managing a sub-grant program for Gaza.
- Meeting with Mercy Corps for briefing on Multi-Sector Needs Assessment. Discussed issues with the report – lack of effective prioritization of needs and what that means in terms of PCAP programming. It was agreed that Mercy Corps will provide their own analysis of the assessment in terms of what it means for programming of resources under PCAP (especially for the sub-grant program).

February 4 - PCAP Project Committee met and discussed two primary issues (1) what activities are ready for approval and moving forward with now, and which activities still require coordination, and (2) discussion of Needs Assessment and lack of prioritization of needs – Committee was asked to attend Needs Assessment briefing by Mercy Corps on February 7th. Attached is MemCon of the meeting.



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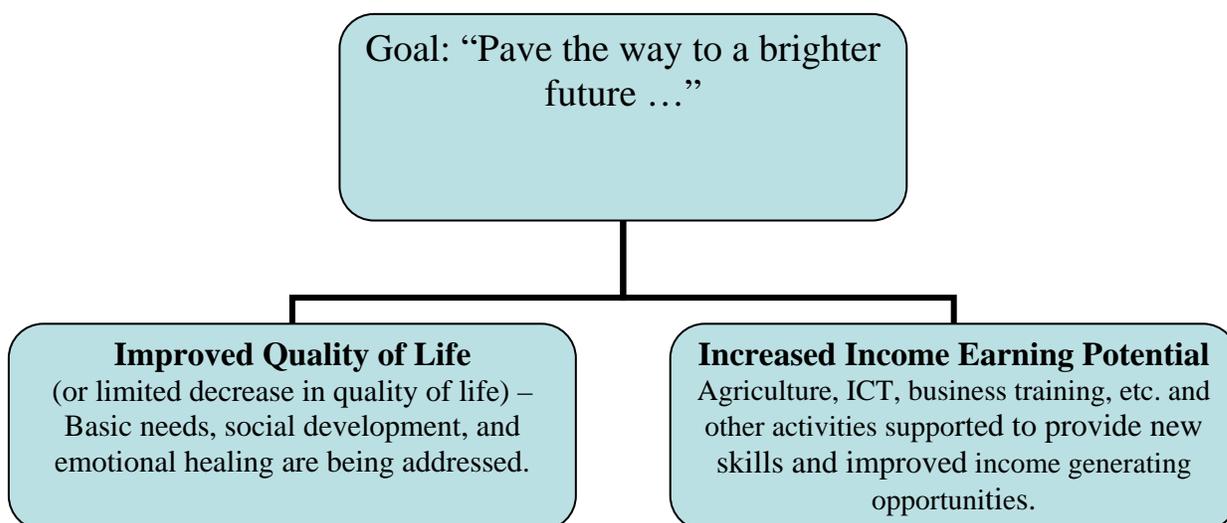
Memorandum of Conversation

Date: February 1, 2011

Subject: Meeting to Review Performance Monitoring Plan (PMP) for Palestinian Community Assistance Program (PCAP)

Half day meeting was held with Mercy Corps and partners (CRS and CHF) staff to receive USAID training regarding the PMP and how Mercy Corps should manage data input into the USAID GEO-MIS System. This three hour session was primarily focused on the GEO-MIS System. The PCAP primary grant recipient, Mercy Corps, will work with its sub-grantees (CHF and CRS) to provide the data required to populate the GEO-MIS system. (*I need to follow up on how this process works and what the AOTR needs to do to make sure the grant recipient is in compliance of the requirements of the system).

The last part of the session focused the draft Performance Management Plan. There was a discussion of individual indicators, the types of data needed to track those indicators, and the overall development theory of PCAP. The program goal is: “To pave the way to a brighter future for Palestinians through social and economic relief and recovery by meeting basic human needs and laying the foundation for long-term recovery.” It was unclear how the goal would be measured. There was also a question about what “pave the way for a brighter future ...” actually means. Does it refer increased optimism or a more hopeful future? If so, how would that be measured? Attitude surveys? There was also a discussion of a “missing middle” – that is, the link between the results and the goal. What is needed is a clearer understanding of how activities, outputs, and outcomes create the conditions required to achieve the overall goal. An example is presented of some of the ideas discussed.



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Participants

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Memorandum of Conversation

Date: February 2, 2011

Subject: Compliance Training – Amended and Restated Mission Order No. 21

Training was provided in Jerusalem at the Ambassador Hotel on how to implement the requirements of Mission Order No. 21. Morning session consisted of a presentation of the Mission Order No. 21 with an ongoing “question and answer” format that involved asking hypothetical questions to the Regional Legal Advisor and Compliance Officials. The questions were very helpful in understanding the guidance. Briefing consisted of:

- Review of legal authorities mandating the vetting process, background information on how these requirements came about, and a discussion of definitions;
- Discussion – step by step – through the vetting procedures (1) applicability (pie – 4 parts – contracts, grants, training, and assistance, (2) exceptions, (3) further rules on applicability, vetting of individuals, (4) obtaining data needed for review;
- Partner Information Form – discussion of the form and the boxes to be completed with an expanded discussion on what constitutes a legal entity, identification of key individuals, etc.;
- Sub-Awards – USAID General Notice 2009-WBG-11 dated June 30, 2009, “Reporting of Sub-award Information” specified the needed to make sure that mandatory clauses are included in assistance for sub-awards – discussion of GAO recommendations to strengthen sub-award compliance process – comprehensive review of mandatory clauses and the need for their inclusion in any sub-awards.

Good training and presentations – all made more relevant through the continuous questions and answers. This is a good start in understanding how to use Mission Order No. 21 and how to work with USAID WBG Compliance Staff and RLA in determining what must be done to be in compliance with the legal requirements for programming, committing and expending resources in West Bank Gaza.

In attendance, among others, were Mercy Corps staff managing the Palestinian Community Assistance Program (PCAP): Tom Neu, Chief of Party; Stu Willcuts, Middle East Regional Director; Rod Volway, Deputy Chief of Party; Marina Antunovic, Compliance and Grants Manager; Jose Majorie Sackett, Field Officer; Jose Quesada, Finance Director; Jolene Zidkovich, Logistics Specialist.

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Memorandum of Conversation

Date: February 4, 2011

Subject: PCAP Project Committee Meeting

PCAP Project Committee¹ meeting was held on Friday, February 4th, to (1) discuss the Front Office Approval Format which was sent out by email on February 1st, (2) share information on the Multi-Sector Needs Assessment, and (3) discuss pending implementation issues.

Front Office Approval - The meeting started with a discussion of the Front Office Approval Document. There was a consensus that Cash for Work activities could proceed.² However, PEO indicated there were issues with the proposed agricultural activities, support to the ICT sector, and business development activities. (See attached email highlighting concurrence on Cash for Work and issues on other components.) HHA, PEO and OCM raised issues relating to beneficiary selection procedures described for Agribusiness Development and Increased Food Security and Distribution of Humanitarian Assistance activities. EDU representative was not at the meeting. AOTR agreed to send out email to Project Committee members and request their clearance on the Front Office Approval document (identifying sections that could be cleared and those that need more consultation). AOTR agreed to follow up with Mercy Corps for clarification of beneficiary selection procedures. OCM agreed to provide the negotiation notes that committed Mercy Corps to expanding their beneficiary selection procedures beyond simply using the World Food Program beneficiary list.

Needs Assessment – AOTR summarized the Multi-Sector Needs Assessment and reminded Project Committee that Mercy Corps will make a presentation of the Needs Assessment on Monday, February 7th at 1 pm. USAID staff and Front Office are aware that the Assessment is a compilation of information on sector needs. They are also aware that Mercy Corps is going to use this information to validate (or not) existing activities in the PCAP Year One Implementation Plan, prioritize investments in both the core program and the sub-grant program (for which RFAs will be issued), and seek ways to work with other programs and activities to leverage impact. AOTR suggested Mercy Corps manage the presentation with a discussion of the assessment report findings, a description of how it used the assessment information to determine whether the Year One

¹ PCAP Project Committee: Chi Floore, OCM; Gary Cohen, WRI; Gaby Abboud, WRI; Kimberlee Bell, PPD; Amal Tannous, PEO; Jill Gulliksen, DGO; Nadia Basel, EDU; Sandy Sakran, OCM; Sawzan Baghdadi, HHA; and Michael Maxey, WRI.

² After the meeting Gary, Nabil Handal (PPD) and Michael Maxey (WRI) met with the Deputy Mission Director for further guidance. It is now understood that PCAP can proceed under a rolling approval process (as technical offices – especially Education and Private Enterprise -- concur with the Approval Document then Mercy Corps can proceed with activities under that area). AOTR will send an email to technical offices with a request to approve those sub-objective activities that they can and to identify issues in those they cannot clear. WRI will forward to the Front Office this information and request a rolling approval (assuming not all the issues can be resolved with the technical offices). In this way, PCAP should be able to begin implementation of some activities next week.

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Implementation Plan activities were valid, how the report assisted in prioritizing investments in the different components, and how the RFA design will be impacted by assessment report. There was a general consensus that the Implementation Plan should proceed as approved in terms of activities and investment levels. However, the Project Committee wants to hear how Mercy Corps analyzed the assessment data and came up with its recommendations especially as it impacts the design of the RFA process.

Pending Issues – The beneficiary selection process and the reliance on the WFP beneficiary list by both CHF and CRS is an issue with the Project Committee. The Agreement Officer indicated that this topic was subject to negotiation during award and that an agreement had been reached on a different methodology. Mission wants PCAP to have a beneficiary selection process that limits the potential for the same people receiving multiple benefits. AOTR stated he would provide committee members a summary of discussion with CRS (Florent Vranica) in a meeting at Mercy Corps office regarding the beneficiary selection process for their non-food humanitarian assistance program.

Another issue discussed was the impact of Hamas takeover of municipalities and what the impact will be on the Community Infrastructure Component which is currently funded at \$12.8 million for year one. AOTR indicated that preliminary discussions with Mercy Corps staff suggested that this level of funding would be difficult to program using just CBO and private entity as target for Community Infrastructure. This is an issue that needs to be carefully monitored.

Recommendations – Some general recommendations coming from the Project Committee were to make sure that (1) there is a “quality control” person in Mercy Corps that verifies the documents submitted to ensure uniform quality in terms of editing and presentation, and (2) there is a central “manager” of all things related to implementation of the program – the idea is that this would be a person who is less involved in technical issues but is on top of all the actions required (administrative, USG bureaucratic, and logistical) to move forward implementation once activities are approved. For example, a comment was made on why Mercy Corps does not have its own logistical mechanism in place four months after award but is instead relying on ARD. Strong management will be needed to move implementation forward.

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Michael Maxey
Weekly Report - February 7 - 11, 2011
Palestinian Community Assistance Program (PCAP)
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February 7 –

- Gaza Coordination Meeting - Discussion of Palestine Launch Event – need to ask our partners for their input on providing public information about Palestine Authority coordination. There will be a Gaza Partners meeting on February 23rd.
- Mission Review of Needs Assessment – PCAP Project Committee met and reviewed Needs Assessment with presentation by Mercy Corps and Impact Consulting. Assessment was accepted as a validation of PCAP planned activities and as a basis for prioritizing RFA areas for the Sub Grant Program. (MemCon attached).

February 8 – Review of Gaza Economic Strategy - Comments and a summary provided to PPD (see attached). The strategy focused on a four stage process of moving toward a more economically developed Gaza that is integrated into the Palestinian Authority. Current stage is one of “coping” with difficult situation faced by Gaza due to the blockade with a parallel but relatively limited focus on developing human resources and infrastructure in the sectors that will be most promising when Gaza has open borders and is once again able to import and export freely. The third and fourth stages focus on linking to international markets and creating a sovereign free trade regime in Gaza.

February 9 –

- Save the Children - Met with Save the Children Country Director to get a better sense of “on the ground” reality in Gaza, and to better understand Save’s activities in Gaza. See attached MemCon.
- Front Office Approval of PCAP Activities – Memorandum requesting Front Office approval of PCAP activities sent to PPD. An “Executive Committee” meeting is scheduled for Monday, 02 14 2011, to review pending activities at programmatic/policy level issues prior to final submission of approval document to the Front Office. See attached Memorandum and attachments.

February 10 –

- PCAP Implementation Meeting with Mercy Corps, CHF and CRS – Primary issues discussed were – (1) need to edit Needs Assessment and better demonstrate analysis of priorities and coverage of “gaps” in development map of Gaza, (2) status of the implementers to move immediately once Front Office approval is given for PCAP activities to proceed, and (3) review of pending actions.
- CRS Activities in Gaza – Discussed programs in Gaza, beneficiary selection process and update of PCAP related activities.

February 11 – Review of ongoing activities in Gaza (OCHA Cluster Reports).



Memorandum of Conversation

Date: February 7, 2011

Subject: Mercy Corps – IMPACT Consulting Presentation to Mission of Gaza Multi-Sector Needs Assessment – Palestinian Community Assistance Program (PCAP)

From: Michael Maxey, AOTR PCAP

PCAP Chief of Party Tom Neu accompanied by Mercy Corps and partner staff (CHF and CRS) provided an overview of the Multi-Sector Needs Assessment for Gaza which was executed by IMPACT Consulting (a private consulting firm located in Gaza). After Tom's introduction and a discussion of pending implementation issues¹, IMPACT Consulting's General Manager (Rami Wihadi) and Managing Partner (Reham Al Wehaidy) provided a summary of the methodology used to prepare the report and presented the principal findings in each sector: infrastructure, economic and social.

- Infrastructure – Private Schools - (45 schools – 12,908 students) representing 3% of total students were assessed – structural damage, enrollment down 18%, lack of basic equipment. Water & Sanitation – severely damaged infrastructure with coastal aquifer over-extracted at twice the annual recharge rate, sanitation issues, community level interventions needed. Community, Youth and Women Centers – support needed for vulnerable segments of population, child-friendly space lacking. Health Clinics – significant portion of health sector served by NGO health clinics, support needed to private clinics, drugs and medical supplies in short supply. Housing – Severe shortage – only 2% of demolished houses from Cast Lead have been rebuilt – over 60,000 units needed in 2010 is worsening with growing population. Priorities: Housing, Health Clinics, Private Schools, Youth Centers, Water & Sanitation.
- Economic – Loss of skilled workforce, lack of employment, limited vocational training, lack of relevance of university and other technical training compounded by very limited employment possibilities. Investment potential is extremely limited by conditions in Gaza. Survey of firms indicates priority needs are (1) training and marketing capacity building, (2) access to new markets (participation in local and international trade exhibits), (3) technical

¹ Two issues were discussed as a prelude to the presentation: (1) beneficiary selection methodology; and (2) community infrastructure. Mercy Corps and its partners described the beneficiary selection process and indicated that they use food insecure people as a starting point to determine if they meet the PCAP criteria for assistance. The PCAP Cooperative Agreement specifies under "Program Implementation – Beneficiary Selection" page B-7 that the program will "... target beneficiaries according to demonstrated need and vulnerability." This section also states that "... humanitarian assistance distribution and housing rehabilitation will ... target the most vulnerable households in Gaza, using criteria to be finalized with the USAID AOTR post award." Mercy Corps has presented a document which provides a description of beneficiary selection that will be shared and discussed in the Mission to determine if their process address the concerns raised by the Project Committee and others. In terms of community infrastructure, Mercy Corps with support from CHF indicated there were sufficient targets of opportunity for private-focused community infrastructure. A proposal with details of potential partners and specific activities will be forwarded by CHF through Mercy Corps to USAID by February 28th.

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assistance with marketing. Key priorities identified by the SMEs surveyed include need for machinery/maintenance, infrastructure, and workforce development. ICT sector is unfocused but has potential – need strategic focus and support for market access. Agriculture is reverting to backyard/urban production, lack of incentive for investment, security policies impact agriculture sector. Fishing is limited to 3 nautical mile limit causing lower quantity and quality of catches and creating a situation of overharvesting young fish potentially impacting long term fishery development. Priorities: Workforce development activities (VTEP, SME and NGO training), SME support activities (technical assistance and training, SME incubator, expansion of MFIs), ICT sector support (build brand for Gaza, support existing ICT incubators, launch ICT-NGO diffusion initiative, facilitate entry of new equipment), Agriculture (improve productive capacity – greenhouse, irrigation and training, new market development), Support for fishermen to repair boats & equipment, skills training for business sector, and support for greater movement of goods and material in and out of Gaza.

- Social – Lack of education facilities, supplies, instructional capacity resulting in low academic achievement and increased dropout rate, lack of capacity to address emotional problems among youth and caregivers, limits on nutrition – 61% of children anemic, increased infant mortality, lack of support for elderly and orphans. Increased level of tension, aggressive and violent behavior among children coupled with lack of psychological - social support programming. Children and women are vulnerable to domestic violence. Lack of counseling services and support for families and individuals. Priorities: Support education with after school tutoring, development interactive training and education programs, focus on high density, resource poor areas. Develop adolescent training that links to VTEP and job skills training. Design programs to help high achievers realize their potential (help them learn more). Develop non-formal education programs. Strengthen the capacity of health personnel. Support enabling effort for health service and delivery. Pilot programs aimed at creating models to address anemia among children. Promote healthy eating habits, develop “at risk” after school programs, promote healthy eating habits, design psychological programs to “help the helpers” in developing effective counseling sessions, enhance coordination among the different stakeholders working in the psychological/social field. Develop programs to protect children and women from domestic violence.

Attached is a copy of the presentation. A full copy of the assessment report has been shared with the PCAP Project Committee and is located on the P drive at P:\WROPUB\PALESTINIAN COMMUNITY ASSISTANCE PROGRAM -- PCAP\PCAP ASSESSMENT.

The Water Resource and Infrastructure Office believes that the assessment provided sufficient information to (1) confirm the validity of the PCAP approach in terms of the sectors and level of effort currently planned in infrastructure, economic and social activities, and (2) allow Mercy Corps to prioritize six areas of focus under the RFA process for the sub-grant component of PCAP (basic infrastructure, food security, job generation, non-formal education, community engagement and health service). A draft RFA will be presented to the Mission on Friday, February 11, 2011. Further definition at a technical level will be needed in terms of what these priority areas entail and how they are described in the RFA.

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 **MercyCorps**

**THE PALESTINIAN
COMMUNITY ASSISTANCE
PROGRAM (PCAP)**

 **impact consulting**

*RAPID MULTI-SECTORAL
NEEDS ASSESSMENT*

Operating Environment and PCAP

- The Gaza Strip has an area of about 360 Km² and a population of about 1.4 million.
- The period following establishment of the PA was a period of economic growth and investment
- By Sep. 2000, start of second Intifada, restrictions on trade and movement of goods and people caused economic deterioration and GDP to decrease by about 23% by 2002, unemployment 35%
- After Jan. 2006 elections, an international boycott of the Palestinian government formed by Hamas and internal factional fighting.



Operating Environment and PCAP

- July 2007, Hamas takeover of Gaza and the imposition of full closure by Israel on Gaza.
- Limited amounts of goods were allowed into Gaza with ban on all raw material and construction material.
- Halt on most economic activities including the shutting down of about 97% of the industrial sector.
- Dec 2008, Israel Operation Cast Lead with the destruction and the resulting suffering



The Assessment

Assessment Goal: To examine appropriateness of the planned objectives and activities and to make recommendations around them and/or future activities, including complementary interventions to be carried out through the sub-grant component.

Assessment Scope:

- Infrastructure Recovery Needs
- Economic Development Needs
- Social Recovery Needs



Methodology

- Methodology comprised of 3 phases: 1) Inception/Desk Review, 2) Field work, and 3) Analysis/Reporting.
- Assessment tools:
 - Desk: More than 45 documents were reviewed.
 - Key Informant Interviews: 67 KIIs were held with 67 (50 men and 17 women) key informants from 50 different In't and local organizations
 - Focus Group Discussions: 14 focus group discussions with 153 individuals (133 men and 20 women) across the Gaza Strip.
 - Survey: 178 factories (100 operational & 78 non-operational) across 12 industrial sectors were surveyed. Randomly selected statistical sample.



Methodology

Limitations

- Data collection was mostly qualitative (KIIs).
- Restrictions on surveying by the authorities only allowed for one survey (quantitative data)
- Assessment timing (holiday season)



INFRASTRUCTURE RECOVERY NEEDS

KEY FINDINGS

Key Findings

Infrastructure

Private Schools

- 45 private schools accommodating 12,908 students (2.8%)
- Geographically, Gaza: 21, North: 6, Middle: 6, Khan Younis: 7, Rafah: 4
- Damages rang from complete to partial damages
- Students enrollment decreased by approximately 18%.
- Maintenance need for infrastructure such as buildings, playgrounds, canteens, toilets and storage sheds
- Lack basic equipment, office equipment and inadequate furniture
- Noticeable need for school adaptation to accommodate needs of disabled.



Key Findings *Infrastructure*

Water and Sanitation

- Severely affected by the war and border closure. (\$464.7 million planned only \$4.4 million implemented)
- Damages, Water: \$3,550,760 & Sanitation: \$2,415,375
- 98% of Gazans are connected to the water network
- Coastal Aquifer is over-extracted by annually rate of 200% of sustainable yields. Extracted water is polluted and 90% is not fit for human consumptions and does not comply by WHO standards.
- Urgent need for strategic, large-scale water and swage projects
- Many interventions are possible at the community level (building water reservoirs, rain water harvesting, etc.)



Key Findings *Infrastructure*

Youth and Community Centers

- Youth represent 29.4% of the entire Palestinian population.
- Approximately 100 youth center exist in Gaza without clear distinction between Community and Youth centers (multi-activity)
- All have been affected by the war and borders closure
- Most centers are under-funded and ill-equipped.
- Most have changed their main activities to humanitarian aid
- Many have commitments from donors for construction work that were either cancelled or reallocated to other programs due to lack of construction material
- Youth exchange programs have ended with the restrictions on travel imposed by the government of Israel.



Key Findings *Infrastructure*

Women's Centers

- 70 registered women centers in Gaza Strip (55% in Gaza)
- Lack of recent, high quality studies on women centers in terms of encountered damages "Not directly hit".
- Dramatic increase in gender-based violence post-war.
- Most have changed their priorities to emergency support projects
- Most require maintenance, facilities rehabilitation and computers.
- Women centers operating kindergartens require playgrounds, children toys as well as serious buildings rehabilitation.
- New infrastructure to build and/or equip existing vocational training centers for women.
- Support of new infrastructure to address gender-based violence. "Safe Centers/Shelters for battered women", particularly in North and Rafah



Key Findings *Infrastructure*

Child-friendly Spaces

- CBOs providing CFS were moderately impacted by war and borders closure
- Great demand to equip existing CFS with a library, theater, films, inflatable games, toys, educational books, music instrument, painting tools
- Need to support specific groups of children (*talented children, learning-challenged children, hearing impaired children, orphans, and children with special needs*)
- Support existing parks and green areas within residential buildings with CFS
- Need exist across Gaza including "portable CFS" with more focus on Rafah, urban and remote areas and border adjacent locations



Key Findings Infrastructure

Health Clinics

- 134 PHC (MoH: 59, UNRWA: 18, NGOs: 57) and 8 NGOs hospitals.
- Two PHC were completely destroyed and re-located to a new building.
- Borders closure:
 - Stopped many construction projects & limited rehabilitation to minor repairs.
 - Negative impact on medical equipment. Lack of maintenance and spare parts.
 - Severe shortage of medical supplies and drugs in spite of donations.
 - Lack of stable power supply also impacted healthcare centers
- Need for supporting NGOs and privately owned clinics as they play a significant role in providing healthcare services
- More PHC are needed in Rafah and Khan Younis.
- All health clinics have inadequate space for patients.
- Needs still exist for medical equipment, medical supplies and drugs.



Key Findings Infrastructure

Housing

- After 4 years of borders closure and 2 years after the war, only 2% of totally demolished houses were rebuilt.
- Only minor damaged houses have been repaired as they did not require the availability of construction material
- Without lifting the closure and allowing construction material to flow to Gaza, the crisis in housing sector will remain.
- 68,437 units are needed for 2010 to meet natural growth of people. 130,000 units are needed till 2015.

| Status of repair to damaged residential units | | | | | | (December 2010) | |
|---|---------------|---------------|--------------|------------|--------------------|-----------------|--|
| Agency | Minor Repair | | Major Repair | | Totally Demolished | | |
| | Total | Completed | Total | Completed | Total | Completed | |
| UN Agencies | 53,405 | 43,000 | 2,798 | 300 | 3,375 | 151 | |
| PA | 41,455 | 500 | 3,750 | 400 | 1,969 | 5 | |
| NGOs | - | - | 2,323 | 0 | 2,603 | 0 | |
| TOTAL | 94,860 | 43,500 | 8,871 | 700 | 7,947 | 156 | |
| | | 45.9% | | 7.9% | | 2.0% | |



Recommendations Infrastructure

| Themes | Sub-sector | | | | | | Recommended Activities |
|---|-----------------|------------------|---------------|---------------|---------------------|----------------|---|
| | Private Schools | Water/Sanitation | Youth Centers | Women Centers | Child Family Social | Health Clinics | |
| Construction of new facilities and re-building of existing facilities | ● | ● | ● | ● | ● | ● | 1. Construction of new classrooms 2. Building CFSs within schools with special focus on preschools. 3. Establish multi-purpose halls that include e-learning facilities, libraries, theater, computer labs, movie halls with special focus on youth and women centers in rural and underserved areas. 4. Construction of new wards within existing clinics. 5. Construction of Safe houses for battered women 6. Implementation of small community based desalination plants 7. Establishment of a number of small Reverse Osmosis (RO) |

● High ○ Medium ○ Low



Recommendations Infrastructure

| Themes | Sub-sector | | | | | | Recommended Activities |
|--|-----------------|------------------|---------------|---------------|---------------------|----------------|---|
| | Private Schools | Water/Sanitation | Youth Centers | Women Centers | Child Family Social | Health Clinics | |
| Rehabilitation & maintenance of existing buildings | ● | ● | ● | ● | ● | ● | 1. Facilities plastering, painting, tiling, plumbing, electrical wiring 2. Playgrounds maintenance 3. Facilities adaptation to accommodate needs of disabled people 4. Provide green areas among residential buildings 5. Rehabilitation of existing water wells across the Gaza Strip |
| Supply of material and equipment | ● | ● | ● | ● | ● | ● | 1. Supply of science labs equipment, music instruments, laptops, sports equipment & furniture. 2. Supply of books for libraries and teaching aids 3. Supply of medical equipment, drugs, disposables, chemicals 4. Provision of internet access (focus on youth & women centers) 5. Provision of water tanks to replace damaged ones for households, preschools and community centers |

● High ○ Medium ○ Low





ECONOMIC DEVELOPMENT NEEDS
KEY FINDINGS

Key Findings Economic Development

Workforce Development

- Loss of skills for technical workers.
- University and vocational training graduates do not possess the practical experience required by the job market.
- Great need for CfW programs across all sectors.
- Current programs length are short.
- Few Institutions provide TVET

| Priority Ranking | Top Management | Middle Management | Skilled Workers | Unskilled Workers |
|------------------|----------------|-------------------|-----------------|-------------------|
| Priority 1 | 18% | 58% | 7% | 0% |
| Priority 2 | 27% | 24% | 24% | 0% |
| Priority 3 | 29% | 9% | 21% | 1% |
| Priority 4 | 7% | 2% | 29% | 0% |

impact consulting

Key Findings Economic Development

SME Development

- Gazan investors are less willing to make new investment due to their doubts that the current economic and political conditions will improve.
- The inability to reach external markets will limit the size of the investment if they invest

| Priority Ranking | Border Closure | Difficulty in Movement of People | Difficulty in Product Promotion | High cost of Production and Transport |
|------------------|----------------|----------------------------------|---------------------------------|---------------------------------------|
| Priority 1 | 75% | 4% | 4% | 15% |
| Priority 2 | 10% | 29% | 25% | 30% |
| Priority 3 | 10% | 22% | 39% | 21% |
| Priority 4 | 5% | 34% | 22% | 26% |

impact consulting

Key Findings Economic Development

SME Development

| Priority Ranking | Technical Assistance to develop marketing plan | Training and Marketing Capacity Building | Participation in Local Exhibitions | Participation in Local and International Exhibitions | Promotional Material |
|------------------|--|--|------------------------------------|--|----------------------|
| Priority 1 | 21% | 26% | 12% | 25% | 11% |
| Priority 2 | 23% | 21% | 30% | 12% | 7% |
| Priority 3 | 17% | 25% | 11% | 8% | 30% |
| Priority 4 | 17% | 17% | 28% | 12% | 8% |

impact consulting

Key Findings Economic Development

SME Development

Sectors Potential and Elements of Sectoral Development Needs ● High ○ Medium ○ Low

| Sector | Sector Potential | Access to raw material | Workforce | Access to markets | Machinery / Maintenance | Infrastructure | Access to finance | Access to technology & know-how | Access to |
|-----------------------|------------------|------------------------|-----------|-------------------|-------------------------|----------------|-------------------|---------------------------------|-----------|
| Plastic | ● | ● | ● | ● | ● | ● | ○ | ○ | ● |
| Food | ○ | ○ | ● | ○ | ● | ● | ○ | ○ | ○ |
| Paper | ○ | ● | ○ | ○ | ● | ● | ○ | ○ | ○ |
| Construction material | ● | ● | ● | ○ | ● | ● | ● | ○ | ○ |
| Garment & Textile | ○ | ○ | ● | ○ | ● | ● | ○ | ○ | ○ |
| Metal | ○ | ○ | ○ | ○ | ● | ● | ○ | ○ | ○ |
| Chemicals | ○ | ○ | ○ | ○ | ● | ● | ○ | ○ | ● |
| Leather | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Furniture | ● | ● | ● | ○ | ○ | ○ | ○ | ○ | ○ |
| Handicrafts | ● | ○ | ● | ○ | ○ | ○ | ○ | ○ | ○ |
| ICT | ● | ○ | ○ | ● | ○ | ○ | ○ | ○ | ● |

Key Findings Economic Development

Entrepreneurship and Start-up Business Opportunities

- MFIs revealed that most startup businesses are in the area of service and trade
- Entrepreneurs do not obtain any services before or after receiving the loan.
- MFIs acknowledge that their clients do require some services in areas such as financial management, budgeting and marketing.
- Budgeting and saving is of great importance as it will help borrowers to make their payments on time.

Key Findings Economic Development

ICT Development

- One Telecom service provider for landline and internet services
- New investment required to accommodate the needs of the current and future ADSL customers.
- Great opportunities in mobile application and VOIP
- Three firms in Gaza providing VOIP services
- Limited Growth in the software and programming subsector in terms of number of firms and products. Growth is mainly coming from web development related opportunities.
- This subsector has seen some donor project attention. But interventions lack proper assessment of technical and business readiness

Key Findings Economic Development

ICT Development

- Professional Training and Certification subsector has rapidly grown between the years 2007 and 2009 due to interest to find a job in the Gulf.
- 2010 recorded a drop in demand due to difficulty in obtaining Visas to the Gulf especially UAE
- Web development training demand increased in 2010.
- **“Google Visits to Gaza has opened the eyes of the IT professionals for new opportunities in the web and mobile programming”**
- Hardware suppliers have been hardly affected by border closure and tunnels smuggling.
- ICT diffusion is in need especially in the NGO sector.

Key Findings Economic Development

Agriculture

- Losses in the sector due to Operation Cast Lead and closure, new agricultural patterns have emerged. (ex. Vegetables replaced trees in lands that have been bulldozed)
- Farmers are reluctant to plant new trees due to the high maintenance cost and long time till production
- Lost incomes due to the loss of these trees led farmers to vegetables to secure quick income to feed their families.
- Emergence of urban or backyard agriculture
- There is lack of Extension Services
- Palestinians have been totally or partially prevented from accessing land located up to 1,000-1,500 meters from the Green Line
- Fishing has been affected by the imposed Sea Buffer Zone (3 nm) leading to lower quantity and quality of fish catch.



Key Findings Economic Development

Barriers to Trade and Market Entry



- There are 6 crossings to facilitate Gazan imports and exports
- Airport briefly offered an opportunity for direct export from 1998 to 2001 but no export actually took place
- Following the January 2006 legislative elections that brought Hamas to power, the fact on the ground became: i) a full closure of all Gaza crossings; ii) a revoked import code for Gaza; and; iii) generation of an "allowed goods" list starting with 13 items and ending with a maximum of 103 items
- Closure has been slightly eased since June 2010, keeping a banned list that include some raw material, construction material and double use goods.



Key Findings Economic Development

Private Sector Institutions – Rendered Services

Rendered Services by private sector institutions currently operating in the Gaza Strip

| Rendered Service | PalTrade | PITA | PCU | PBA | PFI | GCoC |
|--------------------------------------|----------|------|-----|-----|-----|------|
| Training and Capacity Building | ● | ● | ● | | ● | ● |
| Quality Management & Standards | ● | ● | | | ● | ● |
| Expert Technical Assistance Services | ● | ● | | ● | ● | |
| Public Policy & Advocacy | ● | ● | ● | ● | ● | ● |
| Research and Info. Services | ● | ● | ● | ● | ● | ● |
| Trade Promotion | ● | ● | | | | |
| Market Access | ● | ● | | ● | ● | ● |
| Logistics Services | ● | ● | ● | ● | ● | ● |
| Roundtables and Forums | ● | ● | | ● | ● | ● |
| Employment Generation | ● | ● | ● | | ● | ● |



Key Findings Economic Development

Private Sector Institutions – Needs

Institutional Strengthening Needs of Private Sector Institutions Operating in the Gaza Strip

| Institutional Needs | PalTrade | PITA | PCU | PBA | PFI | GCoC |
|--|----------|------|-----|-----|-----|------|
| Strategy and Corporate Governance | | | | | | |
| Strategic framework | ● | ● | ● | | ● | ● |
| Governance Awareness | ● | ● | ● | ● | ● | ● |
| Board Capacity Development Programs | | | ● | ● | ● | ● |
| Membership and Services | | | | | | |
| Sustainability Planning | ● | ● | ● | ● | ● | ● |
| Institutionalizing Service Programs | ● | ● | ● | ● | ● | ● |
| Organizational Operations | | | | | | |
| Best Practice Systems | | | ● | ● | ● | ● |
| Communication tools and mechanisms | | | ● | ● | ● | ● |
| Employees Professional Development Programs | ● | ● | ● | ● | ● | ● |
| Networking and Outreach | | | | | | |
| Inter-institutional linkages | ● | ● | ● | ● | ● | ● |
| Participation in Regional and international activities | ● | ● | ● | ● | ● | ● |
| Advocacy and Policy Management | | | | | | |
| Institutionalized policy program | ● | ● | ● | ● | ● | ● |
| Active participation in policy forums | ● | ● | ● | ● | ● | ● |



Recommendations *Economic Development*

Workforce Development

- Development of special vocational training programs to support SMEs to hire the needed personnel.
- Launch CFW program to support interventions within PCAP with different lengths
- Launch an SME cross-sectoral middle and senior management certification support program through a fast track certification or via online learning.
- Advocate and support coordination mechanism among non-governmental vocational training institutes to build a platform for better coordination with the private sector.
- Support the implementation of the vocational training strategy adopted by the Ministry of Labor in Ramallah in order to create a single reference for all interventions in this area.



Recommendations *Economic Development*

Small to Medium Enterprise Development

- Launch an SME cross-sectoral marketing technical assistance program
- Support the production of marketing material and online marketing campaigns through the development of web sites, online ads and online Business to Business (B2B) meetings.
- Support the implementation of local exhibitions for some sectors such as furniture, food, construction material, handicraft, etc
- Facilitate and support the participation of businessmen and women in regional and international trade fairs.
- Support SMEs in exhibiting in regional exhibitions in countries such as Egypt, Jordan and the Gulf.
- Launch an SME cross-sectoral Back to Work program to help private sector firms operate their firms and increase their production capacity from the current 36%.



Recommendations *Economic Development*

Entrepreneurship and Start-up Business Opportunities

- Launch a startup business incubator that can be linked to operating MFIs.
- In cooperation with local MFIs, launch a technical assistance program focused on developing the skills and operational capacity of startup businesses borrowing from these institutions.



Recommendations *Economic Development*

ICT

- Build ICT brand for Gaza ICT industry.
- Link interventions in other sectors such as health, psychosocial, training for economic development with the ICT sector through the identification of possible e-learning programs that can be supported by existing ICT infrastructure
- Support existing ICT incubators to provide better services to ICT startup businesses.
- Launch an ICT Graduate Student Support.
- Launch an ICT-NGO Diffusion Initiative.
- Facilitate the entry of new equipment which will help support activities across the sector at large.



Recommendations *Economic Development*

Agriculture

- Launch an extension service training program for agronomists.
- Support farmers in planting fruit and citrus trees.
- As export of cash crops is taking place, re-training farmers on the Global Good Agricultural Practices (GAP) is needed.
- Cross visits between Gazan cash-crop farmers and their counterparts in similar environments to enhance their understanding of the market.
- Support existing urban (backyard) agriculture through the provision of training to households.
- Support the repair of greenhouses especially those that were totally damaged .
- Help farmers in the Buffer Zone area plant their land with field crops
- Support fishermen in the restoration and maintenance of their fishing boats and equipment.



Recommendations *Economic Development*

Removing Barriers to Trade and Market Entry

- Provide special treatment for "raw material" access to Gaza.
- Significantly reduce costs of transportation, crossing, and special packaging arrangement.
- Increase capacity of current crossing points.
- Allow upgrade of supporting infrastructure.
- Increase local Gaza Private Sector Engagement in Planning and Monitoring of crossings activities
- Support Agency and Distribution Agreements between Palestinian businesses and other international producers wishing to sell their products in Gaza.



Recommendations *Economic Development*

Private Sector Institutions

- *Strategy and Corporate Governance:*
 - Launch a comprehensive institutional assessment to better identify current status and required sector specific interventions.
 - Identify areas of focus to promote good governance and different forms of policy and institutional dialogue with different key stakeholders including public sector in support of private-sector development.
- *Membership and Services:*
 - Development and adoption of a systematic approach for business/industry data gathering through standardized instruments and tools.
 - Develop a institutional development program to build and strengthen the capacity of private sector institutions



Recommendations *Economic Development*

Organization Operations

- Work with education industry to agree on a framework to develop the skills base in institutional and management practices essential for building a viable private sector.
- Capacity strengthening and technical assistance to build human resources and improve professional skills of executive teams.
- Launching an aggressive capacity building program targeting the PSCC to better serve as a central focal point for the private sector.
- Development of strong institutional support systems to administer and monitor institutional performance thus promoting integrity and proper management concepts and values.



Recommendations *Economic Development*

Removing Barriers to Trade and Market Entry

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**SOCIAL RECOVERY
NEEDS**

KEY FINDINGS

Key Findings

Social Recovery

Education

- Serious lack of educational supplies and materials
- Low academic achievement levels among students
- Increased level of aggressive, violent behavior & poor social interaction
- Poor, crowded, and mostly non-refugee areas have been long disadvantaged as they are ineligible for UNWRA services.
- NFE's activities offer children the additional life skills and competencies that will help develop their character.
- Lack of social, extra-curricular activities and sport clubs for children.
- Need for after school tutoring for children with academic and socio-economic difficulties.



| Key Findings | Social Recovery |
|--|-----------------|
| <p>Education</p> <ul style="list-style-type: none"> ▪ Lack of awareness about the value of NFE and its important role ▪ Teachers capacity building in new curriculum introduced in 2006 ▪ Poor use of new/innovative educational techniques that promote technology and experiential learning (i.e. e-learning, out-door activities, social networking, etc) ▪ Need for special programs for special children groups (children with learning-difficulties, orphans, and children with special needs) ▪ Adolescents, especially girls, are rarely targeted in NFE's programs thus are more likely to join radical political movements ▪ Overachieving students have very limited opportunity to develop additional set of skills &/or to be creative beyond academic-setting | |
|  | |

| Key Findings | Social Recovery |
|---|-----------------|
| <p>Health</p> <ul style="list-style-type: none"> ▪ Healthcare system highly dependent on PHC ▪ Inadequate development pace of human resources ▪ Most of the infant deaths occur within the neonatal period, specifically within the first week of life. ▪ Inadequate supportive environment for breastfeeding. ▪ Prevalence of anemia among children (61.6%) and pregnant women (29%) ▪ Around 18% of the school children in Gaza are overweight and 4% are obese. ▪ Specialized health education and awareness interventions to transform knowledge into action and the change in attitudes and practices for more tangible preventative practices ▪ Elderly people and orphans are rarely targeted by various interventions and require special care in terms of diet planning and nutritional care. | |
|  | |

| Key Findings | Social Recovery |
|---|-----------------|
| <p>Psychosocial</p> <ul style="list-style-type: none"> ▪ Insufficient services compared with the growing needs ▪ Poor quality and inaccessible services that serves the entire family as a unit ▪ Lack of advanced therapeutic treatment such as counseling and clinical/medical treatment for people with serious problems or diagnosed mental health disorders; ▪ lack of follow up services or ongoing case management and poor referral system ▪ Children under the age of seven, adolescent, women vulnerable to domestic violence, children with special needs, elderly people, caregivers (mainly men), people with special illness, people living in border areas are in critical need for psychosocial services ▪ There is a necessity to move from short term to long term psychosocial support programming ▪ Increased levels of tension, aggressive and violent behavior among children coupled with lack of recreational opportunities and space. ▪ Absence of a multi-sectoral reference framework | |
|  | |

| Recommendations | Social Recovery |
|--|-----------------|
| <p>Education</p> <ul style="list-style-type: none"> ▪ Implement after-school tutoring programs targeting students from the second, third, fourth and fifth grade in the four identified key subjects, namely: Arabic, Mathematics, English and Science. ▪ Forming different clubs in various fields such as social, sport, science, etc. ▪ Special focus on implementing programs in high density, crowded and resource-poor areas as well as areas adjacent to border lines. ▪ Employing new, current and innovative educational techniques that promote the use of technology. ▪ Adapting new educational techniques that have been successfully tested in neighboring countries to the local context. ▪ Support the development of interactive and innovation teaching kits for pre-school children ▪ Develop a before/after school program to promote non-violent conflict resolution and communication environment. | |
|  | |

Recommendations *Social Recovery*

Education

- Develop programs for adolescents that focus among others on vocational education and training.
- Development of training and coaching programs for unemployed newly graduates such as teachers and social workers on the value of NFE, how to use innovative educational techniques and how to adapt NFE programs to meet needs of the students.
- Incorporate a psychosocial component into the NFE programming.
- Design special programs for over achieved children to provide them with the opportunity to develop additional set of skills and excel beyond the academic-setting.
- Design awareness raising campaigns to mobilize the community in favor of NFE and its important role in building the capacity of children.



Recommendations *Social Recovery*

Health

- Support the creation of an enabling environment in health facilities and support health delivery services
- Strengthen the capacity of health personnel
- Strengthen community resources for pregnant women and newborn babies health.
- Pilot new approaches to the prevention and treatment of anemia, (Special attention to 6-24 month). Much attention should be paid in Tuffah area, Shijayea and Zytoun.
- Promote healthy eating habits utilizing community mobilization as one of its main tools.
- Development of "At-Risk" Afterschool Care Programs that utilize community-based mechanisms to offer enrichment/fortification activities for at-risk children.



Recommendations *Social Recovery*

Psychosocial

- Mainstreaming psychological practices through adopting frameworks and guidelines, such as the Inter-Agency Standing Committee (IASC) guidelines.
- Design of special programs "helping the helpers" that provide assistance to psychosocial support workers.
- Launch a technical capacity building programs for HR working in the field and awareness raising campaigns for the community.
- Enhance coordination mechanisms among different stakeholders working the psychological field.
- Develop psychosocial support programs tailored to the needs of adolescent.



Recommendations *Social Recovery*

Psychosocial

- Support the establishment and/or enhancing the capacity of specialized and advanced therapeutic treatment such as counseling and clinical/medical treatment for people with serious problems or diagnosed mental health disorders.
- Develop programs tailored to provide psychological services to women and children who are victims of domestic violence.
- Support programs that promote non-violent conflict resolution among children, especially in very poor, densely crowded and border adjacent areas.
- Advocate for long-term (multi-year) psychosocial support programming.







USAID | WEST BANK/GAZA

MEMORANDUM

Date: February 9, 2011

From: Michael Maxey, AOTR PCAP, Water Resources and Infrastructure (WRI)

Subject: Gaza Economic Strategy 2011 - 2013

To: Richard Hough, PPD; John Crihfield, PEO; Gary Cohen, WRI

This memorandum provides my comments on the draft Gaza Economic Strategy. In the attached letter, Palestinian Authority (PA) Minister of National Economy Hasan Abu-Libdeh is requesting comments from USAID West Bank Gaza by Sunday, February 13, 2011. Attached is a summary of the strategy and the main points. My comments are framed by my understanding of the Palestinian Community Assistance Program (PCAP), USAID 2011 Congressional Budget Justification for West Bank Gaza¹, and the recent Gaza Multi-Sector Needs Assessment executed by Impact Consulting (see attached MemCon regarding the Needs Assessment).

PCAP's focus on stabilization ("coping") supports the first part of the Gaza Economic Development Strategy. PCAP also seeks to these "coping" activities to sustainable development initiatives. In that sense, PCAP dovetails nicely with the overall approach of the PA Gaza Economic Development Strategy which focuses on the reality of dealing with the situation in Gaza that the residents there currently face but plans for 3 evolving scenarios that will lead eventually, in the PA's vision, to a sovereign Palestine. This evolution of conditions in Gaza depend on many factors that may or may not happen (normalization of relationships, opening of borders, access to export markets), etc. The strategy acknowledges this but proposes that stakeholders focus on actions that would prepare Gaza to take advantage of normalization if it occurs. PCAP, under the approved Year One Implementation Plan, is focused on some of this priorities the strategy calls for – training of youth, development of ag sector (food security and sell of excess production), ICT training and support, support to small businesses, housing rehabilitation, etc. – in that sense, USAID is already supportive of the PA's sense of how development should be coordinated in Gaza. This same intent was expressed in the FY 2011 CBJ – "Humanitarian assistance, particularly in Gaza, will decrease as USAID focuses on

¹ 2011 USAID West Bank Gaza CBJ – Improving life in the West Bank and Gaza hinges on increasing the freedom of movement of people and goods within the West Bank, and between the West Bank, Gaza, and Israel. USAID programs support Palestinian efforts to bolster the economy while also working with the Government of Israel to encourage improved access, movement, and trade for Palestinians without compromising Israeli security. USAID, the principal donor in the economic growth sector, with \$81 million proposed for FY 2011 proposes a two pronged approach: (1) Support for Palestinian enterprises to generate employment and economic opportunities in domestic, regional and international markets by improving competitiveness of enterprises, removing value chain constraints, and helping increase the availability of investment capital and microfinance; and (2) Support to the Palestinian Authority in overseeing public revenues and expenditures, developing appropriate business regulatory environment, and regulating financial institutions. Additionally, USAID will continue supporting workforce development and infrastructure improvements. Humanitarian assistance, particularly in Gaza, will decrease as USAID focuses on higher-level economic and social needs linked, where possible, to sustainable development initiatives.

higher-level economic and social needs linked, where possible, to sustainable development initiatives.”

I believe the strategy is a good contingency plan that could help USAID and others in guiding at least a partial prioritization of activities to be in a position to take advantage of future activities if they become a reality.

See the attached summary of the strategy. I have detailed notes and I'd be happy to provide a summary of the strategy as I understand it. Just let me know if anyone is interested and I'll set up a time for 20 minute presentation.



Ramallah, February 8, 2011
Ref: MO30\109\2011

Mr. Michael Harvey
Mission Director
United States Agency for International Development (USAID)

Subject: Gaza Economic Strategy.

Dear Mr. Harvey,

I am pleased to attach to you a first and highly confidential draft of the Gaza Economic Strategy. This document, which has been prepared under my direct supervision, lays out a roadmap and action plan for the economic recovery of the Gaza Strip, with special attention to the revitalization of the private sector.

It is my intention that this document should reflect the best thinking on the preferred future for Gaza, and I am highly cognizant of the necessity for a high degree of consensus and willingness for joint action for this path forward to become a reality. Accordingly, I am providing this opportunity for select members of the private sector and the international community to view the document at this stage, in the hopes that I can solicit any comments and suggestions you may have in advance of its official release.

In order to ensure the full consideration of your comments, I would request that you provide them to my office by Sunday the 13th of February, 2011 to Ms. Rula Shunnar via email address: rjshunnar@met.gov.ps.

Sincerely Yours,

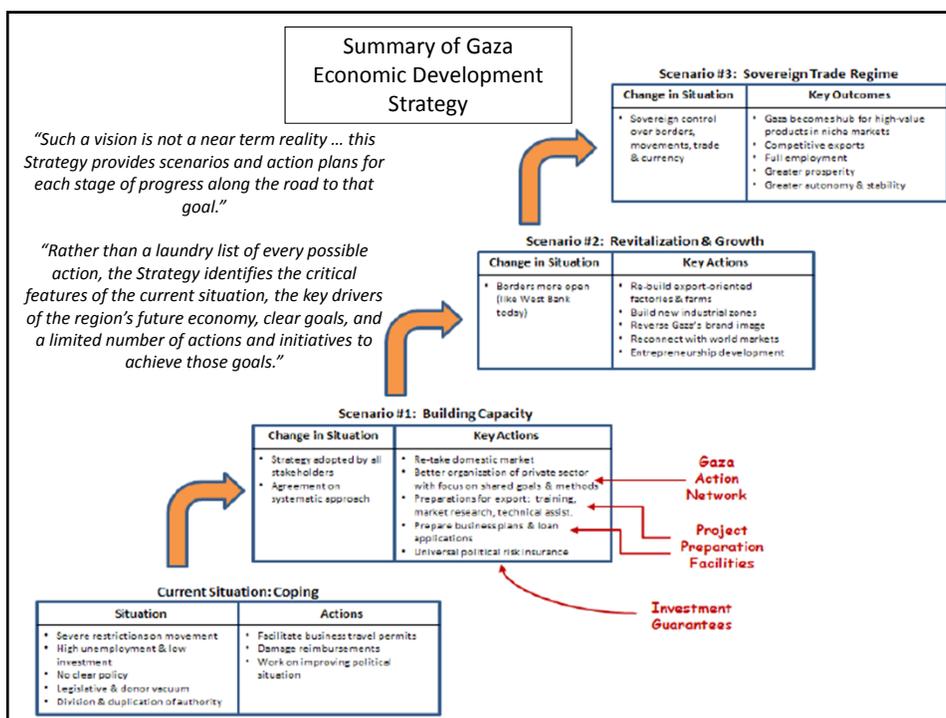
Dr. Hasan Abu-Libdeh
Minister of National Economy

Attachment: Gaza Economic Strategy

Transformation Process

The Gazan economy must be reconceived to understand what the world market will demand in five years and must prepare to meet these needs through a highly skilled workforce, access to improved technology and equipment, and an up-to-date and ever evolving understanding of world market demand.

- Current Situation – Political instability and duplication of authority, imposition of severe border restrictions on movement of goods and person, and unclear economic policies.
- Scenario # 1 – Near term re-building of economic capacity with focus on improving current situation, capturing domestic market, engagement with the West Bank economy, and concerted efforts to prepare for exports in the near future.
- Scenario # 2 – Medium term re-vitalization and growth (**assumes severe restrictions on cross border movement have been relaxed**) with pay-off from economic capacity building and improved political stability resulting in increased exports, employment and a higher quality of life.
- Scenario #3 – Future economy as a sovereign trade regime once full political and economic control over the West Bank and Gaza are attained.



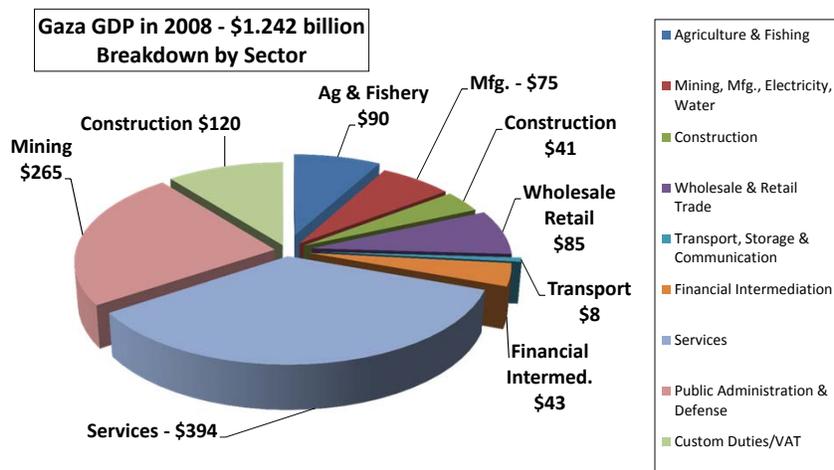
Reality

Historical Perspective – Gaza Strip has been subject to a series of external shocks. Economic growth has lagged behind West Bank even in periods of relative prosperity starting with the Oslo Agreement (1994 – 2000) Gaza Per Capita GDP \$1,162. Period of the Second Intifada (2000 to 2005) drop of 9% drop in GDP, unemployment doubled to 24%, per capita income dropped 33% causing a situation of prolonged socio-economic crisis. Hamas movement takeover of Gaza Strip resulted in full Israeli blockade (2006 – 2007) causing a standstill of the economy especially construction and industry (the two most important sectors of the economy). Operation Cast Lead caused tremendous damage, diminished living standards further, and resulted in more humanitarian assistance (2007 – 2010).

Current Situation – Gaza GDP declined by 20% between 2004 – 2008 (overall, 30% drop in GDP during last 24 years). Worst hit sectors of the economy are manufacturing (down 64%), transportation (down 54%), construction and agriculture (both down by approximately 50%). Significant portions of economy were directly impacted by Operation Cast Lead (1,165 private sector establishment were either totally or partially destroyed including major impact on industry with 324 entities impacted). Economy more isolated. Banking services gravely effected with limited cash supplies available. Some easing of the blockade starting in June 2010 allowed only a slight improvement in GDP indicators but no real economic growth.

2008 Gaza Economy: GDP

Source: Palestinian Central Bureau of Statistics



Economic Performance by Sector

- Agriculture
- Manufacturing
- Construction
- Services
- Tourism
- Trade

Economic Foundations

- Human Resources
- Access to Technology
- Access to Finance
- Business Enabling Environment
- Physical Infrastructure
- Private Sector Institutions

Key Constraints to Business Development: Limitations on workforce, machinery, and access to markets.

Key Opportunities to Business Development

- Agriculture – 6.7% of GDP and employs 13% of labor force – food processing using locally produced fruits and vegetables, fish farms, cash crops.
- IT – Abundance of trained workforce, English widely spoken, potential for outsourcing , customized software solutions, web design.
- Construction – 10% of GDP and 4.3% of labor force. High demand – 20,000 housing units needed as a result of last three years, yearly demand is 5,000 units. Contracting services and industry, construction management and consultants.
- Tourism – High internal tourism demand (Intl NGO clientele), labor intensive, semi-skilled labor.
- Furniture – Increased raw material available (still limited but increased over previous levels). 5,500 workers employed. Machinery and workshops in relatively good condition. Home furniture makes up 67% of production value.
- Plastic – Expansion of greenhouse production will cause increased demand. Raw material is available.

Coping Strategy: What to do until the blockade is lifted.

- Build competitiveness within the domestic market.
- Improve integration between educational institutions and the private sector.
- Special business travel permits.
- Accelerated reimbursements for damage.
- Empower private sector institutions to support member's and deal with current policy issues.

Scenario #1 – Regrouping and building economic capacity.

- Focus on domestic market opportunities – special emphasis on industries that will become, eventually, the main exporters (food products, furniture, tourism and IT).
- Establish “Universal Investment Guarantee Mechanism” to cover political risk.
- Provide specialized training, marketing and applied research centers. Planning, project preparation, market research, etc.
- Linkages to key markets, overseas training and internship programs.
- Evaluation of infrastructure and joint requirements for export oriented businesses (assess value chain and determine what’s most critically needed as markets open up).

Scenario #2 – Revitalization and Growth

- ***Condition Precedent – Free and Open Borders both ways.***
- Rebuild export infrastructure.
- Reconnect with world markets.
- Promote Gaza Brand.
- Banking, Finance and Insurance Mechanisms.

Scenario # 3 – Sovereign Trade Regime

This is the full vision of the Gaza economic development strategy.

Full Employment

Greater Prosperity

Greater Autonomy and Stability

The End



USAID | WEST BANK/GAZA

FROM THE AMERICAN PEOPLE

Memorandum of Conversation

Date: February 9, 2011

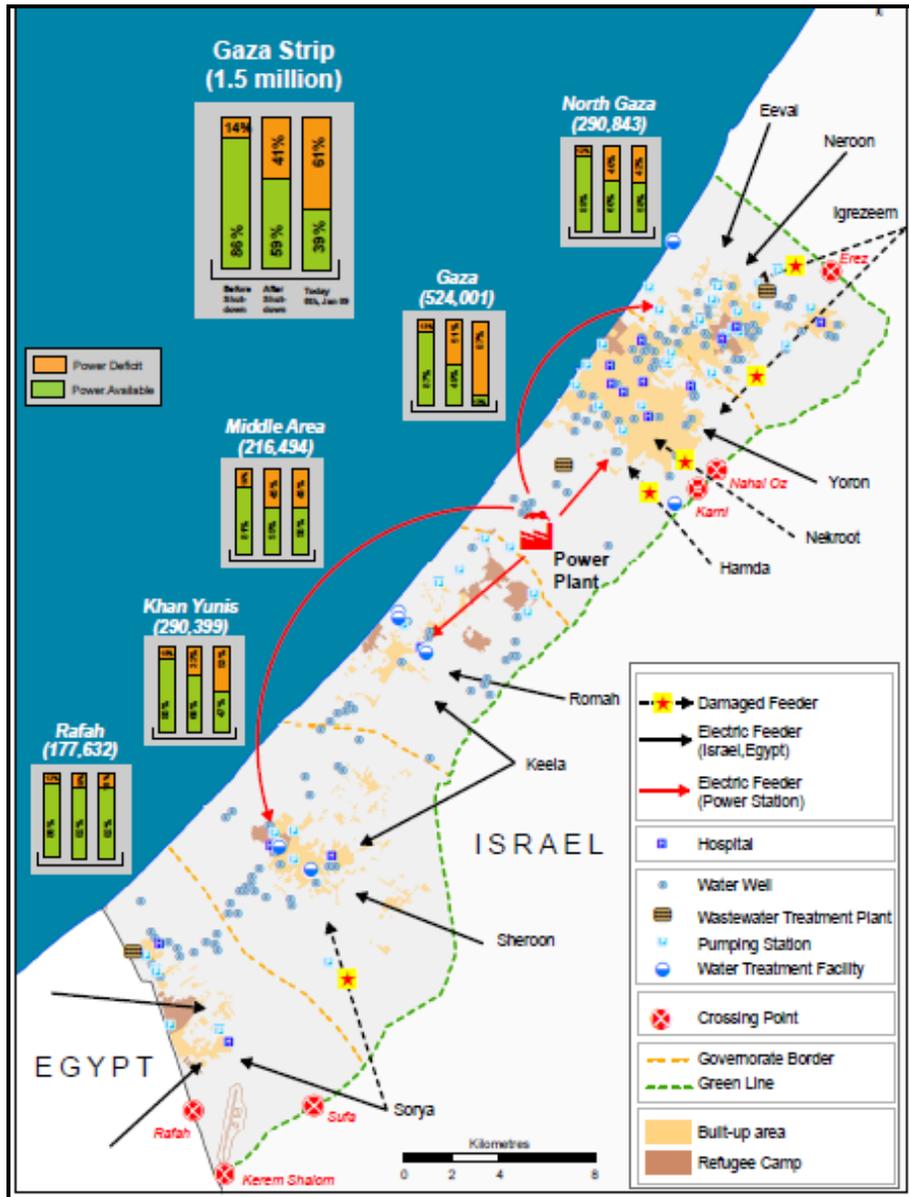
Subject: Meeting with Save the Children Country Director to Discuss Activities in Gaza

Participants: Alex Schein, Save the Children; Michael Maxey, WRI; Amal Tannous, PEO.

The purpose of the meeting was to get an idea of the types of programs that Save the Children is implementing in Gaza.

Overview of Current Situation in Gaza

Rafah has been closed since January 13th. Sinai still experienced transport problems due to security issues. What happened with the natural gas pipeline explosion is still unclear. Day of Dignity march scheduled for Feb. 11th. Electrical power plant has sufficient fuel for 20 days. Hospitals have supply of fuel for emergency generation if required. Fuel is getting through the tunnels. Cooking gas is available still. Wheat flour is available and current supplies are good for 15 days.



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Save the Children has worked in Gaza since 1973.

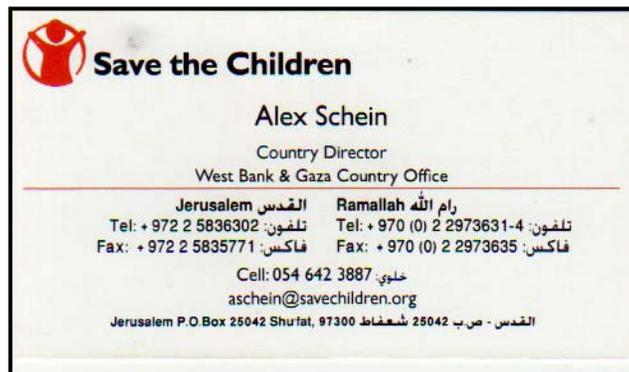
EDIP - Most recent activities have included working with Carana under the EDIP (Enterprise Development and Investment Promotion) Program to promote agricultural activities. Activities include support for greenhouse production aimed at increasing food security by 50 to 60 percent with 900 families. Program provides greenhouse, tools, and technical assistance for production on 1/16 acre (1/4 donum) of land. Crops include tomato, squash and cucumber. Constraints on implementation included 18 month delay in getting approval to import the palletized green house structures.

ESAF – Save the Children has also worked with AED under the ESAF (Expanded and Sustained Access to Financial Services) Program to support the development of micro-finance institutions in Gaza. Provided training in administration and financial management. Also managed a “cash for work” program under ESAF to provide livelihood training for 700 to 800 youth that included financial literacy and life skills training.

UNEP – Worked with the UN in addressing sanitation issues. Key issue was rise in infant mortality due to contaminated ground water. Primary focus was on connecting homes to a central sewerage system (the homes had previously been connected only to primitive and ineffective septic tanks which contributed to groundwater contamination). Total number of homes connected was 1,500.

Beneficiary Selection Procedures – Based on need. Community groups are used to identify and assess potential beneficiaries. A list of principal selection criteria for cash for work recipients is used to identify general group that can be assisted. Secondary selection criteria are used to make final selection. Coordination with cluster groups is used to avoid duplication of support.

We concluded the meeting by agreeing to stay in touch to coordinate activities and to keep information flowing both ways.





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MEMORANDUM

Date: February 9, 2011

From: Michael Maxey, AOTR PCAP, Water Resources and Infrastructure (WRI)

Thru: Gary Cohen, Director, Water Resources and Infrastructure (WRI)

Subject: Project Committee Approval of Palestinian Community Assistance Program (PCAP) Activities

To: Kimberlee Bell, Deputy Director, Program and Project Development (PPD)

A “Front Office Approval Document” describing PCAP activities and requesting concurrence was submitted to the Deputy Mission Director and Mission Director on January 28, 2011. A copy of the approval document is attached. Feedback from Mission senior management indicated that two actions were required prior to approval of PCAP: (1) Multi-sector assessment must be reviewed and finalized to guide the design of relevant and appropriate activities; and (2) Clearances would be required from the Private Enterprise Office (PEO) and the Education (EDO) since programs proposed under PCAP focus on economic recovery and education and youth. See attached Front Office email providing guidance on actions required prior to approval of PCAP activities.

The required actions have been taken.

- Multi-Sector Needs Assessment - Mercy Corps and its partners, CHF and CRS, along with a Gazan consulting firm presented the Multi-Sector Needs Assessment on Friday, February 4, 2011, to the PCAP Project Committee and Mission Senior Management. Attached is a Memorandum of Conversation of that meeting describing the presentation, discussion and decision to accept the assessment report and the six priority areas for focus under the \$40 million sub-grant program (basic infrastructure, food security, job generation, non-formal education, community engagement and health service). Mercy Corps will submit a draft RFA by COB Friday, February 11, 2011. There will be technical review of the RFA document.
- Technical Office Clearance of Front Office Approval Document - A PCAP Project Committee meeting was held on Friday, February 4th, to discuss the Front Office Approval Document and the activities that PCAP would implement by sector. Follow up meetings were held with PEO and EDO staff. Subsequent discussions resulted in agreement that PCAP could proceed with the activities as generally described in the approval document but that the PCAP AOTR will seek technical office input, coordination, and concurrence on the individual activities that are submitted by Mercy Corps. Briefings and meetings are being scheduled between Mercy Corps and USAID

technical offices (EDO and PEO). The first meeting between PEO and Mercy Corps, CRS and CHF occurred on Monday, February 7th and follow up meetings are planned with PEO implementing partners. PCAP AOTR will ensure that there is close coordination with PEO and their partners in all activities relating to ICT, agriculture, business training, and market development. A meeting is scheduled for Mercy Corps and its partners to brief EDO staff on February 24th. PCAP AOTR will ensure that all education and youth oriented activities are closely coordinated with EDO and that there is concurrence on the activities PCAP plans to implement in these areas.

With the actions taken to date, WRI believes the guidance from Mission Senior Management has been addressed. However, WRI will continue to work with Mercy Corps in analyzing the Multi-Sector Needs Assessment and other studies to help fine tune the types of programs that will be implemented by PCAP. WRI will also continue to work closely with Mission technical offices to ensure there is coordination, synergy, and maximum development impact from the PCAP activities approved by the Mission.

Action Requested: In order to begin implementing activities, PPD is requested to submit the Front Office Approval Document for concurrence by senior Mission management. As indicated in previous discussions with PPD and the technical offices, specific PCAP activities will be shared, any issues identified and addressed, and implementation coordinated with all ongoing Mission programs. Once Front Office approval is obtained, Mercy Corps will be directed to begin implementation.



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Memorandum of Conversation

Date: February 10, 2011

Subject: PCAP Implementation Meeting

Participants: Mercy Corps, CRS and CHF Representatives with USAID PCAP AOTR.¹

Meeting focused on key implementation issues and next steps.

PCAP Implementation Status - PCAP AOTR informed partners that Front Office Approval Document was submitted to PPD on Wednesday, February 9th and that a review meeting of the PPD Executive Committee (PPD and WRI) was scheduled for Monday, February 14th. In anticipation of approval of at least a portion of the pending 13 PCAP activities, the partners were asked to prepare a summary of all actions required to begin implementation of these activities. This list of actions would include all administrative, compliance and programmatic requirements along with timelines and milestones of key actions. The idea would be to map a critical path implementation scenario and track completion of key actions to make sure PCAP meets deadlines described in the activity operational plan. The partners agreed that they would be ready to provide these plans as soon as approval from the Front Office of USAID is provided.

Gaza Multi-sectoral Needs Assessment – AOTR informed partners that there is additional work before the Needs Assessment will be officially accepted by the Mission. Specifically, the paper needs to be edited to improve grammar and clarity. The assessment also needs to meet all four of the SOW objectives. It was acknowledged that the assessment met two of the four SOW objectives – validated the PCAP activities currently planned and provided information sufficient to accomplish a prioritization of activities under the Sub Grant process planned to start in April 2011. It was agreed that written specific guidance would be provided by the AOTR.

CRS Community Based Organizations – CRS needs to have written approval from Mercy Corps that the 4 CBOs it will work with in Gaza are approved by USAID. Three of the CBOs were named in the Cooperative Agreement. AOTR agreed to follow up with the Agreement Officer and RLA to make sure that the three CBOS named in the Agreement are vetted by having been listed in there. AOTR will also find out what is the process and timeframe for vetting the fourth CBO that was not listed in the Agreement.

Waivers, Travel Permits and Other Pending Actions – Attached is a list of pending actions with a description the requested action, when it was submitted to USAID, and notes on the status of the activity.

¹ Mercy Corps – PCAP Chief of Party Tom Neu; Regional Director Stu Willcuts; Deputy Chief of Party Rod Volway; Program Manager Marina Antunovic. CHF – Shane Middleton, Gaza Director. CRS – Ann Marie (check name with Florent Vranica). USAID – Michael Maxey, PCAP AOTR

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| | | | | |
|------------------|--|--------------------|-------------|---|
| 9-Nov-10 | PCAP Press Release | Contractual | ASAP | USAID approval to issue needed |
| 2-Dec-10 | Waiver Request for IT and office equipment | Contractual | ASAP | Sent to Gaby; on hold because of blanket waiver |
| 14-Dec-10 | Clarification re. blanket waiver | Contractual | ASAP | Sent to Gaby; follow up with Sandy; no response |
| 14-Jan-11 | CFW in Deir El Balah | Activity Proposal | | MC-CFW-1 \$291,842 |
| 14-Jan-11 | CFW East Khan Younis | Activity Proposal | | MC-CFW-2 \$242,290 |
| 14-Jan-11 | CFW Gaza Governorate | Activity Proposal | | MC-CFW-3 \$688,249 |
| 14-Jan-11 | CFW Khan Younis City | Activity Proposal | | MC-CFW-4 \$508,953 |
| 14-Jan-11 | CFW Health | Activity Proposal | | MC-CFW-5 \$190,365 |
| 14-Jan-11 | Promotion of Palestinian ICT and Access to Market | Activity Proposal | | MC-ECD-1 \$18,000 |
| 14-Jan-11 | Capacity Building for ICT Associations | Activity Proposal | | MC-ECD-2 \$21,000 |
| 17-Jan-11 | Internships for Youth | Activity Proposal | | CRS-CFI-1 \$1,157,566 |
| 17-Jan-11 | Cash for Work | Activity Proposal | | CRS-CFW-1 \$425,685 |
| 17-Jan-11 | Non-Food Items Distribution | Activity Proposal | | CRS-NFI-1 \$174,0000 |
| 18-Jan-11 | Open Source Innovation Center | Activity Proposal | | MC-ECD-3 \$120,000 |
| 18-Jan-11 | TeamStart Entrepreneurial Training | Activity Proposal | | MC-ECD-4 \$45,000 |
| 19-Jan-11 | CRS Sub-awards approval | Contractual | ASAP | Sent to Gaby, follow up emails to Mike and Sandy |
| 23-Jan-11 | COGAT approval for CHF housing and agriculture materials | COGAT | 28-Feb-11 | Contracts Office approval needed |
| 24-Jan-11 | Vetting for Cairo ICT conference participants | Vetting | 15-Feb-11 | Resubmitted 2 Feb |
| 25-Jan-11 | PITA Vetting | Vetting | 15-Feb-11 | need vetting even if the event is cancelled (for future events) |
| 25-Jan-11 | PICTA Vetting | Vetting | 15-Feb-11 | ICT business development partners |
| 25-Jan-11 | PICTI Vetting | Vetting | 15-Feb-11 | ICT business development partners |
| 29-Jan-11 | Rehabilitation of Houses | Activity Proposal | | CHF-HSE-1 \$556,000 |
| 3-Feb-11 | Agricultural Activities | Activity Proposal | | CHF FSA 1 \$764,266 |
| 3-Feb-11 | Neighborhood After School Program (NASP) and Accelerated Learning for Excellence (ALE) | Activity Proposal | | MC-NFE-1 \$531000 |
| 8-Feb-11 | International Travel Approval | Contractual | 20-Feb-11 | USAID Compliance Training in Istanbul |



Memorandum of Conversation

Date: February 10, 2011

Subject: Meeting with Catholic Relief Service (CRS) to Discuss Beneficiary Selection Procedures for Gaza Programs

Participants: CRS: Florent Vranica, Gaza Program Director; Ian de la Rosa, Deputy Country Director; Matt Davis, Country Director. USAID: Michael Maxey, PCAP AOTR

CRS staff gave an overview of their program activities in Gaza and explained their beneficiary selection procedures. Key issue related to PCAP was the approval of CRS local partners (3 of the 4 local partners were identified in the Cooperative Agreement).

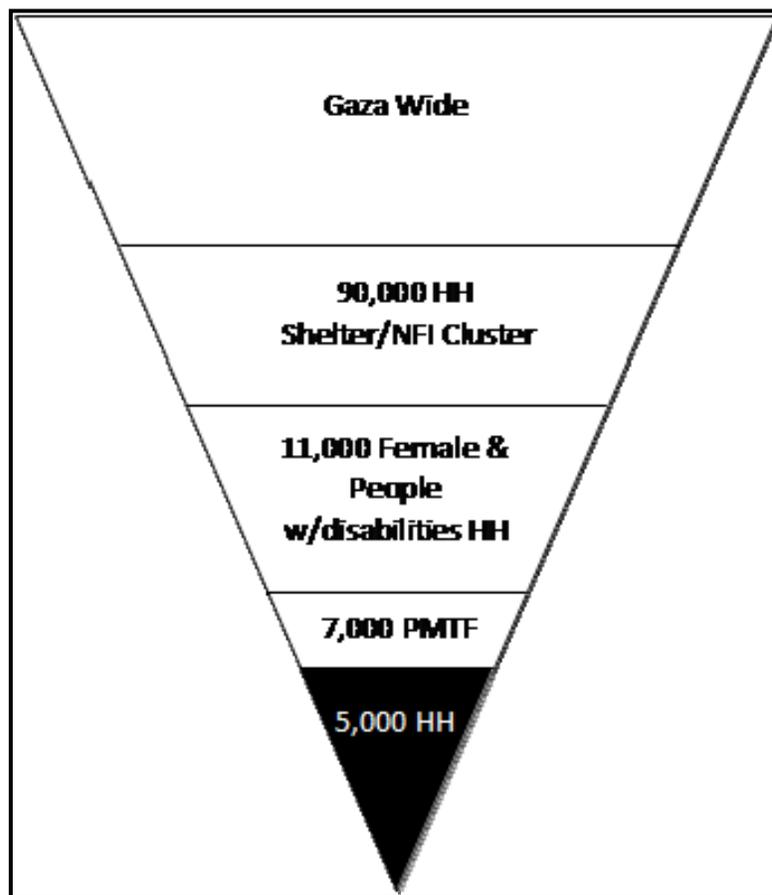
CRS portfolio under CEP Early Recovery Project - Gaza Emergency and Recovery (GEAR) addresses the needs of Gazans to cope with the long-term effects of Operation Cast-Lead. The program consists of three components: 1) Cash for Work/Internships for youth; 2) Psychosocial Support for youth, and 3) Food Production by women and distribution of the supplemental food to the vulnerable families; GEAR strives to serve approximately 225 individuals with cash for work, 200 interns, 200 women food producers, 5,000 vulnerable families, 20 youth counselors, and 1,280 youth for psychosocial support. CRS sub-granted field-based activities to five CSOs (civil society organizations) to jointly implement the early recovery programs.

Proxy Means Test Formula (PMTF) – A key aspect of beneficiary selection by CRS is the use of a scoring system that classifies potential beneficiaries through household interviews that determine (1) how much a household earns, (2) how much they spend, and (3) what are their assets. This classification system is the PMTF. It is seen as the industry standard and has been adopted by the PA, the Ministry of Social Affairs (MoSA) as its primary poverty-based targeting mechanism for its cash-based assistance program. PMTF increases effectiveness and efficiency of the assistance program, in line with the objectives of PRDP (Projected Relief and Recovery Program) 2008-2010, and PNP 2011-2013. The used of a proxy means test formula to target households eligible for the social safety net (comprising cash transfer and food parcels program) in a fair and transparent manner is supported by the European Union, WFP, and the World Bank.

To define the PMTF, it is an instrument to estimate the household or individual welfare level to determine the person's eligibility for assistance, when combined with the poverty line levels (deep/relative poverty lines as developed by the Palestinian Central Bureau of Statistics, with support from the World Bank). In fact the PMTF methodology aims to predict household expenditure on the basis of a number of easily observable characteristics. Since June 2010, the PMTF methodology is applied in the West Bank for MoSA Social Hardship Cases to target those under the deep poverty line (NIS 597 Adult Equivalent - 4 children+2 adults/month). The PMTF is now being rolled-out in the Gaza Strip to select MoSA beneficiaries. The revised beneficiary

lists should be ready in course of the 2nd half of 2011. Data collection at household level is currently taking place.

Beneficiary Selection under Humanitarian Assistance Activity - CRS has approached Shelter/NFI Cluster to access their database which comprise of around 90,000 households. CRS has asked the cluster to provide the names of only female headed households and people with disabilities which are recorded in the database. The cluster provided the list with around 11,000 names. After a clearing process, excluding people from the refugee camps, CRS finalized the list of around 7,000 households to enter in the PMTF, who will be provided with the Proxy Means Test Formula (PMTF) Application Form. CRS and its partners will verify and clear the information in the form and submit the data to WFP, which has agreed to run the PMTF for the PCAP team, and the 5,000 most vulnerable households will be selected and included in the distribution list.



Michael Maxey
Weekly Report - February 14 - 18, 2011
Palestinian Community Assistance Program (PCAP)
Water Resources & Infrastructure (WRI) Office - USAID West Bank Gaza

February 14 –

- Gaza Coordination Meeting – Feedback on public event on PA coordination with USAID financed programs in Gaza. Gaza Partners meeting on February 23rd. Update on pending actions for PCPA.
- PCAP Executive Committee Meeting - PPD and WRI met to discuss (1) Front Office Approval Document, (2) Pending PCAP Activities, and (3) Actions required to finalize Gaza Multi-sector Needs Assessment. MemCon attached.

February 15 – 16 -

- Review of PCAP Pending Actions – See list in attached email
- Meeting with Agreement Officer to Review Pending Actions – Scheduled for 02/22/2011 at 11 pm

February 17 – 18 –

- Technical Feedback on RFA by PCAP Project Committee to Mercy Corps – Review of procurement sensitive information related to the RFA. A background document was prepared that provided a summary of PCAP documents and funding allocation information: Cooperative Agreement, Year One Implementation Plan, and budget components of the three sectors of the program.



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Memorandum of Conversation

Date: February 14, 2011

Subject: PCAP Executive Committee Meeting - WRI with PPD

Participants: Richard Hough and Kimberlee Bell, PPD; Gary Cohen and Michael Maxey, WRI.

Meeting was held to discuss PCAP pending actions/issues. Summary of discussion and decisions is presented below.

Status of Front Office Approval Document – What additional information or actions are required for PPD to clear and forward the document to the Front Office? Status: Front Office indicated that two requirements must be met prior to providing its approval for PCAP to proceed: (1) concurrence by Education and Technical Offices on PCAP Activities, and (2) presentation/discussion of Gaza Multi-sector Needs Assessment has been done in terms of validating PCAP current activities and providing 6 priority areas for sub-grant component). Action Required: PCAP AOTR will submit an email to Deputy Mission Director explaining how the two requirements for Front Office Approval of PCAP were met and requesting approval to proceed with PCAP implementation.

Pending Activities by PCAP Principal (Mercy Corps) and Subs (CRS and CHF) – Additional information or actions required (other than Front Office Approval of PCAP activities) for AOTR to notify Mercy Corps that specific activities are approved for implementation? General discussion of the specific activities submitted by PCAP to date. Different issues were discussed. Action Required: PCAP AOTR will prepare summary that describes the activity, confirms that it fits within the Cooperative Agreement, meets Mission requirements for beneficiary selection, and addresses any other issues.

Needs Assessment - What is needed for Mission to accept Gaza Multi-sector Needs Assessment? The report needs to meet the 4 objectives identified in the SOW¹ -- the current version needs to be edited and must better address the Mission's understanding of gaps in assistance to Gaza (make a stronger case for what should USAID prioritize and why). Action Required: PCAP AOTR will require Mercy Corps to submit a revised version of the Needs Assessment that addresses editing and additional analysis needs.

USAID Staff Support for PCAP – Is additional staff support needed for PCAP? PCAP AOTR raised the issue that additional staff support will be needed. There was a consensus that more staff would be needed as PCAP implementation got underway. Action Required: PCAP AOTR will put forward to the Front Office a proposal for additional staffing requirements for PCAP.

¹ Four objectives of the SOW for the Needs Assessment were: (1) To build on existing knowledge of needs and services in Gaza and identify critical shortfalls or limitations in priority areas to which PCAP may contribute. (2) To determine the appropriateness of currently planned activities or recommend alternative or additional activities. (3) To identify opportunities for complementary, cross-sectoral interventions in order to ensure an effective response. (4) To consider and prioritize those interventions that will help facilitate the transition from early recovery to longer-term development.

Palestinian Community Assistance Program (PCAP)
USAID Cooperative Agreement No. 294-A-00-10-00210-00

PCAP Scope – Three year (09/30/2010 – 09/30/2013), \$100 million, program to support a range of humanitarian, health, education, infrastructure, and economic opportunity needs of Gazan families while retaining the capability to respond to emergency humanitarian assistance in the West Bank if necessary.

Purpose of the Agreement- To pave the way to a brighter future for Palestinians through social and economic relief and recovery by meeting basic human needs and laying the foundations for long-term recovery in Gaza.

Implementers - Mercy Corps is the prime recipient of the grant with CHF and Catholic Relief Services (CRS) as sub-grantees. Program includes a \$40 million sub-grant program for International NGOs.

PCAP Activities and Funding – PCAP will implement activities under three objectives in support of the overall program goal: (1) Infrastructure Recovery – Tangible improvements in infrastructure and housing contribute to meeting infrastructure needs of Gazan communities; (2) Economic Recovery – Creation of income generation and business development opportunities support economic recovery in Gaza; and (3) Social Recovery – Tangible improvements in food security, education, health and social services promote strengthening of Gaza society. PCAP is funded with an initial obligation first year of \$35,800,000 under a Letter of Credit. Funding is planned in relatively equal tranches for each year of the program: Year 1 - \$35,809,112; Year 2 - \$35,991,207; and Year 3 - \$28,199,681. The estimated budget for each objective is presented below (see p. B-6 of PCAP Cooperative Agreement).

Substantial Involvement - USAID has substantial involvement in PCAP.¹

¹ There are several clauses under the cooperative agreement that require prior USAID approval prior, and in some cases USAID may retroactively disapprove, grants and contracts by Mercy Corps. Section A.9.3(c) on page A6 reserves USAID's right to review and, either approve or reject, (1) any contract or sub-contract in excess of \$25,000 with a non-US organization or individual, and (2) any grant or sub-grant to a non-US organization or individual, regardless of the dollar value. Written consent is also required for in-kind assistance including renovation of an NGO's facilities, repair or replacement of a company's equipment, and certain training activities. There are also restrictions on cash support to the Palestinian Authority, restriction on facility names, and a prohibition on assistance to the Palestinian Broadcasting Corporation. Section A.12 on page A-12 requires USAID review and approval of the development and implementation of the multi-sectoral assessment; the sub-grant technical approach (e.g., selection of RFA areas of focus) and the RFA text. Mercy Corps is expected to stand in close contact with USAID (AOTR and other appropriate USAID Officers). Any public dissemination of information regarding PCAP activities must be pre-approved by AOTR in writing. USAID must approve beneficiary selection criteria prior for each PCAP activity prior to implementation. Contact with PA is restricted and subject to USAID approval. Section A.15 provides "Substantial Involvement" clauses including approval of implementation plans, grants manual, PMP, key personnel, engineering plans (for construction valued at more than \$500,000) and collaboration on selection committees for review and award of sub-grants, coordination on multi-sectoral assessment, and monitoring to permit redirection of inter-relationships with other USAID projects.

PCAP Components

Objective 1 – Address the infrastructure recovery needs of Gazans through tangible improvements in community infrastructure and housing. Focus on visible improvements in community infrastructure (4 schools, 4 health clinics, 6 youth centers, 6 youth development centers, 20 additional community centers), and housing (400 conflict damaged houses repaired).

Result 1.1 – Enhance basic services through improvements in community infrastructure. 40 community projects will be undertaken including health clinics, community facilities, women’s centers, child friendly spaces, water/sanitation works, youth centers and other community centers.

Result 1.2 – Repair damaged homes throughout Gaza. 400 houses will be repaired – prioritization of rehabilitation will via the CHF Housing Database with highest degree of unmet needs (Category 1 and 2).

Objective 2 – Support economic recovery and development in Gaza through the creation of income generation and business development opportunities. Focus on providing employment and income in the short and medium term while preparing Gazan youth and businesses to respond to future economic opportunities through skill building, training and technical assistance. illustrative list includes 2,000 farmers assisted, 5,850 people participate in “Cash for Work” program, 3,600 youth assisted through professional development training, and 400 businesses and 5 professional associations strengthened.

Result 2.1 – Improve food security by increasing agricultural production.

Result 2.2 – Provide short-term employment opportunities through cash for work programs.

Result 2.3 – Prepare youth to become productive members of the work force through skills training and professional development opportunities

Result 2.4 – Support local business development through technical capacity and business partnership development.

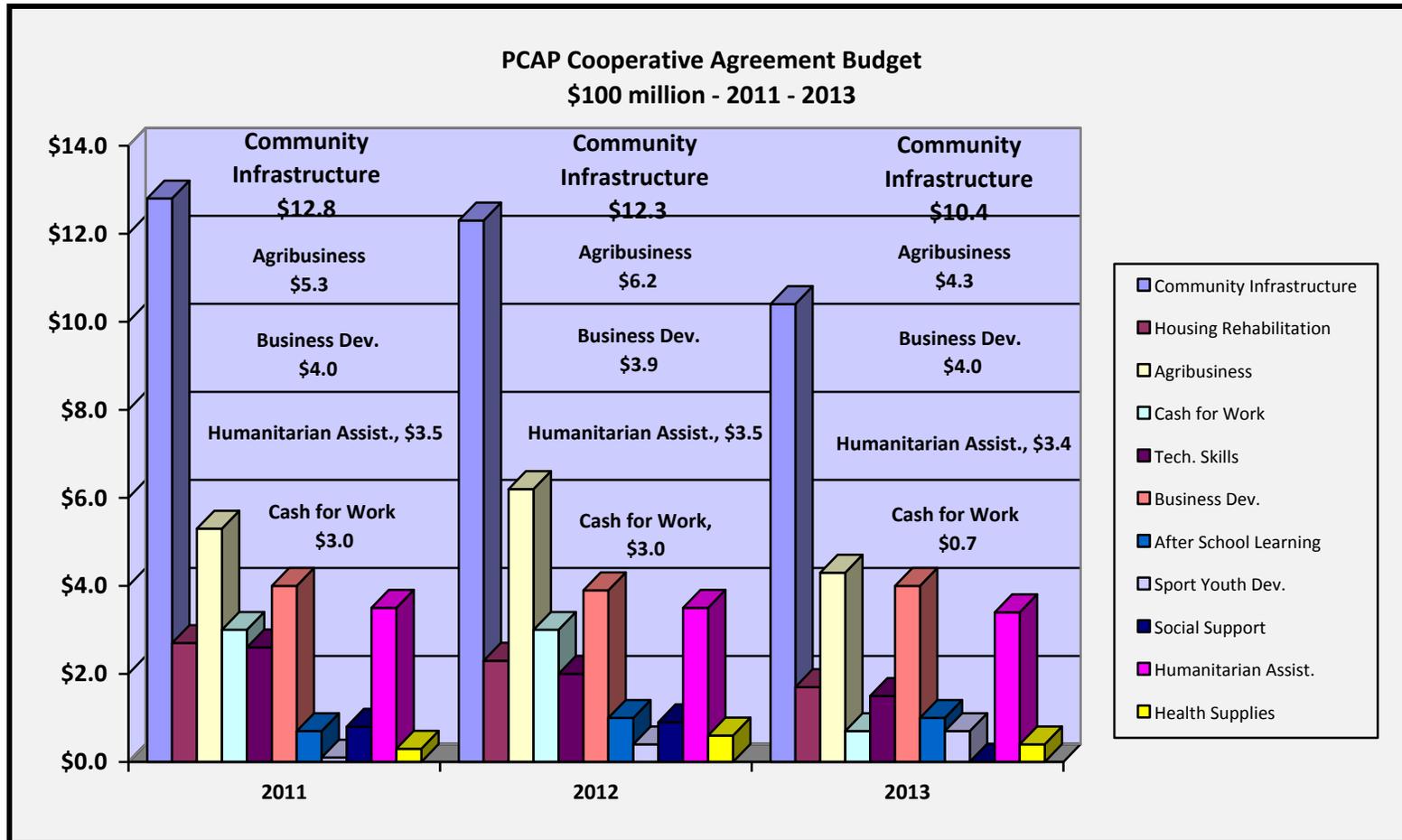
Objective 3 – Address the social recovery needs of Gazans through tangible improvements in food security, education, health and social services. Focuses on supporting Gazans in meeting their own social recovery needs. Illustrative outputs include: 6,700 students participate in specialized after-school learning programs, 6,000 children and their caregivers participant in social support services, 3,300 youth participate in sports activities at 15 local sports clubs, and 5,000 households to receive non-food humanitarian assistance.

Result 3.1 – Enhance formal and non-formal education for children and youth through tutoring, provision of materials and other assistance.

Result 3.2 – Promote recovery and resilience and encourage community engagement through sport-based youth development.

Result 3.3 – Provide social support for children and caregivers.

Result 3.4 – Provide humanitarian assistance to vulnerable households.



Funding by program objective over three years is estimated to be the following: Infrastructure Recovery (\$42.1 million) – Community Infrastructure Rehabilitation (\$35.5 million), and Rehabilitation of Houses (\$6.6 million); Economic Recovery (\$40.6 million) – Agribusiness Development (\$15.7 million), Cash for Work (\$6.7 million), Technical Skills Training & Professional Development (\$6.1 million), Business Development (\$12 million); and Social Recovery (\$17.3 million) – After School Learning (\$2.8 million), Sport Based Youth Development (\$1.2 million), Social Support to Children & Caregivers (\$1.7 million), Humanitarian Assistance (\$10.4 million) and Health Supplies (\$1.2 million). PCAP will have a multi-sector approach (health, education, economic development, social support, and infrastructure programs) and Mercy Corps (the recipient) will be responsible for overall programmatic, administrative and financial oversight of all partner and sub-grantee activities.

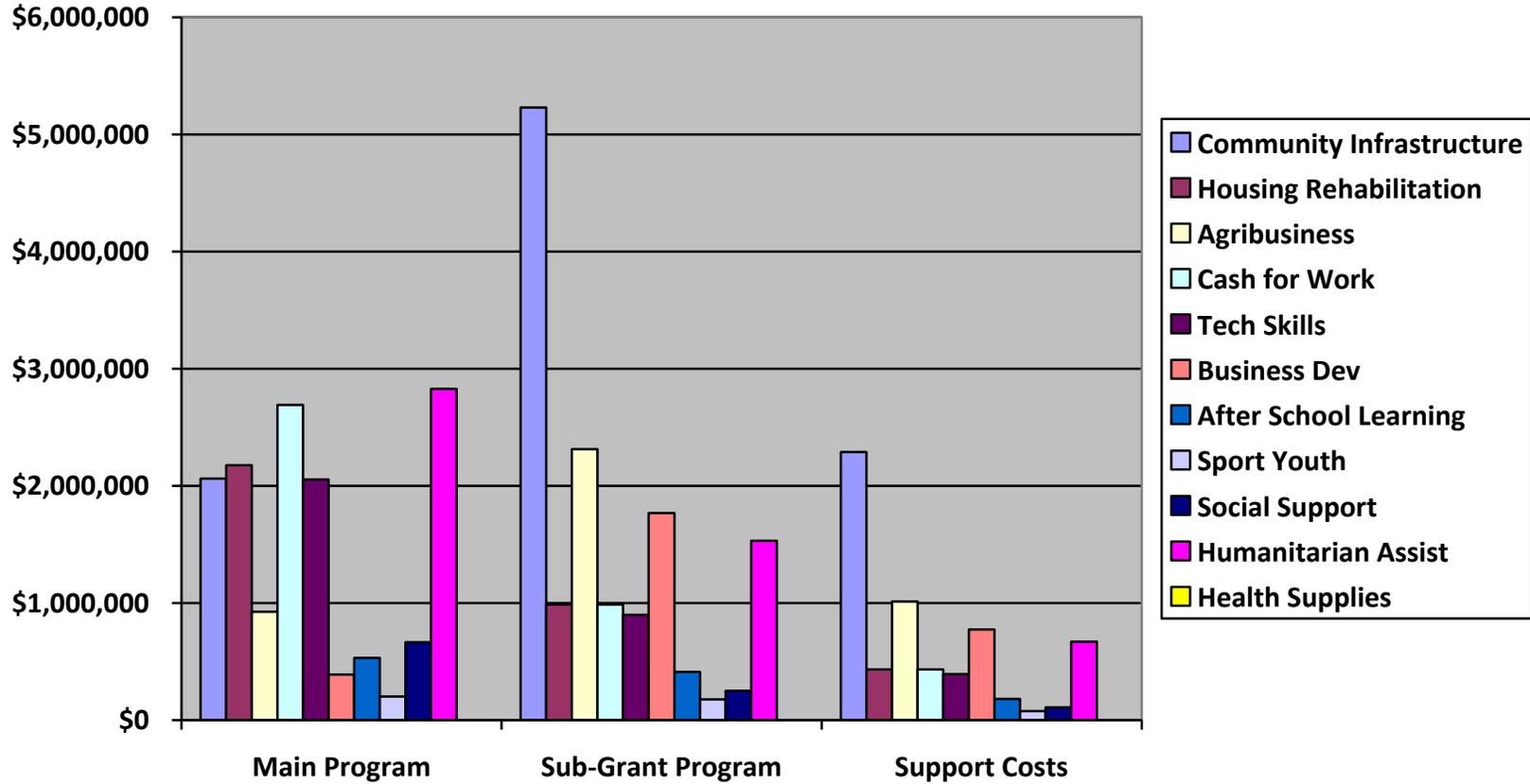
PCAP Cooperative Agreement Budget (p. B-6)

| SUMMARY BY OBJECTIVE | | | | |
|--|---------------------|---------------------|---------------------|----------------------|
| | Year 1 | Year 2 | Year 3 | TOTAL |
| Objective 1 : Infrastructure Recovery | \$15,440,403 | \$14,606,157 | \$12,078,275 | \$42,124,835 |
| 1.1 Community Infrastructure Rehabilitation | \$12,786,208 | \$12,298,681 | \$10,396,304 | \$35,481,194 |
| 1.2 Rehabilitation of Houses | \$2,654,195 | \$2,307,475 | \$1,681,971 | \$6,643,642 |
| Objective 2: Economic Recovery | \$15,011,676 | \$15,037,665 | \$10,516,874 | \$40,566,216 |
| 2.1 Agribusiness Development | \$5,275,081 | \$6,117,103 | \$4,321,753 | \$15,713,938 |
| 2.2 Cash for Work | \$3,060,240 | \$2,961,359 | \$709,715 | \$6,731,314 |
| 2.3 Technical Skills Training and Professional Development | \$2,606,113 | \$2,050,487 | \$1,452,883 | \$6,109,483 |
| 2.4 Business Development | \$4,070,242 | \$3,908,716 | \$4,032,523 | \$12,011,481 |
| Objective 3: Social Recovery | \$5,357,032 | \$6,347,385 | \$5,604,532 | \$17,308,949 |
| 3.1 After School and Accelerated Learning | \$647,885 | \$1,054,988 | \$1,066,853 | \$2,769,726 |
| 3.2 Sport Based Youth Development | \$134,158 | \$368,774 | \$720,981 | \$1,223,913 |
| 3.3 Psychosocial Support to Children and Caregivers | \$832,924 | \$858,947 | - | \$1,691,871 |
| 3.4 Distribution of Humanitarian Assistance | \$3,449,357 | \$3,511,516 | \$3,431,344 | \$10,392,217 |
| 3.5 Health Supplies | \$292,708 | \$553,161 | \$385,353 | \$1,231,222 |
| TOTALS | \$35,809,112 | \$35,991,207 | \$28,199,681 | \$100,000,000 |

PCAP
Year One
Budget
2011

| SUMMARY BY OBJECTIVE | | 35,809,112 |
|---|---------------|-------------------|
| Description | Year 1 | |
| Support cost | | 6,448,163 |
| a. Personnel | | 2,423,473 |
| b. Fringe Benefits | | 1,092,100 |
| c. Travel | | 68,250 |
| d. Equipment | | 109,400 |
| e. Supplies | | 173,980 |
| f. Contractual | | 578,600 |
| g. Others | | 448,490 |
| f. Indirect costs | | 1,553,870 |
| Program | | |
| Objective 1: Infrastructure Recovery | | 4,238,428 |
| 1.1 Community Infrastructure Rehabilitation-CHF | | 2,062,175 |
| 1.2 Rehabilitation of Homes-CHF | | 2,176,253 |
| Objective 2: Economic Recovery | | 6,166,820 |
| 2.1 Agribusiness Development-CHF | | |
| Local Agriculture NGO Partner Training Sub-award | | 107,670 |
| Agriculture Material | | 817,525 |
| 2.2 Cash for Work | | |
| CFW: Skilled Labor | | 256,000 |
| CFW: Unskilled Labor | | 1,075,200 |
| CFW: Materials | | 570,514 |
| CFW: Workers Insurance | | 19,968 |
| CFW: CRS Community Infrastructure | | 769,114 |
| 2.3 Technical Skills Training and Professional Development | | |
| Design and Delivery of New Technical Courses | | 200,000 |
| Launch of Open Source (OS) Innovation Center | | 100,000 |
| Career Counseling and Promotion of IT Related Jobs | | 25,000 |
| Online TVET Awareness Portal Development | | 20,000 |
| CWF Internship/ Job Placement Program MC | | 120,000 |
| CWF Internship/ Job Placement Program CRS | | 1,696,829 |
| 2.4 Business Development | | |
| Capacity Building for Professional Association | | 50,000 |
| Promotion of Palestinian IT/Market Linkages | | 90,000 |
| New Business Development | | 184,000 |
| Business Management Training - Engineering | | 65,000 |
| Objective 3: Social Recovery | | 4,225,362 |
| 3.1 After School and Accelerated Learning | | |
| NASP-Counselor/Staff for school-1 semester 18 centers | | 419,400 |
| NASP-Materials (training manuals) | | 44,320 |
| Accelerated Learning Program | | 52,500 |
| Accelerated Learning Program Curriculum Development | | 15,000 |
| 3.2 Sport Based Youth Development | | |
| Sports Psychosocial Expert | | 10,000 |
| Curriculum Development | | 18,000 |
| Training of Trainers | | 40,000 |
| International Consultant Set -Up | | 18,000 |
| Pilot (Partner Costs) | | 60,000 |
| Pilot (Equipment) | | 50,000 |
| Other Program Costs | | 5,000 |
| 3.3 Psychosocial Support to Children and Caregivers | | |
| Expert Trainer for Psychosocial Activities | | 6,000 |
| CBO start-up costs and monthly support costs | | 345,400 |
| Children's Sessions and Activities | | 121,872 |
| Caregivers' Sessions | | 15,840 |
| Joint Guided Sessions | | 15,600 |
| Open Days/Social Outlets | | 79,200 |
| Design, adaptation & printing of material (translation to Arabic) | | 15,000 |
| Training for Facilitators and MC Staff | | 54,000 |
| PTC Mental Health sub-grant | | 12,000 |
| 3.4 Distribution of Humanitarian Assistance | | |
| Distribution of Humanitarian Assistance-CRS | | 2,828,230 |
| Subgrant funds | | 14,730,339 |
| TOTALS | | 35,809,112 |

PCAP Year One Implementation Plan Budget 2011



PCAP Year One Budget²

| Activity (with percentage of budget planned under Coop. Agreement) | Main Program (budget presented in Year One Implementation Plan) | Sub-Grant Program (Total sub-grant budget of \$14.7 million allocated based on percentage of Coop Agreement budget represented by each line item) | Support Costs (Total support costs of \$6.4 million allocated based on percentage of Coop Agreement budget represented by each line item) | Total Costs - Actual (Under Year One Budget Presented by Mercy Corps) | Total Costs – Planned (Planned Year One Budget Under Cooperative Agreement) |
|---|--|--|--|--|--|
| Community Infrastructure (35.5%) | \$2,062,175 | \$5,229,270 | \$2,289,097 | \$9,580,543 | \$12,786,681 |
| Housing Rehabilitation (6.7%) | \$2,176,253 | \$986,932 | \$432,026 | \$3,595,213 | \$2,654,195 |
| Agribusiness (15.7%) | \$925,195 | \$2,312,663 | \$1,012,36 | \$4,250,220 | \$5,275,081 |
| Cash for Work (6.7%) | \$2,690,796 | \$986,932.71 | \$432,026 | \$4,109,756 | \$3,060,240 |
| Tech Skills (6.1%) | \$2,053,829 | \$898,550 | \$393,337 | \$3,345,718 | \$2,606,113 |
| Business Dev. (12%) | \$389,000 | \$1,767,640 | \$773,779 | \$2,930,420 | \$4,070,242 |
| After School Learning (2.8%) | \$531,220 | \$412,449 | \$180,548 | \$1,124,218 | \$647,885 |
| Sport Youth (1.2%) | \$201,000 | \$176,764 | \$77,377 | \$455,142 | \$134,158 |
| Social Support (1.7%) | \$664,912 | \$250,415 | \$109,618 | \$1,024,947 | \$832,924 |
| Humanitarian Assist. (10.4%) | \$2,828,230 | \$1,531,955 | \$670,608 | \$5,030,794 | \$3,449,357 |

² The Sub-Grant and Support Costs funding was determined by multiplying the percentage represented by each category in the PCAP Cooperative Agreement “Summary by Objective” Budget (p. B.6) – see percentages by each line item in the “Activity” column of the table above.

Sub-grant Component

A multi-sector assessment (summary attached) will inform focus and direction of sub-grant process. Sub-grants will provide complementary interventions to activities initiated under the three primary program objectives. A selection process will be designed based on the multi-sector assessment. Evaluation criteria, in addition to technical factors, will prioritize applications to respond to opportunities as they emerge in Gaza. The recipient will implement two rounds of sub-grant awards. The RFA for the first round of proposals will be released by the end of month four and first awards made by the end of month five. The second RFA will be released by month 10 and the second round awards made by month 12. These grants will have a maximum period of 18 months. All sub-grants will close by month 35.

RFA for Sub-grant Program – Draft submitted on February 11, 2011. Program themes are (1) target groups – focus on women, young people and disabled; (2) Leverage Greater Impact – explain how activities will be coordinated with existing and/or previous programs; (3) Transition to Development – explain how program will transition from stabilization to sustainable development; (4) Scale – number of people impacted; and (5) Innovation – new approaches. There are seven focus areas for proposals: (1) Basic Services – Community Infrastructure; (2) Increased Food Security – Agriculture; (3) Short-term Work – Cash for Work; (4) Increase Employment – improved job skills for youth and adults and development of micro, small and medium enterprises; (5) Enhance Formal and Non-formal education for children and youth; (6) Promote recovery and resilience and encourage community engagement of all groups including women; (7) Promote improved health and nutrition status through community-based health and education and healthy behavior practices. Selection criteria – Technical Quality – 50%, Management Structure & Senior Staff – 30%, and Organizational Capacity & Past Experience – 20%.

Attachment - Multi-Sector Assessment - The principal findings in each sector: infrastructure, economic and social.

Infrastructure – Private Schools - (45 schools – 12,908 students) representing 3% of total students were assessed – structural damage, enrollment down 18%, lack of basic equipment. Water & Sanitation – severely damaged infrastructure with coastal aquifer over-extracted at twice the annual recharge rate, sanitation issues, community level interventions needed. Community, Youth and Women Centers – support needed for vulnerable segments of population, child-friendly space lacking. Health Clinics – significant portion of health sector served by NGO health clinics, support needed to private clinics, drugs and medical supplies in short supply. Housing – Severe shortage – only 2% of demolished houses from Cast Lead have been rebuilt – over 60,000 units needed in 2010 is worsening with growing population. Priorities: Housing, Health Clinics, Private Schools, Youth Centers, Water & Sanitation.

Economic – Loss of skilled workforce, lack of employment, limited vocational training, lack of relevance of university and other technical training compounded by very limited employment possibilities. Investment potential is extremely limited by conditions in Gaza. Survey of firms indicates priority needs are (1) training and marketing capacity building, (2) access to new markets (participation in local and international trade exhibits), (3) technical machinery/maintenance, infrastructure, and workforce development. ICT sector is unfocused but has potential – need strategic focus and support for market access. Agriculture is reverting to backyard/urban production, lack of incentive for investment, security policies impact agriculture sector. Fishing is limited to 3 nautical mile limit causing lower quantity and quality of catches and creating a situation of overharvesting young fish potentially impacting long term fishery development. Priorities: Workforce development activities (VTEP, SME and NGO training), SME support activities (technical assistance and training, SME incubator, expansion of MFIs), ICT sector support (build brand for Gaza, support existing ICT incubators, launch ICT-NGO diffusion initiative, facilitate entry of new equipment), Agriculture (improve productive capacity – greenhouse, irrigation and training, new market development), Support for fishermen to repair boats & equipment, skills training for business sector, and support for greater movement of goods and material in and out of Gaza.

Social – Lack of education facilities, supplies, instructional capacity resulting in low academic achievement and increased dropout rate, lack of capacity to address emotional problems among youth and caregivers, limits on nutrition – 61% of children anemic, increased infant mortality, lack of support for elderly and orphans. Increased level of tension, aggressive and violent behavior among children coupled with lack of psychological – social support programming. Children and women are vulnerable to domestic violence. Lack of counseling services and support for families and individuals. Priorities: Support education with after school tutoring, development interactive training and education programs, focus on high density, resource poor areas. Develop adolescent training linking to VTEP and job skills training. Design programs to help high achievers. Develop non-formal education programs. Strengthen the capacity of health personnel. Support health service and delivery. Pilot programs aimed at creating models to address anemia among children. Promote healthy eating habits, develop “at risk” after school programs, promote healthy eating habits, design psychological programs to “help the helpers” in developing effective counseling sessions, enhance coordination in the psychological/social efforts. Develop programs to protect children and women from domestic violence.

The Water Resource and Infrastructure Office believes that the assessment provided sufficient information to (1) confirm the validity of the PCAP approach in terms of the sectors and level of effort currently planned in infrastructure, economic and social activities, and (2) allow Mercy Corps to prioritize six areas of focus under the RFA process for the sub-grant component of PCAP (basic infrastructure, food security, job generation, non-formal education, community engagement, and health service).

Michael Maxey
Weekly Report - February 22 - 25, 2011
Palestinian Community Assistance Program (PCAP)
Water Resources & Infrastructure (WRI) Office - USAID West Bank Gaza

February 22 –

- USAID Gaza Coordination Meeting – PPD needs expenditure update for programs working in Gaza. Three of five municipalities that are under Palestinian Authority have been allowed by the de facto government in Gaza to continue under PA authority for another year (Al-Maghazi, Abasan Al-Mosaddar and Abasan Al-Jadida). Two municipalities (Wadi Gaza and Abasan Al-Kabira) will be reviewed in May 2011 for an extension decision. The status of another, Um Al-Nasr is unclear (need to check on this). Fuel supplies are ok, cooking gas is in short supply causing long delays, construction material is coming in through the tunnels – back to a normal level. PCAP update focused on coordination with other USAID programs as activities get underway.
- PCAP Meeting with RLA - Discussion of Community Infrastructure issues with RLA and Mercy Corps/CHF representatives. Consensus from meeting was that PCAP can work in Community Infrastructure with private entities in restricted municipalities as well as work in the unrestricted municipalities with local authorities. A proposal is due in the Mission by COB Feb. 28th to describe how PCAP will implement the Community Infrastructure program. See attached MemCon.

February 23 -

- Review of PCAP Pending Actions – See list in attached email
- Meeting with Agreement Officer to Review Pending Actions – Scheduled for 02/22/2011 at 11 pm

February 24 –

- Mission Feedback on RFA by PCAP Project Committee to Mercy Corps – Discussion held of pending issues for RFA moving forward.



USAID

FROM THE AMERICAN PEOPLE

USAID Programming in Gaza

Coordination Meeting - February 22, 2011
11th Floor Conference Room

Partial approval
Round 4
Humanitarian
Assistance

Bringing "USAID" stickers

Ask for PCAP expectations \$650,000

a. Commodities Movement

- New Approvals:
 - CEP Round V revised lists (Partial)
 - EJOBS/EWAS (5 projects)
 - IOCC revised list - Recovery project
 - ESAF IT & Office equipment

ESAF Equip Machine → Copy Machine → 3 Pallets

- Pending COGAT or Gaza CLA Approval
 - CEP Round V revised lists (Partial)
 - EJOBS/EWAS (2 projects)
 - US Consulate musical instruments
 - Sesame Street educational material

Musical instruments → Sesame Street → Fixed where waiting for books musical instruments 100,000/1.7/kg

b. Mission Discussions

- Update - Watsan Progress (Gaby)
- Update - PCAP (Mike)
- Update - Trucking arrangements at Kerem Shalom (Nidal, Fouad)
- Update - Egypt Impact (Firyal)
- Update - Project expenditures.

Firyal
Monitoring Visits
* Teacher Training
* Moot Court
* ARD Partner Meeting
* Round 5 Dismissal

Save the Children AAD

Municipalities
3 of 5 extended for 1 year

c. Upcoming Monitoring Visits

- Teacher training at Al Azhar University. PFDP
- Moot Court session at University of Palestine. PFDP
- ARD partners' meeting, CEP
- Food distribution. WFP/CHF
- Meeting with SCUS. ESAF

Feb 21
May 2011
2 expe in May - should be extended

d. Personnel Movement

- Firyal Snounu (Feb 23 & Feb 25)
- Yazidan Amawi (CARE - Feb 23 - Erez & Allenby)
- Rami & Reham Wiheidy (PCAP-Feb 22-24)
- EATEN - 4 individuals, exit Gaza, Feb 25-28
- Mercy Corps - (8 individuals, training in Turkey - via Erez & Allenby Feb 25)
- REEF - (6 individuals, exit Gaza, Feb 27)
- Jerusalem List entry Gaza (Pending security check)
- Foreigners to enter Gaza (2 for Mercy Corps pending)

at NASAT
Abasan
Kahbira

Um Al Nasser
ASK why this is not a 2006 Hamas asset

Firyal: 08-282-0388 or 059-925-6897
Sawsan: 050-531-7729

1 Approved

ojo
Fly out
About 41 UN NTR

* Gas ok
* Lacks for limited supply
* Construction (Supplies limited amount)

ASK SHAAR
600-650
this is normal

Michael Maxey
Weekly Report - February 28 – March 4, 2011
Palestinian Community Assistance Program (PCAP)
Water Resources & Infrastructure (WRI) Office - USAID West Bank Gaza

February 28 – March 1 – USAID West Bank Gaza Retreat – General discussion on mission management. Focus on WRI – one question was how to better inform WRI leadership and colleagues of PCAP activities and issues. Follow up in WRI to establish mechanism to keep Gary and Bassam informed of PCAP activities, issues, etc.. Photos of retreat general sessions, activities, side trips and party (spring near the hotel and Masada) - <https://picasaweb.google.com/maxeycoffee/DeadSeaRetreatMarch2011?feat=directlink>.

March 2 – Interagency Gaza Meeting - Accompanied Mission Director and PEO staff to inter-agency meeting in Jerusalem (with Mara). Focus was on Gaza trade and announcement of export of cherry tomatoes to a French company. Banking sector was discussed. Questions were raised on availability of wheat/flour and pharmaceuticals. Issues regarding Kerem Shalom (scanner, customs interface and conveyor belt), Karni (purchase and transfer of aggregate), Sufa (aggregate transfer) were discussed. Review of construction activities (Mission Director highlighted that construction had already started under EWAS). Discussion held on Hamas takeover of Palestine Investment Fund assets, construction material availability, and CHF housing program. Hamas pressure on implementers was also briefly discussed. There were no “actions” for PCAP follow-up.

March 3 – PCAP Project Implementation Committee Meeting –

- Issues Discussed - RFA for Sub-grants program was discussed and decisions taken on how to proceed (see attached MemCon). Implementation update was provided by Mercy Corps. Community Infrastructure proposal was discussed. Coordination was discussed and meetings are to be scheduled with PEO, Health and Education staff to coordinate on PCAP activities. Pending actions were reviewed – waivers, PMP, Gaza Needs Assessment and pending permits.
- Follow-up Actions – (1) RFA - Finalize Technical Letter to Mercy Corps providing guidance on development of RFA and requesting submission of final draft. Deadline: Letter to Mercy Corps by COB March 7, 2011, with final RFA draft to be submitted to USAID WB Gaza by March 11th. (2) Approved Activities Implementation - Mercy Corps is to proceed with implementation of 20 activities (\$6.7 million) and use blanket source/origin waiver for up to \$5 million on this first tranche of activities. Coordination meetings will be held with Private Enterprise, Health and Education Offices over the next month. (3) Community Infrastructure Proposal – AOTR will follow up with technical offices for feedback. Activities appear to be allowable under MO21 guidance but details are needed on implementation and compliance plans. (4) PMP & Gaza Needs Assessment – AOTR to provide feedback to PCAP on PMP final version, finalize IR Framework, and link the strategic focus provided by these mechanisms to the Gaza Needs Assessment.



USAID | WEST BANK/GAZA

Memorandum of Conversation

Date: March 4, 2011

Subject: PCAP Project Committee Meeting

Participants: Chi Floore and Sandy Sakran, OCM; Richard Hough and Nabil Handal, PPD; Amal Tannous, PEO; Gaby Abboud and Michael Maxey, WRI; Stu Willcuts, Rod Volway and Marina Antunovic, Mercy Corps.

The following issues were discussed. Decisions taken are noted under each subject area:

- RFA – Comments from the Mission to Mercy Corps – discussion of next steps in finalizing and releasing the RFA. Technical approval of final RFA will be provided (target date for technical approval of RFA is by March 11th). Principal decisions were (1) caps (40% for Infrastructure, 40% for Economic, and 20% for Social) will be used to guide funding of sub-grants – it was agreed that “up to language” would be used in the RFA, (2) competition will be open and not be limited to only international NGOs, (3) CHF and CRS will not participate in the sub-grant program since they will be part of the Technical Review Panel, (4) there will not be a limit on the number of proposals to be submitted by an individual organization. It was agreed that this process is to be managed by Mercy Corps with the Mission providing “final approval” of specific grants. Next Steps: AOTR Technical Letter to Mercy Corps by COB March 7th with submission of Mercy Corps of a revised and final RFA by March 11th.
- Update on Implementation – Discussion of activities, compliance issues, and status of implementation. Twenty activities have been approved. Mercy Corps will provide information on (i) status of implementation, (ii) planned near term accomplishments, (iii) issues and constraints, and (iv) actions or support needed from USAID WB Gaza. Follow up meeting was held with Mercy Corps. It was agreed that the Year One Implementation Plan Budget will be the guide in determining allocation and scheduling of investments. Mercy Corps was instructed to proceed with implementation using blanket source/origin waiver (\$5 million as needed). Next Steps: Review implementation status of 20 approved activities at next WRI/Mercy Corps meeting – Thursday, March 10, 2011.

- Community Infrastructure Proposal – Mercy Corps presented a Community Infrastructure proposal for working with five private entities in Gaza. We discussed the proposal, took questions from the Project Committee, and guidance was provided on finalizing the proposal and next steps in obtaining Front Office approval was discussed. Five activities were presented valued at \$375,000. Next Steps – Request feedback from technical offices and suggestions for additional activities since total budget is \$2 million is available for Community Infrastructure.
- Coordination – Discussed coordination of PCAP activities with other USAID Programs in Gaza. Request will be made for coordination meetings to be held over the next three weeks with Gaza implementers via Private Enterprise Office, Education Office and Health Office in coordination with PPD. Next Steps: Set up the coordination meetings.
- Pending Actions – Press release, waivers, PMP, etc. – Press release is on hold until we have further instruction from Front Office and PPD. AOTR will put waivers together and begin circulating for clearance and approval in the Mission next week. PMP – Tayseer and I have discussed the PMP and we are working on an Intermediate Results Framework which will be ready next week (by Thursday, March 10th) to discuss with Mercy Corps.

February 27 - March 05, 2011

Search Calendar (Ctrl)

| | 27 Sunday | 28 Monday | 1 Tuesday | 2 Wednesday | 3 Thursday | 4 Friday |
|------------------|-----------|------------------------------|------------------------------|------------------------------|---------------------------------|--|
| 8 am | | | | | | |
| 9 ⁰⁰ | | USAID West Bank Gaza Retreat | USAID West Bank Gaza Retreat | USAID West Bank Gaza Retreat | | PCAP Project Co 11th Floor Conf Maxey, Michael (|
| 10 ⁰⁰ | | | | | | |
| 11 ⁰⁰ | | | | | | |
| 12 pm | | | | | | |
| 1 ⁰⁰ | | | | | | |
| 2 ⁰⁰ | | | | | | |
| 3 ⁰⁰ | | | | | | |
| 4 ⁰⁰ | | | | | RFA - PCAP TBD Maxey, Michael (| |
| 5 ⁰⁰ | | | | | | |

Michael Maxey
Weekly Report - March 7 - 11, 2011
Palestinian Community Assistance Program (PCAP)
Water Resources & Infrastructure (WRI) Office - USAID West Bank Gaza

March 6 – Gaza Coordination Meeting, AOTR Technical Letter re RFA Sub-Grant Program and Reviewed Two Unsolicited Proposals – Reviewed pending actions for the week for PCAP with focus on finalizing RFA for Sub-Grants Program and getting feedback from technical offices on Community Infrastructure activities (copy of the Mercy Corps/CHF proposal was shared with Health and Humanitarian Assistance Office and Education Development Office). Coordination meetings scheduled with PEO, HHA and EDO. AOTR Technical Letter forwarded to Mercy Corps providing guidance for final RFA (copy attached). Two unsolicited proposals were reviewed per MO No. 9 and email update sent to PPD.

March 7– Review of PMP/Results Framework and Gaza Needs Assessment – Reviewed and made final comments on Performance Monitoring Plan. Discussed with Mercy Corps. Will submit to Tayseer to finalize on Monday, March 14th. Received final edited version of Gaza Needs Assessment. I am going through the document and assessing where there could be “development” gaps based on PCAP strategic focus, current USAID portfolio in Gaza, and Other Donor programs. See attached draft Results Framework for PCAP.

March 8 - Submission of FSN PCAP Activity Manager Hiring Package to HR - Forwarded FSN PCAP Activity Manager hiring package to HR. The Front Office has requested EXO to fast-track the hiring of the FSN PCAP Activity Manager.

March 7 - PCAP Project Implementation Committee Meeting and Scope of Work for Gaza Performance Monitoring Unit – Three actions were identified for Mercy Corps (1) finalization and submission of revised, final RFA for Sub-Grant Program, (2) re-submission of final COGAT list, and (3) submission of combined final Community Infrastructure proposal (with a total of 9 infrastructure activities). Five actions were identified for USAID (1) provide a vetting status update to Mercy Corps, (2) draft waivers – focus first on waiving agricultural items from the restricted, (3) finalize PMP, (4) review Needs Assessment and provide comments to USAID Front Office regarding impact of findings, (5) comments on Three Year Implementation Outline, and (6) provide MemCon on Waiver – using local authority without having it apply to the \$5 million level.

March 8 – European Donor Meeting, Waivers (Restricted Items & Origin), Scope of Work for PCAP Monitoring in Gaza and Final RFA for Sub-Grant Program – Attended ECHO (European led donors meeting). Preparing a draft scope of work for PCAP Monitoring in Gaza. Reviewed the final RFA draft and will prepare Technical Letter and discuss with PPD and OCM.



USAID | WEST BANK/GAZA

March 8, 2011

Mr. Stu Willcuts
Acting Chief of Party
Palestinian Community Assistance Program (PCAP)
Mercy Corps
Augusta Victoria, Mt. of Olives
P.O. Box 49263, Jerusalem 91491

Subject: Technical Comments re Draft RFA Sub-Grant Program
Cooperative Agreement No. 294-A-00-10-00210-00
Palestinian Community Assistance Program (PCAP)

Dear Mr. Willcuts:

Mercy Corps submitted a draft Request for Applications (RFA) for the Sub-Grant Program of PCAP to USAID West Bank Gaza on February 10, 2011. The Sub-Grant Program as described in the Program Description of the Cooperative Agreement will provide \$40 million in assistance to critical infrastructure, economic and social initiatives in Gaza. A Needs Assessment identified six priority areas: basic infrastructure, food security, job generation, non-formal education, community engagement, and health service.

The draft RFA was reviewed by the PCAP Implementation Committee resulting in the technical and programmatic recommendations listed below:

1. Funding Caps – Allocation of funding should generally follow the budget allocations under the PCAP Cooperative Agreement Illustrative Budget (p. B-6): 40% - infrastructure; 40% - economic recovery; and 20% - social recovery. It was agreed that in the final RFA “up to” language should be used (e.g., up to 40 percent of sub-grant resources will be provided for infrastructure in the RFA). However, the PCAP Project Implementation Committee concurred that the final determining factor in allocation of resources should be the quality of the proposals presented.
2. Open Competition – Competition should not be limited to international NGOs. Local NGOs that meet the requirements of the RFA and present competitive proposals should not be excluded from sub-grant award. Regarding competition, it was also discussed that NGOs should not be limited to only one proposal.
3. Primary Sub-Grantees Excluded – CHF and CRS, the primary sub-grantees to Mercy Corps under the PCAP Cooperative Agreement, should not participate in the sub-grant program since as part of the Technical Review Panel there could be a conflict of interest in assessing their own proposals for sub-grants.

4. Selection Criteria – The PCAP Implementation Committee noted the detailed level of selection criteria (10 technical, 4 management structure and senior staff, and 3 organizational capability and past performance). Mercy Corps should consider limiting the selection criteria to allow easier scoring of proposals.
5. Indicators - The Illustrative Indicators included in the RFA should be reviewed. For example, education indicators measure skill acquisition and thus need to be carefully considered. RFA indicator list should match final PCAP PMP.
6. Coordination – All three technical areas – private sector, education and health – are going to need careful coordination with existing programs funded by USAID and Other Donors. The Project Committee Technical Representatives recommended that Mercy Corps consider holding a “Bidders Conference” to clarify information in the RFA and ensure there is a clear focus on coordination in the proposals that are submitted.

These are the Mission comments regarding the draft RFA. These recommendations are provided as technical orientation to the procurement process you are charged to implement under the sub-grant mechanism. If there are questions or any concerns with these recommendations, please do not hesitate to contact me.

Sincerely,



Mr. Michael Maxey
AOTR, PCAP
USAID/West Bank and Gaza

**DRAFT
FOR
DISCUSSION
ONLY**

Vision: Stable, Capable and Positively Engaged Gaza in a Peaceful and Responsible Palestine .
Goal: Improve social, economic and basic services to promote recovery and economic development in Gaza.
Outcomes: (1) Improved access to and delivery of basic services. (2) Strengthened capacity of private sector. (3) Improved social conditions. (4) Development of “proof of concept” models that demonstrate cost effective, productive, and sustainable mechanisms and programs to increase business capacity, employment and competitiveness .
Indicators: 1.3, 2.1, 2.4.2, 3.2, 3.3

Gaza Development Context
Uncertain Political Environment
Constraints on Movement and Access
Interference by De Facto Government

Strategic Tools

Donor Coordination – Sector Clusters and information sharing mechanisms on development and humanitarian assistance to Gaza.

USAID Coordination – Gaza Partners Working Group and Coordination Mechanism.

PCAP & Other Program Models – Pilot programs to inform development process and provide “proof of concept” for wider adoption of infrastructure, economic and social initiatives.

Critical Assumptions: Political situation will be maintained and relative level of security will be maintained. Models developed under USAID activities will be adopted broadly within Gaza.

Risks to Program: Terrorist attacks from Gaza, provoke military incursion by Israel into Gaza and a general deterioration of security, basic services and economic conditions.

Intermediate Results

Intermediate Result 1 – Basic infrastructure and housing needs of Gazans improved.

Indicators:
Ind. 1.1: Community Infrastructure - # of schools, health clinics, community center, etc rehabilitated.
Ind. 1.2: Housing Availability – # of houses rehabilitated.
Ind. 1.3: Basics Services - Percentage of people reporting improved basic infrastructure in target communities.

Intermediate Result 2 – Economy recovery strengthened in Gaza by creation of income generation and business development opportunities.

Indicators:
Ind. 2.1: Agricultural Production – Percentage of targeted households that report an increase in food supply.
Ind. 2.2: Human Resources – Short term employment provided, interns trained & percentage of trainees demonstrating increased skills.
Ind. 2.3: Business Productive Capacity - # of firms equipped and trained.
Ind. 2.4: Business Development -2.4.1 # partnerships established, 2.4.2 # of professional associations with increased capacity, and 2.4.3 # of ICT jobs created.

Intermediate Result 3 – Social recovery strengthened in Gaza through tangible improvements in food security, education, health and psychosocial services.

Indicators:
Ind. 3.1: Education – # of children enrolled and showing improvement in Neighborhood After School Programs.
Ind. 3.2: Recovery & Resilience – Percentage of participating children that demonstrate increased resilience.
Ind. 3.3: Psycho-Social Support – Percentage of targeted children that demonstrate improved emotional well-being.
Ind. 3.4: Humanitarian Support –# of people benefitting.

Activity Types

- Technical Assistance
- Training
- Grants Program

- Technical Assistance
- Training
- Grants Program

- Technical Assistance
- Training
- Grants Program

Michael Maxey
Weekly Report - March 14 - 18, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

March 14 – Gaza Coordination Meeting & Briefing to Private Enterprise Office (PEO) – Discussed pending PCAP actions – focus on RFA for Sub-Grant Program. Shared a chart with a breakdown of all USAID funded programs operating in Gaza and discussed ways to coordinate PCAP activities with Tech Offices. Discussed briefings to Technical Offices this week in order to (1) provide an overview of PCAP, (2) summarize current status of implementation, and (3) determine ways to follow up on coordination. Provided briefing on PCAP and Sub-Grant Program to PEO – decision made to PCAP attend April 7th meeting of PEO Program COPs (Chiefs of Party). Based on this meeting, we will determine how best to have PCAP COP share information on activities in Gaza.

March 15– Briefing to Health and Humanitarian Assistance (HHA) & PCAP Executive Committee Meeting – Briefed HHA staff on PCAP implementation and Sub-Grant Program. We discussed potential impact of PCAP sub-grants on the Flagship Program sub-grants program in terms of potential for “competing” for same grantees in Gaza. A follow up discussion with HHA indicated that there was not an issue with the PCAP Sub-Grant program. We agreed to coordinate community health activities (for PCAP that primarily consists of coordination on Mercy Corps implemented psycho-social programs). PCAP Executive Committee met and discussed (1) community infrastructure program, (2) revised RFA for Sub-Grant Program, and (3) substantial involvement clauses. Community infrastructure proposal had funding issues – letter was sent to Mercy Corps asking for clarification. Revised RFA was approved (a track change version of RFA was sent to Committee members). It was agreed that under substantial involvement, the Mission would request to see all submitted proposals as well as those approved by Mercy Corps for Mission review and approval. Technical offices would be involved in this Mission review process (exact details for review process to be decided).

March 16 – Final Draft of PCAP Results Framework & Notification by Mercy Corps to USAID of a Change in Chief of Party – Final PCAP Results Framework drafted and forwarded to Mercy Corps. Mercy Corps is revising the PMP to follow outline of the Results Framework. Mercy Corps home office letter was received that requested a change in Chief of Party. GLASS processing of amendment to PCAP Cooperative Agreement “Key Personnel” is underway.

March 17 - PCAP Project Implementation Committee Meeting and Scope of Work for Gaza Performance Monitoring Unit – Prepared MemCon of meeting (see attached).

March 18 – Meeting with RLA re Compliance Plan by Mercy Corps and Sub-grantees with PCAP, ICT Coordination & RFA Issued for Sub-Grant Program – Met with RLA and reviewed pending PCAP activities (specifically discussed the intern program) for compliance issues. I will forward a Technical Guidance Letter to Mercy Corps regarding compliance discussion and RLA opinion on intern program. ICT Coordination was re-scheduled for next Friday. RFA is available at <http://www.mercycorps.org/pcaprfa>.

Michael Maxey
Weekly Report - March 21 - 25, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

March 21 – PCAP Accruals – Worked on accruals. January – March accrual amount is \$664,800. Total accruals as of March 31, 2011 are estimated at \$1,790,600.

Estimated Accruals for April through June 2011 were provided by Mercy Corps at \$3,918,781. Estimated Accruals for July through September are projected to be \$8,432,751.¹ The increase in expenditures in 4th quarter is expected as more PCAP activities get under way. It should be noted, even at this accelerated schedule, PCAP is currently projected to achieve only around one third of the projected expenditures for Year One (\$14,590,295 out of \$35,800,000). Expenditures could go up significantly if the \$14.7 million sub-grant program budgeted for this year gets underway.

March 22– Geo-MIS Training in Mission – Participated in a 6 hour training session on the Geo-MIS system and created template for monthly update on all direct program costs (from all the technical offices). The system allows a person to track activities by location, cost, and partner. The idea is to start tracking PCAP activities in relation to Technical Office activities in infrastructure, economic development, and social recovery.

March 23 – Forwarded Three New Proposed Activity Descriptions from Mercy Corps for PCAP to the Technical Office and PPD for Comment – E-Content Development – IR 2 Economic Recovery – \$284,339 - (March – September 2011) - program will design and launch a series of e-content development training courses to develop the capacity of 150 youth graduates and train 60 academics in e-learning techniques. Sport Based Youth Development – IR 3 Social Recovery – \$236,360 (March – September 2011) - program will use participatory games-based methodologies to teach youth leadership, communication skills, cooperation, and team-building skills. Career Counseling Resources – IR 2 Economic Recovery - \$53,616 (March – September 2011) – program will target 750 students (high school, university and TVET seniors) to provide career planning and job hunting skills with a focus on emerging ICT sector. Received good feedback and comments from Technical Offices and forwarded to Mercy Corps.

March 24 – Meetings in Mercy Corps Office Jerusalem to review PCAP Project Logistics and PMP – Fouad briefed on logistics procedures and discussed specific issues. The transportation company being contracted by Mercy Corps participated in the meeting. Tayseer and I discussed PMP with Mercy Corps staff. We are going to set aside time this Thursday to finalize the PMP from our side. We are looking at recent IG audit findings on indicators and making sure we agree on definitions and measuring systems. We discussed PCAP budget and came to agreement on a common format.

March 25 –RFA Issued for Sub-Grant Program – Bidders Conference Set for March 28th in Jerusalem – RFA process is underway with deadline for submission set for April 18th. Bidders Conference is set for Monday, March 28th at 11 am at the Ambassador Hotel.

¹ This amount was calculated by adding Mercy Corps support costs for the year (\$6,448,163) and the amount budgeted for 20 approved activities (\$8,142,132). Support costs and approved activities total \$14,590,295. I then subtracted the accrual totals for Sept 2010 – March 2011 (\$1,790,600) and the estimated accruals from April – June (\$3,918,781) from total amount. The difference was \$8,432,751. This is what is currently projected for accrued expenditures in the 4th quarter of FY 2011 under PCAP.

Michael Maxey
Weekly Report - March 28 – April 1, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

March 28 – PCAP RFA Bidders Conference – Good attendance (20 people or more) at the conference. Primarily international entities -- Save the Children, IRD, DAI, CARE, and Carana as well as others. There were queries on coordination, procurement, transportation and permits into Gaza, anti-terrorism regulations, vetting requirements, etc. All questions and responses will be posted to Mercy Corps RFA website by COB April 4, 2011 (<http://www.mercycorps.org/pcaprfa>). By Wednesday, April 5th, I will provide draft Technical Guidance Letter on USAID substantial involvement in Sub-Grant award process to OCM and PPD for their input before I forward to Mercy Corps.¹

March 29– Mercy Corps Staff (PCAP COP & Chief Financial Officer) Courtesy Call on Front Office & Introductions to PEO, EDO and HHA Tech Staff, and Follow up on Various PCAP Waiver Requests and Other Issues – Stu Willcuts, PCAP COP, and Steve Zimmerman, Mercy Corps CFO, made courtesy call on Front Office -- followed by quick calls on HHA (Lisa Baldwin), EDO (Mariella Ruiz Rodriguez), and PEO (John Carihfield). We also discussed Mercy Corps waiver requests. I agreed to put together a draft waiver for the most critical procurement (restricted agriculture commodities needed for CHF home garden program) and to discuss how to proceed with PPD and OCM.

March 30 – Filing Day and Meeting with Walter Miller, CONGEN Econ Officer – Worked on PCAP official files in order to meet audit requirements and signed statement that the files comply with minimum audit requirements. Nabil Handil and I briefed CONGEN Econ Officer Walter Miller on PCAP and described the program’s strategic focus and role in supporting “best practices” models in Gaza based on coordination with the Mission’s technical offices. Told him that final copy of the Gaza Needs Assessment was posted at <http://www.mercycorps.org/pcaprfa>.

March 31 – Meeting with PPD (Tayseer Edeas) re PMP and Meeting with Mercy Corps to Review PCAP Year One Budget and PMP – Good meeting with Tayseer on PCAP PMP. I will track change edits in the PMP and draft Technical Guidance Letter to Mercy Corps by COB Monday. We need to clarify some outstanding issues and I also need to understand better how Mercy Corps is going to implement the PMP.

April 1 – Gaza Economic Development Strategy Brown Bag and ICT Coordination – Good sessions with PEO, EDO and HHA on economic issues impacting Gaza. Very good information sharing. Next step will be COPs Meeting hosted by PEO next Thursday. PCAP COP will participate. Also had a good discussion on ICT coordination, Ghassan led the session and will write up notes and guide next steps needed on ICT coordination. One key activity is to develop strategic framework for USAID supported activities in the ICT sector.

¹ Discussions to date indicate there is consensus that Mercy Corps provide (1) list of recommended grant awards with copy of proposal, (2) list of proposals that were not selected with copy of the proposals, and (3) narrative of how awards were decided (that could include consolidated score sheets, selection committee discussion summary, etc.). Mission will have opportunity ask questions and provide final concurrence (or not) on the final sub-grant awards.

Michael Maxey
Weekly Report - April 3 – 8, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

April 4 – PCAP Weekly Update – Reviewed weekly update. Mercy Corps is asking for feedback on the format and I am preparing a response. The PCAP Weekly Updates submitted by Mercy Corps are on the P drive at P/Public/PCAP/Weekly Update/Mercy Corps Weekly Update.

April 5 – Ineligible Commodities – RLA and OCM provided guidance waiver of “restricted” items and ineligible commodities. Review with RLA and OCM indicated that no “restricted” items waiver is required. Decision was to request consolidated list of commodities required to implement agricultural activities in Gaza. Letter summarizing total needs was by presented by Mercy Corps on April 5th. Waiver for approval by Mission Director of ineligible commodities will be prepared and circulated for clearance. Mercy Corps is proceeding with procurement of rabbits, feed and seeds. Poultry and live plants (seedlings) should be cleared for procurement this week.

April 6 – Finalization of PMP – Met with Tayseer Edeas and went over PMP. We identified final edits that were needed. I made these edits and prepared a Technical Guidance Letter with the edited copy of the PMP attached. The letter provides approval of the PMP based on this final edited copy. A copy of the final PMP will be placed on the P drive at P/Public/PCAP/PMP.

April 7 – Activity Approvals – Mercy Corps has submitted activity proposals for three activities plus a revised plan for community infrastructure activities. These proposals were discussed with technical offices and PPD. The issues related to community infrastructure have been resolved (essentially, CHF will work with private entities and not with municipalities).

April 8 –

- Meeting of PEO Chiefs of Party with Focus on Gaza - The purpose of the meeting was to (1) share information and start discussions on how to better identify key economic development opportunities in Palestine (especially in Gaza), (2) seek ways to work together to take advantage of high potential opportunities, and (3) bring all aspects of USG involvement to bear (technical and diplomatic) to spur the types of changes needed to promote economic development. PEO Director John Crihfield highlighted the importance of coordination on activities in Gaza. MemCon of the meeting is on the P drive at P/Public/PCAP/Economic.
- Technical Guidance Letter to Mercy Corps on USAID Involvement in Sub-Grant Approval – Letter is drafted – basically informs Mercy Corps that USAID wants a summary of the process that includes a list of all proposals submitted with a ranking of proposals for award of sub-grants. Each proposal should have a short summary explaining why it was or was not selected. Mercy Corps will be asked to provide complete copies of the proposals. There will be a Mission technical and programmatic review of the sub-grant process and concurrence on final awards.

PCAP Weekly Report

May 30 – June 3, 2011

Michael Maxey & Mariella Ruiz Rodriguez

Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

May 31 – June 1 – Finalized AOTR Letter to Mercy Corps Regarding the Sub-Grant Program – Letter was finalized and cleared by OCM and PPD. Focus was on clearly articulating how the first round would be conducted (\$15 million total funding for activities with a 5-/50 split between economic growth and social recovery activities). OCM indicated that there should be flexibility in coming to agreement on USAID concurrence of the final sub-grant agreements that would be presented by Mercy Corps to the Mission. It is Mercy Corps' understanding that they are going to present final sub-grant agreements for concurrence. PCAP COP asked for feedback on how to move forward in finalizing the agreements. This is an issue we agreed to discuss with Mercy Corps when they have their comments and questions regarding our letter to them. Mariella and I are meeting with Mercy Corps on Monday, June 6th, and we hope to get their preliminary comments.

June 2 – Environmental Assessment PCAP Activities – Reviewed pending environmental documentation forms for four PCAP programs that have a combined value of \$6 million. These activities cannot proceed without an approval of the environmental assessment. We defined the issues and held a meeting with Mercy Corps, CHF and CRS. A memorandum was prepared responding to the questions from Mission Environmental Officer. Follow up meeting with partners and Mission staff scheduled for Monday, June 6th.

June 3 – PCAP Implementation – Authorization for ineligible items and origin waiver was approved by Mission Director and letter issued by OCM to Mercy Corps authorizing procurement of seedlings. Implementation meeting held with Mercy Corps, CHF and CRS. We identified “drop dead” issues related to program implementation. Mercy Corps followed up the meeting with a list of their highest priority actions needed from USAID. Mariella and I will follow up on next week. A critical issue is getting eligibility and origin waiver for non-food humanitarian assistance before June 15th (that is the date that the current CRS tender for procurement of these materials expires). Mission Support – Mariella cited the need for additional support for vetting and approval was given for more support to the unit starting next week. WRI Intern – Saras Windecker, met with PCAP partners and discussed Gaza water issues. Partners were able to provide “on the ground” reality check on the information that Saras is getting. The partners were invited to her brown bag luncheon presentation on water issues and potential impact on social and economic development.

◀ ▶ May 29 - June 04, 2011

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| 10 ⁰⁰ | | | Gaza Strategy M Conference Roo Leis, Katie (WB | | | WRI St 11 floo Amer, |
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| 12 pm | | | | | | |
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Michael Maxey
Weekly Report – May 9 – 13, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

May 9 – Gaza Weekly Meeting – PCAP has two pending COGAT approval requests. Gaby Abboud reported on sub-grant review process for PCAP. Regarding personnel, there is a pending request for three foreign passport holders to Gaza (six month permits).

May 11 – PCAP Activity Proposal - Reviewed PCAP proposal from CHF for Engineering Training – 160 individuals to be trained in 8 courses over 2 year period. Total cost is \$236,182. I sent a request for additional information on costs. With \$1,500 per person training cost, I asked for some breakdown of how the total cost was estimated. Mercy Corps replied the training was included in the Year One Implementation Plan. I will follow up. PCAP Expenditures – Total expenditures through April 30, 2011 by PCAP are estimated to be \$2,334,460 (Mercy Corps email dated May 12, 2011). Given that we are well into the 3rd quarter and total Year One budget is \$35.8 million, we need to focus on whatever implementation constraints are limiting program expenditures.

May 12 – PCAP – USAID Implementation Meeting – Primary focus of meeting was on sub-grant process. Previous guidance to Mercy Corps was that USAID Substantial Involvement will include the following actions: (1) Mercy Corps will provide USAID a list of all proposals submitted with a ranking of proposals for award of sub-grants; (2) Each proposal should have a short summary explaining why it was or was not selected; and (3) Mercy Corps will provide USAID with access to complete copies of the proposals. Mission also requested additional information on the sub-grant proposals and that issue was discussed. Mercy Corps indicated they would respond to May 6th letter from USAID requesting clarification of CBO previous experience with USAID and defining activities (geographic location, amount of investment and type of activity).

May 13 –

- Meeting with PPD – Met and reviewed pending actions and major issues: Sub-Grant Program Issues - How to proceed in providing concurrence on the sub-grant proposals reviewed, ranked and presented by Mercy Corps to USAID – what are the internal decisions that need to be made (2 tranches or 1 and allocation of budget – 40/40/20). Technical Office input is being put together (Mariella). Programmatic/Policy review is being done by PPD. Discussion needed with Front Office for guidance on what is acceptable in terms of overhead/program ratio, continuation of existing programs under CEP, and beneficiary issues. Implementation Issues – Need review of implementation status – actual implementation vs planned, expenditure levels, constraints, issues. Political Issue – Latin Patriarch Activity – Potential Front Office issue – need to alert Front Office of issue and current status.
- Embassy Gaza Working Group – Meeting held at Embassy to coordinate USG activities in Gaza. Meeting agenda is attached. Discussion focused on how to support private sector development in Gaza (increased trade, greater access to credit, etc.) USAID is tasked with providing a summary of our activities in Gaza.

Gaza Working Group
May 13, 2011
Agenda

- Opening Remarks from Host and Co-chair (Burnett)
- Remarks from Chair (Marchese)
- Brief Review of Reconciliation Agreement and GOI reaction/political reality check (ConGen/Emb)

Issue: For all agenda items, we will need to discuss how, when and whether to proceed with current programs/future programs/proposed advocacy in the current environment.

- Present 1-pagers of USAID and ConGen-PD Gaza activities/programs (ConGen/USAID)
 - *follow-up from 3/24 meeting*
- Crossings
 - Update on Kerem Shalom, Sufa and Rafah (including implications of opening)
 - Cost structure at Kerem Shalom (ConGen/USAID)
 - *follow-up from 3/24 meeting*
 - Update on USAID proposal to help import machinery for Gazan firms
 - *follow-up from 3/24 meeting*
- Gaza Exports/Sales
 - Gaza-to-West Bank sales
 - PA purchases of Gaza goods
 - private-to-private trade
 - Exports abroad
 - Gaza-to-Israel sales
- Gaza imports
 - Expanding imports
 - Entry of construction materials – UN self-help plan, etc.
- Correspondent Banking and Trade Finance
 - Advocating reestablishment of correspondent banking in banking sector vs. Bank of Israel
 - Expanding credit for Gaza businesses
 - Update on UNRWA-PMA Cash Shipments for UNRWA salaries
- Movement of people between Gaza and West Bank
 - A-PLUS program
 - Escort policy
- Public Outreach/Messaging to Gazans
 - High level/working level (including participation of Gazans in events/meetings)

Michael Maxey
Weekly Report – May 16 – 20, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

May 16 – Gaza Weekly Meeting – Gaza expenditure update from PCAP -- \$2.3 million spent to date, primarily for “program management costs.” COGAT requests by Mercy Corps for permits (3 foreign passport holders to travel to Gaza) still pending. Meeting with Front Office – Discussed pending issues: (1) sub-grant concurrence process (guidance provided on number of tranches – we will have 2 RFA rounds as indicated in the Cooperative Grant Agreement – and budget allocation – we will make an effort to provide support to infrastructure recovery up to the 40% level indicated in the Cooperative Agreement budget); and (2) implementation status – highlighted lack of PCAP implementation progress to date and discussed actions to assess constraints and recommend actions to improve program execution.

May 18 – PCAP Sub-Grant Proposal Review Meeting - Mariella, Nabil and I met to go over thirteen proposals submitted by Mercy Corps for potential sub-grant award. We reviewed comments for technical offices and policy/programmatic concerns. Nine of the thirteen proposals are acceptable for funding. Agreement was reached on draft “input” for technical guidance letter to Mercy Corps subject to feedback from PPD and Front Office.

May 19 – Met with PPD (Richard Hough and Kimberlee Bell) and agreed that:
(1) Require two RFA tranches with the first being \$15 million (\$20 million?) and the second at \$25 million; (2) Provide an equal amount of funding (50/50) split between economic growth and social recovery components (because no viable infrastructure sub-grant proposals were submitted); (3) Provide a list of technical/program comments on each sub-grant proposal as part of Mission “input” to Mercy Corps without a ranking; (4) Provide a strategic framework for the approach and justify program investments; (5) Provide an analysis of program management costs and not submit sub-grant proposals that have excessively high program management expense costs. Meeting is scheduled with the Front Office for Monday, May 23rd, to go over status of sub-grant review and discuss next steps.

May 20 – PCAP Implementation Meeting – We met with Mercy Corps staff and reviewed implementation actions to date and identified constraints (pending COGAT requests, USAID waivers, MO21 compliance requirement, etc.). There has been action but it is not yet reflected in expenditures or PCAP reporting. USAID will go over each action required for implementation to move forward. Weekly report from Mercy Corps will be change to a bi-weekly report and input will be provided on what the Mission wants to see in that report. The next implementation review meeting is scheduled for Friday, May 27th at 1:30 pm. Meeting on procurement issues is scheduled for Monday, May 23rd at 3:30 pm – status of pending waivers and computer equipment approvals.

Michael Maxey – Agenda for May 16 – 20, 2011

| May 16 - 20, 2011 | | | | | | Search Calendar (Ctrl+E) 🔍 |
|-------------------|---|--------------------------|--|--|--|----------------------------|
| | 16 Monday | 17 Tuesday | 18 Wednesday | 19 Thursday | 20 Friday | |
| 8 am | | | | | | |
| 9:00 | | | | PCAP Sub-Grant Program 11th Floor Conference Room Maxey, Michael (WBGAZ) | | |
| 10:00 | Gaza Strategy Meeting 11th Floor Conference R Leis, Katie (WBGZA/F) | | | | | |
| 11:00 | | RLA Meeting - Waiver | | | | |
| 12 pm | | Gym Orientation; 10th Fl | | | | |
| 1:00 | | | PCAP Sub-Grant Review - 12:30 to 2:00 pm 11th floor conference room Maxey, Michael (WBGAZ) | | PCAP Meeting - Mercy (11th floor conference ro Maxey, Michael (WBGAZ) | |
| 2:00 | | | | PCAP Sub-Grant Meetin 11th floor conf. room Noursi, Christina (WBGAZ) | Weekly Mission Meet | |
| 3:00 | PCAP Subgrant Technica | | | | Weekly Gaza Update | |
| 4:00 | Weekly Gaza Update v | | | | | |
| 5:00 | | | | | | |

Michael Maxey
Weekly Report – May 23 – 27, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

May 23 – Gaza Weekly Meeting – Discussed two PCAP pending actions that are being coordinated with PPD: (1) Hiring of PCAP FSN Activity Manager (I checked with EXO and target date for bring someone on board is September – I’ll continue checking with EXO on status); and (2) Contracting of Evaluation Team for Gaza (PCAP and other activities) – PPD indicated my earlier SOW had been circulated to Technical Offices and was now being put into final (idea is to have evaluation team on the ground in Gaza that follows up on specific evaluation plans for PCAP and other programs). Meeting with Front Office – Update on PCAP sub-grant review process and discussed need to contain program management costs on sub-grants.

May 24 – Mercy Corps Presentation on Sub-Grant Program – Mercy Corps responded to the Mission’s request for information on the number of Community Based Organizations (CBOs), their capacity and experience with USAID in Gaza, and strategic focus of sub-grant activities (vis a vis direct activities being implemented by Mercy, CRS and CHF). (1) questions were sent to nine applicants that were deemed to have competitive proposals; (2) information was analyzed and mapped; and (3) findings were presented to USAID. Five of the nine entities do not plan to directly sub-grant to CBOs. Three applicants are granting to CBOs that have USAID experience. One entity will train a CBO to increase capacity and then use it in the program. Potential partnerships were identified and then analyzed. Mercy Corps presented a ranking of the applicants. AOTR informed Mercy Corps of Mission decision to (1) limit first round of sub-grants to \$15 million (total aggregate amount of “contracted” sub-grants), (2) have a 50/50 split in the funding of sub-grants in economic growth and social recovery, and (3) Mission is concerned with excessive management costs. Mission agreed to have written comments back to Mercy Corps on sub-grant proposals by COB, Thursday, May 26, 2011. We have a draft response that is circulating for clearances.

May 25 – WRI Intern – Saras Windecker, Masters Degree candidate in Environmental Sciences at University of Pennsylvania, is with WRI for one month. Saras will review PCAP and context for its work in Gaza with a focus on natural resource constraints. She will focus primarily on water issues and prepare an internal Brown Bag Luncheon presentation on water issues and potential impact on social and economic development. See attached work objectives.

May 27 – PCAP Implementation Meeting – Mariella and I met with Mercy Corps staff to go over implementation status of activities, constraints and pending actions. We reviewed 12 pending items with USAID action completed or near completion on 5 of them. See attached email detailing USAID actions. Major items still pending: (1) COGAT approvals on ag commodities and construction material with boat repair material request still pending to be sent by PPD to COGAT; (2) vetting issues for internship program was clarified; (3) final action identified on environmental screenings requirement discussed; (4) decision made on how to proceed with ineligible item requirements.; and (5) community infrastructure approval pending for Latin Patriarch (issue is with PPD and RLA) – AOTR to follow up with them.

Saras Mei Windecker
USAID Intern – Water Resources and Infrastructure Office

Work Objectives

General Objective

- Understand USAID West Bank/Gaza - Become familiar with USAID WBG's strategic and programmatic focus and the activities it is implementing in economic development, health, education and water resources/infrastructure. Understand how USAID WBG fits into US Foreign Assistance programming and strategy. Become familiar with the Water Resources and Infrastructure (WRI) portfolio especially as to how it relates to environmental, water resource and post-conflict stabilization activities.

Specific Objectives

Palestinian Community Assistance Program (PCAP)

- Review PCAP Documentation – Review and summarize key documents including: (1) Year One Implementation Plan – read the document, prepare one page summary of each component (3 pages), and (2) Performance Management Plan – Compare final document presented by Mercy Corps with track change edits recommended by Tayseer and me – where possible, Identify what has been changed or where there is a discrepancy in what we recommended and what is in the final Mercy Corps document.
- Review of Literature & Summarize Results – Online review of literature for social and economic development activities in post conflict situation. Prepare a listing of key documents and where possible prepare short summary of findings. Draft a literature search request for USAID Knowledge Services Center on post conflict development programs that might provide insight on Gaza program – what's most effective, what to avoid , etc. Summarize best practices. Focus on natural resource issue that is applicable to situation in Gaza and analyze scope of problem, potential actions to resolve or mitigate problem, and prepare a short strategy paper on how the problem could be addressed. We have a follow up implementation meeting in Jerusalem scheduled for next Friday with Mercy Corps, CHF and CRS.

Michael Maxey – Agenda for May 23 – 27, 2011

| May 23 - 27, 2011 | | Search Calendar (Ctrl+E)  | | | | |
|-------------------|---|--|--------------|-------------|-----------------------|--|
| | 23 Monday | 24 Tuesday | 25 Wednesday | 26 Thursday | 27 Friday | |
| 8 am | | | | | | |
| 9 ⁰⁰ | | PCAP - Mercy Corps Briefing on Sub-Grant Proposals 11th floor conference ro Maxey, Michael (WBGA @) | | | | |
| 10 ⁰⁰ | Gaza Strategy Meeting 11th Floor Conference R Leis, Katie (WBGZA/F @) | | | | | |
| 11 ⁰⁰ | | | | | | |
| 12 pm | | | | | | |
| 1 ⁰⁰ | | | | | PCAP Implementation R | |
| 2 ⁰⁰ | | Discuss PCAP COGAT Pe | | | Weekly Mission Meet @ | |
| 3 ⁰⁰ | COGAT/CLA Reporting F PCAP Procurement Upd. | | | | Weekly Gaza Update @ | |
| 4 ⁰⁰ | PCAP meeting; 11th Flo | | | | | |
| 5 ⁰⁰ | | | | | | |

Maxey, Michael (WBGZA/WRI)

From: Maxey, Michael (WBGZA/WRI)
Sent: Thursday, May 26, 2011 7:08 PM
To: 'Stuart Willcuts'
Cc: Ruiz-Rodriguez, Mariella (WBGZA/EDO); Rod Volway (rvolway@ps.mercycorps.org); Bell, Kimberlee (WBGZA/PPD); Marina Antunovic (mantunovic@field.mercycorps.org); Pamela Slater (pslater@ps.mercycorps.org); Salman, Fouad (WBGZA/CO); Hough, Richard (WBGZA/PPD); Sakran, Sandy (WBGZA/CO); Floore, Chitahka (WBGZA \OCM)
Subject: PCAP Pending Actions - 05 26 2011
Attachments: PCAP Pending Items 2011 05 26.pdf; Email MMaxey to SWillcuts Environmental Screening Reports.pdf; PCAP Activity Tracker - Update 05-26.pdf; Email to PPD re PCAP Info on Internet.pdf; Email WBG Vetting to MMaxey re Abasan Al Kabeera Municipal Clearance.pdf; Email fm OCM to MMaxey re Bonding Policy 05 17 2011.pdf

Stu,

I just wanted to go over the PCAP Pending Items list before our meeting tomorrow. Here is my assessment of where we are on each item.

COGAT Approval for CHF Housing and Agriculture Supplies – Mission is tracking these requests with COGAT. I have asked Nabil for an update. One issue that was mentioned by Fouad Salman was the need to synchronize COGAT approval with your readiness to ship supplies into Gaza. An example of a disconnect on procurement timing and COGAT approval is the ICT equipment. COGAT approval has come through but the ICT equipment will not be ready to ship until 3 or 4 weeks from now. We will keep tracking this – Kimberlee had been following up and when she is back this is something that we can more proactively engage with the powers that be.

PMP – I consider the document in final. Tayseer has questions about (1) the targets for OP indicators, (2) Person days of employment, and (3) And the training participants. We are meeting tomorrow at 9 am with Dinesh and Rod to go over the final draft. Unless, Tayseer has major issues, I am ready to issue an AOTR letter concurring with the PMP.

Approval of Ineligible Commodities – CHF Agriculture – The only ineligible commodity under the CHF agriculture activity is seedlings (which represents around 7% of the total value of the program). In the attached PCAP Ongoing Activities Tracker, you indicated there were three things holding up the agriculture program (1) Approval of Ineligible Commodities, (2) COGAT Request (for pumps), and IEE or more appropriate, the Environment Screening Report. As I said above, I have asked for an update from PPD on COGAT requests, a memorandum for the Mission Director to approve the seedlings should be completed soon (Mariella will give an update at our Implementation Meeting at 1:30 tomorrow). I sent you Anan Masri's comments on the Environment Screening Report. I responded to Anan's questions, let's go over his comments tomorrow and determine if anything else is required other than responding to his specific questions.

COGAT Approval for Mercy Corps – Boat Repairs – This request has not been sent forward yet. I will ask PPD when the request will be sent to COGAT. There was a strategic approach in that the Mission didn't want to complicate simpler requests by combining them with the boat repair issue.

COGAT Approval for Mercy Corps – Construction Material – Is this separate from the general construction material list submitted previously under CHF? We need to follow up on this.

PCAP Weekly Report

May 30 – June 3, 2011

Michael Maxey & Mariella Ruiz Rodriguez

Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

May 31 – June 1 – Finalized AOTR Letter to Mercy Corps Regarding the Sub-Grant Program – Letter was finalized and cleared by OCM and PPD. Focus was on clearly articulating how the first round would be conducted (\$15 million total funding for activities with a 5-/50 split between economic growth and social recovery activities). OCM indicated that there should be flexibility in coming to agreement on USAID concurrence of the final sub-grant agreements that would be presented by Mercy Corps to the Mission. It is Mercy Corps' understanding that they are going to present final sub-grant agreements for concurrence. PCAP COP asked for feedback on how to move forward in finalizing the agreements. This is an issue we agreed to discuss with Mercy Corps when they have their comments and questions regarding our letter to them. Mariella and I are meeting with Mercy Corps on Monday, June 6th, and we hope to get their preliminary comments.

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PCAP Weekly Report

June 6 – June 10, 2011

Michael Maxey, Mariella Ruiz Rodriguez & Carol Amer

Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

June 6 – Environmental Documentation Approval – Met with Mercy Corps, CHF and CRS to finalize environmental assessments required under PCAP’s Initial Environmental Evaluation for moderate risk activities. Follow up meeting held with Mission Environmental Officer. Pending environmental documentation was approved.¹

June 7 – Ineligible Item Approval and Origin Waiver – Mariella put together a comprehensive and well-crafted Action Memorandum for the approval of Non-Food Item (NFI) humanitarian assistance. The document also included a waiver of origin to Code 935 for certain classes of NFI items that were identified as high priority (based on a CRS survey of female headed households and homes with disabled persons). The documentation for the approval of eligibility and waiver of origin is circulating (currently with the RLA in USAID Jordan). As indicated in the implementation report from Mercy Corps, this is a critical action in moving forward an important component of the program.

June 9 –

- Data Quality Analysis – Meeting was held with Mercy Corps, CHF and CRS and Mission staff (PCAP AOTR, Tayseer Edeas, Mission M&E Officer, and Carol Amer, WRI Project Assistance Assistant) to discuss PCAP data quality analysis. The implementers described how they are ensuring data validity, reliability, precision, timeliness and integrity. A Memo to the File was drafted and shared with participants. A follow up DQA meeting is scheduled for early July. Carol and Tayseer will meet with Mercy Corps on June 22nd to review their compliance with GeoMIS reporting requirements.
- Water Issues – Met with ANERA to discuss Gaza water issues. Excellent information on water constraints in West Bank and Gaza. Saras Windecker is putting water information and issues list together for her Brown Bag Luncheon presentation on Friday, June 17th at 12:30 to 1:30 pm - 11th floor conference room.

June 10 –

- Implementation Update – Mercy Corps submitted a bi-weekly project implementation update last week. A copy of their report and a summary of pending USAID actions was drafted (see P:Public/PCAP/Implementation).
- Upcoming Annual Leave – AOTR will be on annual leave from June 14 – 29. Acting AOTR for PCAP will be Mariella Ruiz-Rodriguez. I will be back in the office on June 30th.

¹ (1) CHF – Animal Production (Chickens and Rabbits) for 1,000 Beneficiaries; (2) CHF - Refurbishment of 400 Homes (includes repair of damaged walls, plumbing installation, electrical rehabilitation, painting and etc.); (3) CHF - Home Gardens for 1,000 Beneficiaries; and (4) Mercy Corps - Cash for Work (greenhouse renovation, trash removal, light renovation of community based organizations, etc.).

June 05 - 11, 2011

Search Calendar (Ctrl+E)

| | 5 Sunday | 6 Monday | 7 Tuesday | 8 Wednesday | 9 Thursday | 10 Friday | 11 | |
|------------------|----------|--------------------------------|---|-------------|------------|---|---|--|
| | | | | Holiday | | | | |
| 8 am | | | | Holiday | | | | |
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| 11 ⁰⁰ | | | Mercy Corps - CI TBD Maxey, Michael (| | | | | |
| 12 pm | | | | | | | | |
| 1 ⁰⁰ | | | | | | Meeting with Al ANERA OFFICE - Amer, Carol (WB) | | |
| 2 ⁰⁰ | | | | | | Meeting to discuss PCAP DQA and PMP Mercy Corps _ Jerusalem Amer, Carol (WB) | Weekly Missi ↻ | |
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| 5 ⁰⁰ | | | | | | | | |

Michael Maxey
Weekly Report – July 5 - 8, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

July 5 – COGAT Approvals and PCAP Logistics - Eight COGAT approvals are in place for PCAP representing in excess of 5,000 metric tons of materials to be moved into Gaza. Logistics planning was discussed with Mercy Corps. Fouad Salman described the next steps in putting a logistics system in place that meeting COGAT requirements. A meeting is scheduled for Tuesday, July 12th, between Fouad, Mercy Corps staff and their shipping company to go over the specific requirements for the logistics system. A second meeting will be held the week of July 18th at Erez Crossing to go over the requirements at the crossing.

July 6 – Review of Sub-Award Template – I reviewed the Mercy Corps Sub-Award template and responded in writing with several comments. The most significant issue raised was the maximum length of time for an award during the first round – the PCAP Cooperative Agreement text set that limit to 18 months with the stipulation that all sub-awards had to be finished within two months of the end of the grant period. In a meeting with Office of Contract Management, we clarified that the key issue was finishing the sub-awards with sufficient time prior to the end of the grant agreement to allow close out of all activities. Mercy Corps indicated they will be submitting the first round of \$15 million in negotiated sub-awards the week of July 11th for USAID concurrence.

July 7 – PCAP Implementation Meeting – Met with PCAP Chief of Party, Stu Willcuts, and his staff to discuss pending implementation issues. There was a discussion to clarify clauses included in Modification No.1 – everything was worked out and Mercy Corps has now submitted a signed Mod. No.1. The 18 month maximum for sub-awards was changed to allow more time if needed provided that the overall sub-award period ends one to two months prior to the end of PCAP grant. Regarding sub-awards, Mercy Corps asked for guidance on whether activities under these third tier grants had to be approved on an individual basis. OCM indicated they would look at the PCAP Cooperative Agreement and provide an answer. Mercy Corps presented a “bonding policy” for construction activities over \$100,000 – OCM will review and respond. Expenditures were discussed and Mercy Corps indicated they are on target to hit the \$12 million projection in cumulative expenditures by 9/30/2011 (this is one third of planned expenditures within the first year of implementation but Mercy Corps has projections of reaching more than \$60 million in expenditures by the end of CY 2012 – this means that \$40 million will have to be expended within the last 9 months of PCAP.)

July 8 – Misc. Items – (1) Approval Memo for Ineligible Commodities has been cleared by RLA, revised copy will be forwarded to A/DMD Gelband on Monday, July 11, 2011. (2) CEP II Briefing – Attended de-brief, plan to follow up with DG on lessons learned, evaluation methodology and logistics strategies. (3) Staff Support - Paul Vaca and Hannah Goldberger will be working with PCAP starting July 11th. Paul will be focused on (1) performance monitoring and data quality of PCAP activities and outputs, (2) narrative description of PCAP in terms of development change theory, and (3) logistics planning and oversight. Hannah will be focused on vetting issues related to PCAP including assessing in-house systems to confirm compliance with MO 21 requirements.

Michael Maxey
Weekly Report – July 11 - 15, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

July 11 – Ineligible Commodities - Approval of Ineligible Commodities Memorandum was signed by Mission Director. We now have a broad range of products that are declared eligible for procurement. Initial procurement will start under \$5 million blanket waiver for Geographic Code but next step is to map out waiver of origin requirements to allow more local procurement in Gaza, West Bank and Israel. Request sent to Mercy Corps for market analysis and submission of waiver request.

July 12 – Vetting - Met with Vetting Unit, received update on vetting procedures and discussed role of Summer Hire Hannah Goldberger in updating PCAP Vetting Files. She completed review of vetting files, identified missing email notifications (only notifications are required as a hard copy record in the file), and insured files were updated. Mercy Corps will provide complete list of notifications on vetting (eligible, ineligible and vetting not required). With that list, we will cross check PCAP files to make sure we have a complete record. Meeting is scheduled with Mercy Corps.

July 13 – RFA Round One Sub-Awards – Mercy Corps provided a copy of their selection and final negotiation of sub-awards with five entities for \$15 million. A review of the documents indicated a need for clarification on how Mercy Corps responded to issues raised in the AOTR letter of June 2nd concurring on Mercy Corps moving forward on final negotiated sub-awards. Primary concerns were on excessive program management costs and technical issues. An AOTR letter was forwarded to Mercy Corps on July 13th asking for more information on how USAID issues were addressed. I followed up with Mercy Corps later this week – response should be to Mission soon.

July 14 –

- Data Quality Assessment Validation – Followed up on DQA validation actions with Mercy Corps citing the actions required after our meeting in June – review of data collection and monitoring mechanisms to assess effectiveness and lack of bias. A meeting is scheduled next Thursday, July 21, to go over the documentation submitted to USAID. We will also assess adequacy of baseline data. Paul Vaca, PPD, is assisting in the review of this activity in coordination with Tayseer Edeas.
- Environmental Documentation CRS – Reviewed three environmental summaries from CRS for building renovation under CRS Cash for Work programs – one agricultural cooperative building and two kindergartens. Mission Environmental Officer approved the documentation and CRS will proceed with the renovations.

July 15 – Pending Actions – Approval of Latin Patriarch – Follow up with PPD on moving forward on Latin Patriarch renovation program. Bonding Policy – Pending approval – currently being reviewed by OCM. Prior Approval of Construction over \$500,000 – Mercy Corps submitted documentation on July 15th – WRI to assist in review. Logistics Meeting with CLA – Meeting with Israeli officials at Erez to review PCAP logistics.

Michael Maxey
Weekly Report – July 18 - 22, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

July 18 – PCAP Status – Update of PCAP implementation is attached – many activities are underway. Infrastructure - To date, 462 houses have been measured for doors and/or windows and 85 have been installed (45 with windows and 40 with doors) using local Gazan construction suppliers and builders through two “turn key” contracts valued at more than \$1.3 million. Community infrastructure activities valued at more than \$1.8 million have been approved and should be initiated within two months. Economic Growth – The Urban Garden program is providing 1,000 drip irrigation kits to participating families along with production inputs (compost, seeds and animals), and more than 800 participants have received 16 hours of production training. Short term employment is being promoted under cash for work programs with almost 1,000 workers assisting farmers and fishermen, conducting community beautification activities, and providing engineering services. An “open source innovation center” is being established to help create ebusiness opportunities. More than 800 interns have been placed in Gazan businesses. Social Recovery – Non-formal education programs are helping almost 2,000 children improve Arabic, math, computer literacy and English skills. More than 100 youth have been selected to participate in a community sports program. Mental well-being outreach has reached more than 5,000 community members through 6 community based organizations. Non-Food Humanitarian Assistance program is preparing for first round of commodities -- warehouse contracts are in place, transportation company selected, and insurance on commodities is contracted – with first NFI Humanitarian Assistance shipments going into Gaza during week of July 25th – 5,000 electric kettles and 1,640 plastic carpets. Projected expenditures are on track to reach \$12 million by the end of September 2011, and over \$41 million by September 2012.

July 19 – 20 - RFA Round One Sub-Awards – Sub-award agreements, totaling \$15 million, were concurred with on July 21st to support economic growth and social recovery activities in Gaza: (1) American Near East Refugee Aid (ANERA) - \$2.7 million; (2) International Medical Corps (IMC) - \$2 million; (3) CARE - \$2.65 million; (4) International Orthodox Christian Charities (IOCC) - \$3.75 million; and (5) Save the Children - \$3.75 million. The sub-award agreements are being processed by Mercy Corps and should be in effect early next week.

July 21- 22 — PCAP Implementation Meeting – Data Quality Assessment (DQA) Validation - We reviewed PCAP M&E procedures for data collection and management but we unable to fully verify that these tools and methods were adequate. AOTR letter will be sent to: (1) request MC submit by July 28th of their written protocol for data collection and management; (2) submit Performance Indicator Reference Sheets for indicators 2.1.1 – Ag Training, and 3.4.2 – Humanitarian Assistance; and (3) request MC update GeoMis monthly. USAID (Tayseer) will send an expanded definition of the PPR indicators (and others as appropriate) to guide how overall number of beneficiaries receiving social assistance under PCAP is calculated. PPR targets for FY 2012 and 2013 will be updated. Hannah Goldberger discussed vetting files update and Nadeem Massis provided an overview of FMO issues focusing on upcoming financial audits.

Palestinian Community Assistance Program (PCAP) Summary
July 2011

PCAP started on September 30, 2010, as a \$100 million, three-year, community stabilization and development program aimed at creating the conditions necessary for Palestinians to have a better future through social and economic development. Activities funded by this initiative will improve access to basic services and lay the foundation for long-term recovery and stability in Gaza. Program implementation and disbursements are increasing; expenditures for the first year are estimated to reach \$12 million and should total more than \$41 million the end of the second year. We expect a significant increase in program implementation as activities in infrastructure, economic growth, and social recovery come completely up to speed. The recent approval of \$15 million in sub-award agreements will bring additional partners into action. As the Program ramps up, we expect significant progress in repairing damaged homes and community infrastructure, increasing food and income through support for urban gardens, strengthening of local businesses through technical knowledge sharing and business partnership development, and improving workforce skills through intern and youth skills training programs. “Cash for Work” programs will, in a win/win approach, both provide incomes to vulnerable segments of the population and also support agriculture, fishery, nutrition and non-formal education activities. We expect improvements in community living conditions through more effective non-formal education and mental well-being outreach. As the Program proceeds, we expect to see improved access to and delivery of basic services, strengthened capacity of the private sector, improved social conditions, and the dissemination of “best practice” models that demonstrate effective, productive and sustainable development mechanisms critical to maintaining stability in Gaza.

Current Status of Program Components:

Infrastructure - Important housing improvements are underway with the Program on track to reach more than 1,000 homes for incremental housing improvement (going from an original first year goal of 100 homes to more than 1,000). To date, 462 houses have been measured for doors and/or windows and 85 have been installed (45 with windows and 40 with doors). This program is demonstrating how to work within Gaza to support local construction suppliers and builders with the window and door installation proceeding under two “turn key” contracts valued at more than \$1.3 million. with Gazan construction firms and at a direct cost of \$1.3 million (these funds are going directly into the Gazan economy). Community infrastructure activities valued at more than \$1.8 million have been approved and should be initiated soon in Gaza City, Rafah, Al-Bureij and Beit Lahia.

Economic Growth – The Urban Garden program is underway with the disbursement of the 1,000 drip irrigation kits starting this week. More than 800 beneficiaries have received 16 hours in training on agriculture production and use of the irrigation systems. More than 700 locally manufactured water tanks have been procured for distribution as well as 8,000 meter of 16 mm irrigation pipe and 120,000 pounds of compost. Seedlings and seed material as well as animals (primarily rabbits and chickens) have been procured. A small scale animal husbandry program will be initiated with 300 families

selected from the original 1,000 participating families. Short term employment, being promoted under cash for work programs, have almost 1,000 workers assisting farmers and fishermen, doing embroidery work, conducting community beautification activities, and providing engineering services. Progress has been made in establishing an “open source innovation center” – training participants have been selected and almost all vetted (15 out of 196 trainees are still pending vetting results), equipment for the center has been procured and will be delivered in the near future, and a contract for an entity to manage the center is being competed – this center will help create internet based and e-business opportunities as it starts training students and interacting with the Gaza ICT sector. Under the business intern program managed by both Mercy Corps and the Catholic Relief Service, 839 interns have been placed in Gazan businesses to date – the remaining 100 interns will be placed in late July/early August. E-Content and E-Learning Development activities are still pending vetting – a business services provider will be contracted to provide training in ICT sector related activities. Student counseling program is designed – a two day counseling program has been developed and planning workshops will be held during last week of July. Labor market needs assessment will be conducted using 100 graduate interns – training in field research is expected to begin in late July. Local business development training focused on contractors and engineers was initiated in July with twenty professionals.

Social Recovery -These activities are in addition to cash for work programs, training activities (engineers/construction sector), non-formal education, mental well-being activities, and youth sports programs. The Neighborhood After School Program tutoring sessions in Gaza, Deir Al Balah and Khan Yunis governorates were completed in June with more than 1,600 children participating in 144 sessions aimed at improving Arabic, math and English skills. The program is providing training to 90 tutors in July in preparation for next round of tutoring sessions. The Accelerated Learning for Excellence began in June and focused on teaching 375 high achiever students English, computer literacy, leadership and communication skills – 54 training sessions have been provided to date for each student. In the youth sports activities, recruitment and training of 12 mentors/coaches has been conducted and 134 youth will be selected from a community based organization to participate in the program over five months. Additional youth will be selected under a second community based organization and the program expanded. In mental-well being activities (psychosocial), 11 community based organizations have received training as facilitators and an additional 60 members participated in training covering outreach activities, information and referral workshops, and caregiver awareness workshops. Additional workshops were held in which more than 5,000 community members were reached and more than 960 home visits conducted by 6 community based organizations. Non-Food Humanitarian Assistance program is preparing for first round of commodities -- warehouse contracts are in place, transportation company selected, and insurance on commodities is contracted – with first NFI Humanitarian Assistance shipments going into Gaza during week of September 25th – 5,000 electric kettles and 1,640 plastic carpets.

Projected expenditures are on track to reach \$12 million by the end of September 2011, and over \$41 million by September 2012.

Michael Maxey
Weekly Report – July 25 - 29, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

July 25 – Status of PCAP DQA Validation - We met on June 9 and July 21, 2011, to review Mercy Corps (MC) systems for determining the validity, reliability, timelines, precision and integrity of data collected to measure progress toward key program indicators. To date, we have been unable to validate the required data quality assessment processes used by MC. An AOTR letter was sent on July 25th requesting MC to submit to the Mission by July 28th the following: (1) written protocol for data collection and management; and (2) Performance Indicator Reference Sheets for indicators 2.1.1 – Ag Training, and 3.4.2 – Humanitarian Assistance. USAID West Bank Gaza, for its part will send an expanded definition of the PPR indicators (and others as appropriate) to guide how overall number of beneficiaries receiving social assistance under PCAP is calculated. PPR targets for FY 2012 and 2013 will be updated by USAID later this year.¹

July 26 – PCAP Logistics into Gaza - A meeting was held at the Erez Crossing offices of the Israeli Government's Coordination and Logistics Administration for Gaza (CLA) to discuss logistic shipments into Gaza under the Palestinian Community Assistance Program (PCAP). The new CLA representative, Captain Elrain Sasson, attended the meeting. We discussed Mercy Corps' logistics schedule for importing over 5,000 metric tons of commodities into Gaza. These commodities will be shipped into Gaza in two phases. Details are presented in the attached MemCon. Next major shipment will be NFI material during week of August 1st.

July 27 – International Travel Approvals – Mercy Corps submitted a request for approvals for international travel under the five sub-awards the Mission concurred with last week. There was also a pending request for international travel for CHF Gaza Program Director. This request was forwarded to OCM.

July 28 – Monitoring of Activities in Gaza – Held initial discussion with Firyal Snounou about developing a monitoring plan for PCAP activities in Gaza. I provided her with a summary of activities. We agreed to jointly develop a plan over the next week that would guide her oversight activities with PCAP. Part of this monitoring activity should be geared to results that are reported in the Third Quarterly Report (which will be forwarded to the Mission early next week).

July 29 – Status of Sub-Awards – Meeting held with Stu Willcuts for an update on the status of finalizing the first round of sub-awards under PCAP. Update on Sub-awards – two (ANERA and Save the Children) are signed but issues persist on the others. Two additional sub-awards (IOOC and IMC) should be signed by August 1. One of the sub-awards (CARE) seems uncertain due to lack of response from the recipient. New target date for all to be signed is August 1. Mercy Corps signed the agreements prior to July 28th.

¹ MC provided two documents on July 27th in response to this letter: 1) PCAP –Data Quality Review and Assurance Mechanisms and 2) Performance Indicator Reference sheets for the indicators No. 2.1.1 and 3.4.2 .

Memorandum of Conversation

Date: July 26, 2011

Subject: Meeting with Israeli Officials at Erez Crossing to Discuss Transit of Goods into Gaza under the PCAP Cooperative Agreement

Participants: CLA (Coordination and Logistics Administration – Gaza): Captain Refael Bitton and Captain Elrian Sasson, Ministry of Defense – Gaza; Infrastructure Officer; Mercy Corps: Shadi Zananiri, Procurement and Logistics Officer. Sepi-Sun Holdings Ltd: Fredy Zach, Consultant USAID: Fouad Salman, Supervisory Logistics Liaison, and Arpi Shotigian, Acquisition and Assistance Specialist, Office of Contracts Management; Michael Maxey, Water Resources and Infrastructure Office; Paul Vaca, Program and Policy Development Office.²

A meeting was held at the Erez Crossing offices of the Israeli Government's Coordination and Logistics Administration for Gaza (CLA) to discuss logistic shipments into Gaza under the Palestinian Community Assistance Program (PCAP). The new CLA representative, Captain Elrain Sasson, attended the meeting. We discussed Mercy Corps' logistics schedule for importing over 5,000 metric tons of commodities into Gaza. These commodities, included in the approvals noted below, will be shipped into Gaza in two phases. Details are presented for the first phase of shipments which runs through September 2011 and will include over 107 trucks estimated to have 2,000 metric tons of material (actual weight shipped will depend on how the commodities are palletized). The second phase will ship the remaining 3,000 metric tons (there may be less weight shipped depending on the needs of the program in Gaza – detailed inventory of shipments by commodity will be maintained to ensure that we do not go over the total allowed amount in the COGAT approvals).

| | GOGAT Request | Request Number | Organization | Date Submitted | Status | Delivery |
|---|---|------------------|--------------|----------------|----------|-----------|
| 1 | Office equip & supplies | 01-2011-PCAP-R00 | MC | 6-Jan-11 | Approved | Delivered |
| 2 | Housing Rehabilitation and Urban Gardens | 11-2011-PCAP-R00 | CHF | 17-Mar-11 | Approved | Pending |
| 3 | Non Food items(NFI) | 12-2011-PCAP-R00 | CRS | 17-Mar-11 | Approved | Pending |
| 4 | Psychosocial Activities (water cooler machines) | 13-2011-PCAP-R00 | MC | 17-Mar-11 | Approved | Pending |
| 5 | ICT Equipment | 15-2011-PCAP-R00 | MC | 18-Mar-11 | Approved | Pending |
| 6 | CFW materials | 14-2011-PCAP-R00 | MC | 25-Mar-11 | Approved | Pending |
| 7 | Procurement forms | 25-2011-PCAP-R00 | MC | 9-Jun-11 | Approved | Pending |
| 8 | Sewing materials | 26-2011-PCAP-R00 | MC | 16-Jun-11 | Approved | Pending |

² Contact Information: Captain Refael Bitton, CLA, erez.kalkala@gmail.com, mobile tel. 050-624-6454 and office tel. 08-622-7423; Shadi Zananiri, Mercy Corps, szananiri@ps.mercycorps.org and cell tel. 054-288-3162; Fredy Zach, Sepi Sun Holdings, promot@015.net.il and cell tel. 050-5358499 and office tel. 08-856-1003.

The first major shipment of program supplies going into Gaza under PCAP occurred during the week of July 18, 2011, and involved NFI Humanitarian Assistance shipments – 5,000 electric kettles for water purification and 1,640 plastic carpets for flooring.³ An additional shipment of NFI supplies is planned for the week of August 1, 2011 and will consist of 81 pallets of NFI material.

The USAID delegation, led by Logistics Liaison Fouad Salman, met with the Israeli CLA officials, the Mercy Corps Logistics Manager for PCAP, and the Sepi-Sun personnel to go over procedures for PCAP shipments into Gaza. Mr. Salman shared a copy of the “booklet” providing a listing of all commodities to be shipped into Gaza on the eight approved COGAT requests. CLA representatives indicated they are in a state of transition with a new person taking over as head of the unit that will approve shipments into Gaza for PCAP (Captain Sasson will be the new person in charge). In our discussions, the CLA said they want to make sure we do the following: (1) provide a description of the commodities (along with the COGAT tracking number) that clearly identifies the purpose of the material;⁴ (2) provide weekly reports on shipments (description of material and cumulative quantities shipped); and (3) within a reasonable time (we discussed a 90 days time period) provide photographs of how construction material was used (before and after photographs). The Sepi-Sun consultant Fredy Zach explained how they would manage the logistics from their side. Mercy Corps Logistics Manager Shadi Zananiri described how the shipments would be made in two phases with the first phase ending by September 30th (see chart below for number of trucks anticipated during Phase One).

| COGAT Request No | Project/Activity Description | No. of Trucks Needed | Material Delivery Schedule - Per Week | | | | | | | | | | | | | |
|------------------|--|----------------------|---------------------------------------|-----|------|-------|--------|-------|-------|-----|--------|-----|-----|-----|-------|------|
| | | | Jul-11 | | | | Aug-11 | | | | Sep-11 | | | | | |
| | | | W/1 | W/2 | W/3 | W/4 | W/1 | W/2 | W/3 | W/4 | W/1 | W/2 | W/3 | W/4 | | |
| 01-2011-PCAP-R00 | PCAP/ Office equipment and supplies | 0.50 | | | 0.50 | | | | | | | | | | | |
| 11-2011-PCAP-R00 | PCAP/Housing Rehabilitation and Urban Gardens | 70.00 | | | | | | 35.00 | | | | | | | 35.00 | |
| 12-2011-PCAP-R00 | PCAP/ Non Food items(NFI)- <i>May be divided to 2 shipment</i> | 20.00 | | | | 20.00 | | | | | | | | | | |
| 13-2011-PCAP-R00 | PCAP/Psychosocial Activities (water cooler machines) | 0.25 | | | 0.25 | | | | | | | | | | | |
| 15-2011-PCAP-R00 | PCAP/ICT Equipment | 1.00 | | | 1.00 | | | | | | | | | | | |
| 14-2011-PCAP-R00 | PCAP/CFW materials | 3.00 | | | | | | | | | | | | | | 3.00 |
| 25-2011-PCAP-R00 | PCAP/Procurement printing forms | 0.25 | | | 0.25 | | | | | | | | | | | |
| 26-2011-PCAP-R00 | PCAP/Sewing materials | 2.00 | | | | | | 2.00 | | | | | | | | |
| | | 97.00 | 0 | - | 2.00 | 20.00 | - | - | 37.00 | - | - | - | - | - | 35.00 | 3.00 |

We ended the meeting with an agreement to stay in close contact. Fouad Salman will manage the information flow from the USAID side.

³ CRS will administer the Non-Food Items (NFI) Humanitarian Assistance program to 5,000 vulnerable female-headed households. A needs assessment survey was conducted in January 2011 using a random sample of the target population (341 households out of 5,000). NFI material was assessed on three factors: (1) utilization; (2) availability; and (3) access. The following items were identified as the most critical NFI materials needed in Gaza: (1) First Aid Kits; (2) shampoo; (3) sterilizer; (4) electric kettles; (5) pots; (6) mattresses; (6) pans; (7) washing liquid; (8) cups/plates/bowls; (9) carpets; (10) school stationery; (11) blankets; (12) school bags; (14) toothpaste/toothbrush; and (15) bath towel.

⁴ Captain Refael Bitton, CLA, stated that his unit was primarily concerned with construction material – the NFI shipments were not a major concern for him but anything related to construction had to be carefully checked with a clear determination of its final use.

Michael Maxey
Weekly Report – August 8 - 12, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

August 8 –

August 9 –

August 10 - ICT Strategy Development – Put together ICT activities underway by PCAP. Will share this information with the Working Group that is scheduled to meet this week. Starting in September the working group will meet once a month. Based on Front Office feedback, an action plan will be finalized, a USAID WBG ICT strategy developed, and quarterly coordination meetings held to follow up on the implementation of the strategy.

August 11 - Sub-Awards Status – All five sub-award agreements are signed (Anera, Save the Children, IOCC, IMC and CARE). An AOTR letter was sent out August 11, 2011 informing Mercy Corps to explain how they intended to ensure that all the sub-awardees understand how to comply with agreement clauses governing release of information, vetting, permit requests, COGAR approvals for importation of material, etc.

August 12 - MOI Interference Meeting – Conference call was held in USAID WBG with all Gaza partners regarding status of de facto government Ministry of Interior interference with development assistance activities. USAID partners were asked to put activities on hold until further notice. Normal program activities that does not involve delivery of assistance to beneficiaries can continue.

Michael Maxey

Weekly Report – August 8 - 12, 2011

Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

August 8 – PCAP Mid-Term Evaluation – Met with Margaret Harrit and others (Paul, Mariella, and Nidal) to discuss how to better assess impact of PCAP. The Cooperative Agreement calls for an entity to be selected for the mid-term evaluation by the end of September 2011. We discussed the CEP II “Most Significant Impact” approach to assessing impact. Margaret agreed to provide input after she gets back to USAID Washington. We want to work with Mercy Corps to draft a scope of work that will allow USAID to assess effectiveness of PCAP in promoting stability and moving economic and social development forward. Meeting was scheduled with Mercy Corps M&E Director (Dinesh Uprety) to follow up.

August 9 – PCAP Publicity – PPD wants to have greater visibility for PCAP within the Mission. We will develop a biweekly report format that summarizes achievements, identifies issues, and provides a snapshot of program implementation for the Front Office. Format will be determined but final document will be succinct and highlight key points needed to inform Mission of PCAP progress. See attached example.

August 10 - ICT Strategy Development – Put together ICT activities underway by PCAP and shared with the ICT Working Group. Starting in September the working group will meet once a month. Based on Front Office feedback, an action plan will be finalized, a USAID WBG ICT strategy developed, and quarterly coordination meetings held to follow up on the implementation of the strategy. Follow up meeting is scheduled with Mercy Corps to get the latest update on their initiative with Google Foundation and Hewlett Packard.

August 11 - Sub-Awards Status – All five sub-award agreements are signed (Anera, Save the Children, IOCC, IMC and CARE). An AOTR letter was sent out August 11, 2011 informing Mercy Corps to explain how they intended to ensure that all the sub-awardees understand how to comply with agreement clauses governing release of information, vetting, permit requests, COGAR approvals for importation of material, etc. These entities are in the process of mobilizing resources to get their programs underway.

August 12 – MOI Interference Meeting – Conference call was held in USAID WBG with all Gaza partners regarding status of de facto government Ministry of Interior interference with development assistance activities. USAID partners were asked to put activities on hold until further notice. All program activities that involve delivery of assistance should not continue. An update message and further guidance will be sent to the partners at an appropriate time.

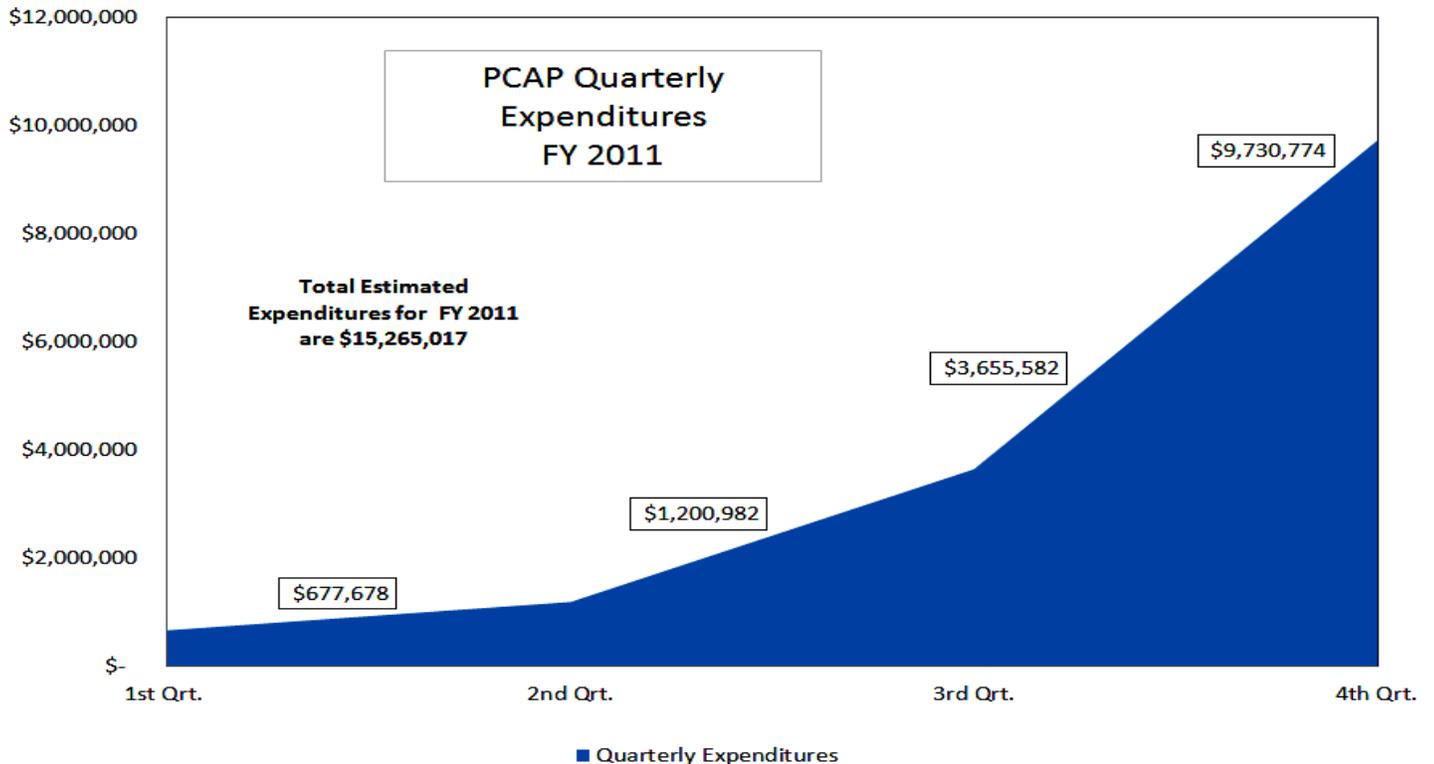
Activities Planned for Next Week – Meeting with Mercy Corps to go over ICT sector activities, discussion of SOW for Mid-Term Evaluation, and development of Year Two Implementation Plan. Follow up on MOI interference issues. Follow up on TrainNet requirements. Review engineering design for Arab Orthodox Church community infrastructure activity. Discussion with Mercy Corps/CHF on environmental review requirements for planned construction activities.

Palestinian Community Assistance Program (PCAP) Update



Distribution of compost and water tanks to beneficiaries in Rafah under CHF's home garden activity. August 2011

Program implementation is gaining momentum as activities in infrastructure, economic growth, and social recovery come on stream. With the recent approval of \$15 million in sub-award agreements additional partners will contribute to USAID WBG efforts to create the conditions necessary for Palestinians to have a better future through social and economic development. By the end of the first year of implementation, the Program will have financed more than \$15 million in activities to repair damaged homes and community infrastructure, increase food and income through support for urban gardens, strengthen local businesses through technical knowledge sharing and business partnership development, and improve workforce skills through intern and youth skills training programs. Total expenditures through the second year of the Program are expected to exceed \$41 million.



Michael Maxey
Weekly Report – August 15 - 19, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

August 15 – PCAP Implementation Meeting – Major Issues:

- Round Two RFA (\$25 million) - Previous discussions focused on infrastructure. Meetings facilitated by USAID staff (Firyal and Wael) with private construction sector in Gaza have concluded. Mercy Corps is drafting a list of potential infrastructure activities. However, preliminary indications point to a dearth of qualified firms. An alternate approach will be presented to Mission for consideration by August 24th.
- Mid-Term Evaluation – Entity to execute the evaluation should be selected by end of September. Mariella and I are providing initial technical framework. This will be a formative evaluation (assessing implementation and seeking ways to improve efficiency) rather than impact evaluation – but it will be done in a way that sets the stage for an effective final evaluation. This will be a collaborative process.
- Year Two Implementation Plan – The Year Two Implementation Plan will be submitted to the Mission by September 30th. It will include the first year of activities for the five new sub-awardees. The activities included in the plan will build on first year activities and follow the PMP framework and indicators. Adjustments will be made as required, activities will be shared and discussed with the technical offices. AOTR letter was forwarded to MC COP officially informing them of the September 30th deadline for presentation of the Year Two Implementation Plan.

August 16 - 17 – Compliance Training – To ensure Mercy Corps and its 7 partners are fully up to speed on all compliance matters, a training is tentatively scheduled for September 15th in the Mission for approximately 25 people working under PCAP. We are requesting update training on compliance with MO 21, travel permits, logistics requests, chain of custody requirements, participant training, and VAT payment restrictions. There is the potential to allow other USAID partner staff to participate.

August 18 - ICT in Gaza – As part of the USAID ICT Working Group, PCAP has summarized its ICT strategy for Gaza (and its larger focus in the West Bank). We are preparing five PowerPoint slides with the information to be included in the updated USAID ICT presentation.

August 19 – PCAP Presentation at USAID University – Friday, August 26th, 11 to noon in 11th floor conference room – “Day in the Life of Gaza” – Stu Willcuts and colleagues will present an overview of daily operations and living conditions in Gaza. This will include an informal question and answer session. Everyone is invited.

Activities Planned for Next Week – Finalize my Work Objectives for 2011 – 2012, follow up on Round Two RFA, discuss Year Two Implementation Plan process, agree on next steps on mid-term evaluation and put together a timeline for discussion in the Mission, work with Paul and Firyal to finalize the DQA validation exercise.

PCAP Weekly Snapshot August 15 – 19, 2011



Mercy Corps and its partners are successfully implementing the Palestinian Community Assistance Program (PCAP), a three year \$100 million initiative that will increase access to basic services, promote long-term economic growth and improve social conditions in Gaza.¹ One key aspect of PCAP is a \$5 million initiative aimed at addressing the Non-Food Item (NFI) needs. Catholic Relief Service (CRS) is implementing the first phase of this program, valued at \$2.7 million, which will provide critically needed hygiene supplies to 5,000 households and reach more than 35,000 poor and highly vulnerable beneficiaries.

These beneficiaries were selected from a pool of the most vulnerable households in the Shelter/NFI Cluster Database and through Community Based Organization (CBO) partners. Using both selection methods ensured a pool of 6,000 to 8,000 of the most needy households. The people in this pool were then prioritized for receipt of NFI's based on whether the household was headed by a woman, low income, high number of small children, family is not registered as a beneficiary with UNRWA or Ministry of Social Affairs, disabled members in the family, and families that host displaced people.

A pre-implementation survey among participating communities identified hygiene issues as one of the most critical needs of these families. To respond to that need, PCAP is providing pots and pans for cooking, electric kettles for water sterilization, plastic carpets for flooring, mops/brooms, and cleaning supplies. The items to be provided under the first phase of the program have already been successfully transported into Gaza and distribution of \$1.7 million worth of NFI material will begin next week. This is the type of program that demonstrates the enormous value the Gaza citizens place on USG assistance which translates into strong grassroots support for the program. Although implementation is challenging and the problems in working in the area are evident, we believe the demand and support for these types of activities helps promote stability and provides the opportunity for long term solutions to the complex problems facing the region.

¹ Mercy Corps is the prime grant recipient under PCAP and it has two primary partners – Catholic Relief Services and CHF. Additionally, Mercy Corps recently selected five new sub-partners under a competitive grants process. The new partners are: CARE, ANERA, IOCC, IMC and Save the Children.

Michael Maxey
Weekly Report – August 22 - 26, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

August 22 – Forward Funding Memorandum – Action Memorandum drafted and circulating requesting an exception to the forward funding guidelines. Forward funding of \$27,948,000 in FY 2011 funds (resulting in a projected pipeline balance at the end of FY 2012 of \$7,482,983) is needed to provide flexibility for major infrastructure activities.

August 23 – Environmental Documentation – An Environmental Documentation Form for renovation of a multipurpose hall at Al Azhar University was approved for concrete works, electrical works, plumbing and sanitary works, and finishing work. Total cost of the activity is \$187,957. This renovation will enable youth to engage in non-formal education activities (internet club, students conferences, cultural activities).

August 24 – Round Two RFA – Email received from PCAP COP requesting guidance on Round Two RFA. This request is being discussed with OCM. Technical guidance and policy/programmatic issues will be discussed, as appropriate, in the Mission.

August 25 – PCAP Implementation Meeting – Met with PCAP COP and staff to go over implementation issues: (1) Round Two RFA – Meeting scheduled with OCM for guidance; (2) Mid-Term Evaluation – Technical comments drafted and meeting to be scheduled with PCAP M&E; (3) Year Two Implementation Plan - Draft to be submitted to Mission by 9/30; (4) Compliance Training – Scheduled for 9/15 in Mission – Mercy Corps and partners 25 plus participants expected; (5) “Life in Gaza” Discussion is scheduled for 9/16 – Mercy Corps and partners to explain nuances of daily life in Gaza; (6) ICT Activities under PCAP – Summary provided to USAID WBG ICT Working Group. (7) Public Relations – Mercy Corps and partners want to revisit the issue of providing information on the program to the public; (8) DQA Validation – Paul and Firyal have completed their assessment of the program -- PCAP implementers have an adequate data quality assessment system but there is a continuing need for monitoring; and (9) Logistics Plan Update – Discussed status of logistics and COGAT requests.

August 26 – Mid-Term Evaluation Comments – Technical comments are drafted. Mariella and I to discuss and schedule meeting with Mercy Corps M&E Team to review.

Activities Planned for Next Week – Engineering Design Review – Coordinate with WRI on their review of Arab Orthodox Church (\$650,000 renovation design).¹ **PCAP Project Committee Meeting** – Plan for September PCAP Committee meeting. **Gaza Coordination Meeting** – Work with PPD staff on design of Gaza Coordination Meeting. **PCAP Roles and Responsibilities** – Draft outline of roles and responsibilities for staff supporting PCAP. **Compliance Training** – Review PCAP requirements, draft memo citing what is needed for PCAP update on compliance and share with presenters. **RFA** - Finalize Guidance on Round Two RFA. **Compliance Review** – Provide info to MC on upcoming compliance review by OCM of their systems for compliance to MO 21. **Evaluation** – Schedule mid-term evaluation meeting with Mercy Corps.

¹ Construction activities over \$500,000 require approval by AOTR – technical specifications and design are reviewed by WRI representatives.

Palestinian Community Assistance Program (PCAP)²

Weekly Snapshot

August 22 – 26, 2011

Housing for a Better Future



The Refi family lost their home east of Gaza City during a military action in 2008, and life for father Ala'a, mother Aisha, and their four sons and three daughters became much more difficult. For a year and a half the family lived in a tent. Finally, they were able to partially build a house into which they moved last year. The Palestinian Community Assistance Program (PCAP) partner, CHF, assessed the family's situation and determined they fit the criteria for assistance with incremental housing improvement; windows and doors will be provided to the Refi family.

Under PCAP, CHF has launched a pilot activity that leverages housing improvement in Gaza on a relatively large scale, links to and supports the growth of the private construction sector, and provides a model for other donors and private entities to positively impact critical housing issues in Gaza. The CHF infrastructure activity is moving beyond a focus on major housing rehabilitation to one in which beneficiaries are helped with essential items (windows and doors). This activity expands the outreach of the program by 10 fold, creates greater visibility for PCAP, creates local jobs, and strengthens the Gaza construction sector which will be critical to re-building the area once conditions normalize. CHF's past experience in recovery programming (most notably the PREP project funded by USAID under ARD's CEP) indicate that even incremental improvements in housing strengthens the social capital and improves relationships between family and community members, giving them hope that the future can be better.

"I will be very happy if the windows and doors are fixed in our house," said Ala'a. "That will protect us from rats and the rain and wind in winter, and will give us the privacy that we miss in this home."

CHF estimates that during 2011 more than \$1.3 million will be spent with Gazan construction firms to provide 1,000 homes with windows and doors under PCAP.



² PCAP is being implemented by Mercy Corps with two primary partners, CHF and the Catholic Relief Service (CRS), along with five sub-grantees: ANERA, IOCC, IMC, CARE and Save the Children.

Michael Maxey
Weekly Report – August 29 – September 2, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

August 29 – Forward Funding Memorandum – Action Memorandum for waiver of forward funding guidelines was cleared by OCM and FMO. Changes were requested by RLA. Memo has been revised to strengthen the point that (1) \$25 million in infrastructure activities are planned during FY 2012, and (2) the financing of these infrastructure activities will require flexibility in funding levels for PCAP. Forward funding of \$27,948,000 in FY 2011 funds (resulting in a projected pipeline balance at the end of FY 2012 of \$7,482,983) is needed to provide this flexibility.

August 30 – Vehicle Waiver - Mercy Corps submitted a request to lease non-U.S. origin vehicles for expatriate staff (for them and their sub-grantees) to have twenty-four hour access to transportation in the event of an emergency. An AOTR letter was sent requesting a market assessment (description of local automobile leasing market in Gaza, an overview of origin of automobiles available in Gaza, description of PCAP need for leased vehicles, and summary of how Mercy Corps would lease vehicles) Mercy Corps is also being requested to provide a summary of their security plan and how 24 hour vehicle access is key for ensuring the safety of expatriate staff.

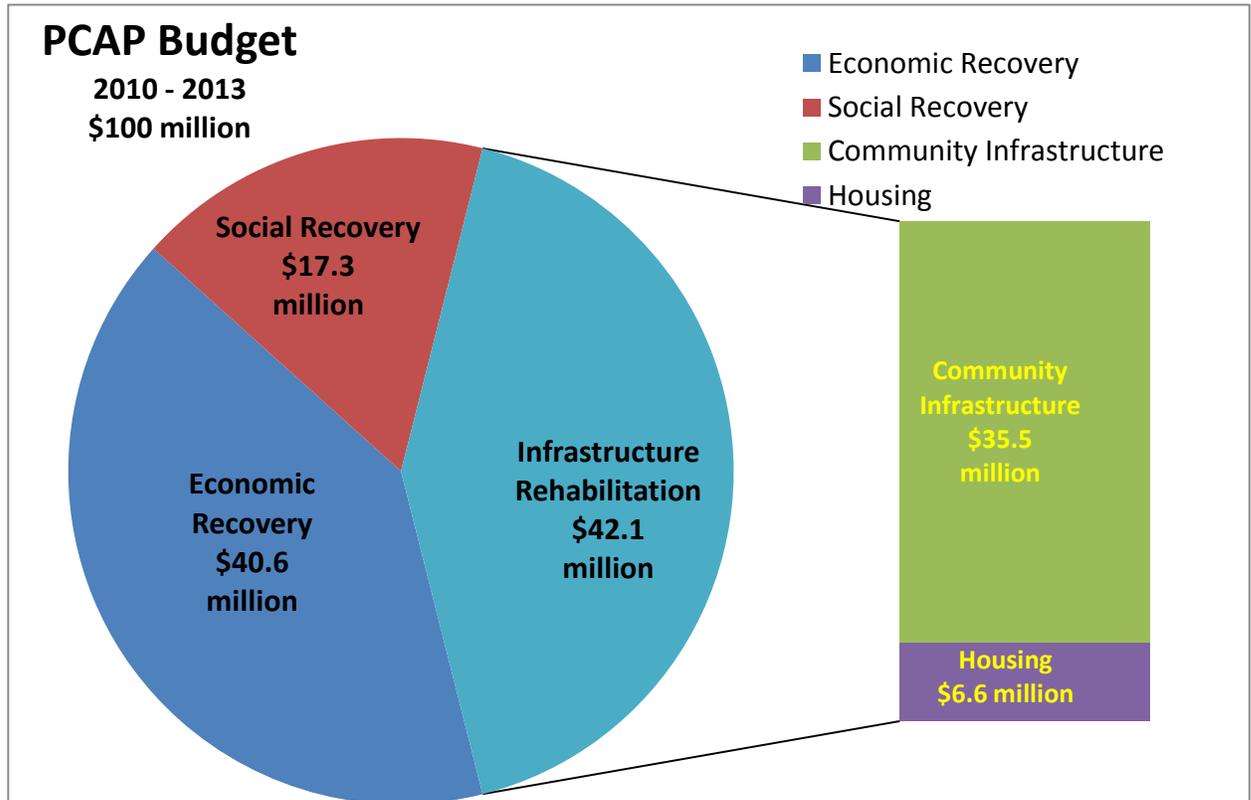
August 31 – Round Two RFA – AOTR letter sent requesting Mercy Corps to submit a draft Request for Application (RFA) for Round Two of PCAP sub-awards. Draft RFA should be in Mission by September 19th. Memo to the Files was drafted which summarizes the discussions so far on Round Two RFA. Mercy Corps has provided a tentative timeline for the issuance of RFA and sub-award process. Mission review of draft RFA is scheduled for September 22nd at 2 pm in 11th floor conference room.

September 1 – WRI Engineering Review - WRI completed initial review of Arab Orthodox Church (\$682,276) rehabilitation and identified technical engineering and procedural issues that need to be addressed. AOTR letter with WRI review was sent to Mercy Corps/CHF requesting their response by COB September 9th. Note: The PCAP Cooperative Agreement currently requires engineering technical review for infrastructure activities that exceed \$500,000. OCM indicated that it may be necessary to amend the agreement to require engineering review of activities that cost \$250,000 and above.

September 2 – Misc. Actions – DQA Validation – Draft memo by Paul V. indicates adequate systems are in place to validate data being reported by Mercy Corps. Issues identified are being addressed. **Mid-Term Evaluation** – Comments are ready to share with Mercy Corps and a meeting will be set next week with them next week. **Compliance Training and “Day in the Life of Gaza” presentation** - both events are set for Thursday, September 15th with compliance training in the morning (9:30 to 12 noon) and Gaza presentation in the afternoon (1:30 to 2:30 pm).

Activities Planned for Next Week – Follow up on vehicle waiver issue, get update on activities underway by the new five sub-grantees, discuss status of work on Year Two Implementation Plan, follow up on TraiNet requirements, and discuss mid-term evaluation next steps.

PCAP Weekly Snapshot
Role of Infrastructure is Growing in Importance



With improved access to basic services seen as key to promoting social and economic recovery, more than \$42 million has been allocated under PCAP to rehabilitate houses and improve community infrastructure.¹ To date, more than 1,000 homes have been identified for incremental housing improvement, 462 houses measured for doors and/or windows, and 85 houses with windows and/or doors installed.² Two “turn key” contracts valued at more than \$1.3 million under this construction activity are supporting local construction suppliers/builders, creating new jobs, and helping strengthen the sector for even greater activity as political and security conditions improve. Community infrastructure activities valued at more than \$1.8 million have been approved and will be initiated soon in Gaza City, Rafah, Al-Bureij and Beit Lahia.

As PCAP moves into its second year, the program will focus on finding partners to implement an additional \$25 million in community and housing rehabilitation activities. Illustrative activities are being identified and a Request for Applications (RFA) is being initiated. The second year of PCAP implementation will see a major increase in infrastructure activities which over time will improve access to basic services and, we believe, generate greater social cooperation and resiliency.

¹ Social and economic recovery “best practices” indicate that community driven reconstruction efforts promote high levels of social cooperation. See Fearson, Humphreys, and Weinstein. “Can Development Aid Contribute to Social Cohesion after Civil War?” American Econ Review. 2009 <http://www.columbia.edu/~mh2245/papers1/aer2009.pdf>.

² The original first year goal of 100 homes targeted for major rehabilitation was expanded by 1,000 additional homes in which windows, glass and/or doors are being installed.

Michael Maxey
Weekly Report – September 6 – 7, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

September 6 – Round Two RFA – Draft RFA is due Sept. 19th. Mission discussion is Sept. 22nd at 2 pm in 11th floor conference room (K. Bell, B. Refai, G. Abboud, T. Rantissi, M. Ruiz-Rodriguez, and S. Sakran). As described in the cooperative agreement, focus is on infrastructure. OCM has concurred that CRS and CHF as primary sub-grantees under Mercy Corps will be allowed to compete in this RFA process.

September 7 – Mid-Term Evaluation – USAID Knowledge Services Unit provided a literature review on “best practices” for stabilization programs to help us articulate PCAP’s “theory of change.” We are assessing PMP and ongoing activities in relation to internationally accepted best practices to describe how impact of the program’s activities will result in the program’s vision (as articulated in the PMP): “*A Stable, Capable and Positively Engaged Gaza Contributing to a Peaceful and Responsible Palestine.*” Mid-term evaluation will help us make sure we are on track to effectively measure PCAP’s impact in promoting social and economic recovery in Gaza. Scope of Work draft is due by September 30, 2011. Attached is draft of “theory of change” for PCAP.

September 8 –

- **Compliance Training & “Day in the Life of Gaza”** - Thursday, September 15th in Conf. Rm 10a and 10b with compliance training in the morning (9:30 to noon) and Gaza presentation in the afternoon (1:30 to 2:30 pm). See attached agenda for training. PCAP is sending approximately 30 people to training session.
- **ICT Working Group** – Summarized PCAP ICT activities for development of Mission ICT Strategy.

September 9 –

- **Forward Funding Memo** - Mission Director approved Action Memorandum for waiver of forward funding guidelines. Forward funding of \$27,948,000 will result in a projected pipeline balance at the end of FY 2012 of \$7,482,983, in order to implement a major infrastructure program under PCAP (\$25 million in infrastructure activities).
- **Engineering Monitoring** – Mission Order 17 provides guidance on the Mission engineering oversight of all construction activities valued at \$500,000 or more. Under PCAP, the Arab Orthodox Church Multi-Purpose Facility renovation (\$685,000) engineering plans have been reviewed by WRI and their recommendations provided by AOTR to Mercy Corps/CHF. MO 17 calls for field inspections in Gaza by Mission engineers. OCM and WRI are aware that PCAP will not be able to comply with the procedures prescribed in MO 17 as it is currently written.

Activities Planned for Next Week – Review status of five new sub-grantees, discuss mid-term evaluation scope of work, and prepare summary of program activities and accomplishments to date.

Palestinian Community Assistance Program (PCAP) Theory of Change USAID West Bank/Gaza

A stable, capable and positively engaged Gaza contributing to a peaceful and responsible Palestine is congruent with U.S. foreign policy interests. In order to support this goal, USAID established the Palestinian Community Assistance Program (PCAP), a \$100 million, three year initiative in Gaza focused on: (1) improving living conditions through housing and community infrastructure renovation; (2) promoting food security and economic growth through home garden production, ICT (Internet and Communication Technology) enterprise development, and skills training; and (3) maintaining social cohesion and recovery through community outreach programs focused on mental well-being, childhood education, humanitarian assistance and cash-for-work programs. The PCAP “theory of change” posits that greater access to basic services, increased family income, and improved quality of life will minimize the drivers of conflict associated with significant social recovery and economic development challenges.¹

PCAP assessed unsatisfied basic needs and perceptions of deficiencies in key demographic groups in Gaza. Programs and activities aimed at addressing these deficiencies were designed and focus primarily on improving access to basic services, giving hope to residents that a better future is possible, and laying the foundation for long-term recovery and stability. Under PCAP, damaged homes and community infrastructure will be repaired, food security and family incomes increased, workforce skills improved, and nutrition, mental well-being and non-formal education strengthened. Addressing these deficiencies will change attitudes and create the conditions necessary for social and economic recovery.²

As PCAP is implemented, efforts will be made to assess which activities that are most effective in creating the impact needed to achieve the program’s overall development goal. These “best practice” models will be used to promote additional investments by key stakeholders (bi-lateral and multi-lateral donors, non-profit sector and private sector). As more resources coalesce around key interventions, a critical mass, a “tipping point” will occur which will favor the development of a stable, capable and positively engaged Gaza contributing to a peaceful and responsible Palestine.³

¹ Richard E. Rubenstein. “Basic Human Needs: The Next Steps in Theory Development.”

http://www.gmu.edu/programs/icar/ijps/vol6_1/Rubenstein.htm - Addressing drivers of conflict is widely accepted as a prerequisite for post-conflict transformation of states into stable, capable and positively engaged societies; if primary human needs are not addressed, conflict is more likely to occur.

² Fearon, Humphreys, and Weinstein. “Can Development Aid Contribute to Social Cohesion after Civil War?”

American Econ Review: Proceedings 2009. Available at: <http://www.columbia.edu/~mh2245/papers1/aer2009.pdf>

³ Mercy Corps. “Strengthening Our Ability to Promote Stability” - <http://mercycorps.org/countries/uganda/20131>
Mercy Corps has developed three programs (in Uganda, Ethiopia, and Indonesia) that “aim to promote stability through peacebuilding and economic development.” Through comparative case studies, Mercy Corps will develop measures of program impact and data collection tools. Their research will allow them to examine the theories of change that underlie Mercy Corps’ programs. Mercy Corps is the primary implementer of PCAP in USAID West Bank Gaza.

Compliance Training
USAID West Bank/Gaza,
Conference Rooms 10a & 10b
September 15, 2011

Agenda

- 9:30 – 9:40 Welcome & Opening Remarks
Reine Jourban, Compliance Director, Office of Contract
Management
- 9:40 – 11:00 Mission Order 21
Jeff Lifur, Regional Legal Advisor
- 11:00 – 11:10 Break
- 11:10 – 11:30 Procedures for Permits, Visas and Custom Clearances
Hilde Pearson, Program Support Specialist
- 11:30 – 12:00 Office of Contract Management (OCM) Notices
- Gaza Specific Notices - Chain of Custody & Contact Policy
Kimberly Bell, Program and Policy Development (PPD)
- VAT Guidance – Review of VAT Regulations
Michael Kopti & Issa Hanna, Financial Mgt. Office (FMO)

Participants:

- Palestinian Community Assistance Program (PCAP) - 30 participants
- Other USAID WBG Implementing Partners – TBD

POC for Final List of Participants Christina Noursi, PPD, Ext. 855

Michael Maxey
Weekly Report – September 12 – 16, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

September 12 –

Meeting with PADICO CEO – Attended Front Office meeting with CEO of \$250 million Palestinian investment company. Prepared MemCon of the meeting.

AOTR Duties – Reviewed my AOTR duties under PCAP and drafted a Memo to the Files listing the different actions required to meet my job requirements and started trying to analyze how to more effectively allocate my time. Final objective of this exercise is to determine what actions are slipping through the cracks and how best can I prioritize my time.

September 13 – Accruals and PCAP Projected Expenditures – Finalized the accruals for Mercy Corps through September 30, 2011. Expenditure estimates for 4th quarter were \$2 million lower than originally projected by 4th quarter still registered a dramatic increase in expenditures. Over \$7 million expended in 4th quarter was significantly more than had been expended over the first three quarters(\$5.2 million). Expenditure target for next quarter is \$8 million. Accruals for this quarter amounted to \$4.4 million.

September 14 – F-Indicator Review – Received F guidance for new indicators. Had a follow up discussion with Mercy Corps. We are going to review the PMP and determine what changes need to be made to be in line with the F guidance. This will be primary focus for Monday, September 19, 2011.

September 15 – Compliance Training & “Day in the Life of Gaza” – Training was held on in Conf. Rm 10a and 10b with compliance training in the morning (9:30 to noon) and Gaza presentation in the afternoon (1:30 to 2:30 pm). PCAP had 32 people at the training. Good questions and exchange with many questions answered by RLA.

September 16 –

Engineering Monitoring – Received revised documents with responses to issues raised by WRI technical review of the detailed engineering plans for the Arab Orthodox Church Multi-Purpose Facility. Meeting to review with CHF and WRI is being scheduled for next week.

Mid-Term Evaluation –Mid-term evaluation will help us make sure we are on track to effectively measure PCAP’s impact in promoting social and economic recovery in Gaza. Scope of Work draft is due by September 30, 2011.

ICT Working Group – Summarized PCAP ICT activities for development of Mission ICT Strategy and had practice presentation of ICT activities Mission-wide.

Activities Planned for Next Week – Define with Mercy Corps F-indicators for “outcome” and agree on schedule for completing PPR actions. Meet and define mid-term evaluation scope of work with Mercy Corps. Rreview draft RFA for Infrastructure Activities. Prepare summary of program activities and accomplishments to date. Review Mercy Corps/CHF response to engineering recommendations by WRI re Arab Orthodox Church Multi-Purpose Facility – set up meeting with CHF and WRI engineers.



USAID
FROM THE AMERICAN PEOPLE

WEST BANK/GAZA

Memorandum to the Files

Date: September 12, 2011

Subject: Agreement Officer Technical Representative (AOTR) Responsibilities
(Compliance and Other) under the Palestinian Community Assistance Program
(PCAP) Agreement No. 294-A-00-10-00210-00

From: Michael Maxey, PCAP AOTR

This memorandum summarizes PCAP AOTR responsibilities as described in: (1) PCAP AOTR Designation Letter; (2) ADS 303 and Standard Mandatory Provisions; (3) PCAP Cooperative Agreement; (4) 22 CFR 226; and (5) Mission Orders/ Notices.

PCAP AOTR Designation Letter¹ - Take action to (1) ensure that the recipient has submitted all required program and financial reports, (2) make logical decisions with information presented by recipient, and (3) document and provide justification for action (in a manner that should be easily understood by an auditor or third party). Specific responsibilities include: Monitoring – review recipient’s progress in achieving the objectives of the program agreement and in obtaining audit report per OMB Circular A-133; Cooperative Agreement Revisions – notify Agreement Officer in writing, with justification, of need to change Program Description, technical provisions, and/or any other term of the award; Substantial Involvement – defined under ADS 303.3.11² and in the PCAP Cooperative Agreement; Financial Mgt. – ensuring that all financial monitoring (forward funding, accruals, minimum funding necessary, requirement to obtain host country tax exemptions, etc.) is carried out; Geo-MIS – ensure development of PMP, updating of Geo-MIS with accurate information, Data Quality Assessment (DQA) validation; Mission Order 21 – Ensure compliance with vetting and other requirements under this MO³; Waivers – Responsible for all waiver approvals; Annual End Use Check – Ensure recipient conducts annual use end check of commodities purchased during the year; DEC Reporting – Ensure that recipient submits reports/documents to DEC; and Filing – Maintain hard copy files.⁴

¹ Signed in January 2011, revised on June 10, 2011, to name a new alternate AOTR. Designation letter frames the AOTR/recipient relationship: “...you (AOTR) must understand that the nature of the relationship is that of supporting their (the recipient’s) public interest...” The letter cites proper administration of the agreement by AOTR as critical (role of AOTR is defined in ADS 303.3.11).

² “On behalf of the Agency, an AOTR will substantially be involved in the administration of a cooperative agreement to help the recipient achieve the agreement objectives.”

³ To the extent you are required to provide approval on specific sub-awards, you must ensure and verify that: 1) vetting approval is obtained prior to the award of such sub-awards; 2) the relevant certifications are obtained by the Recipient when applicable; and 3) the required provisions are incorporated; all in accordance with Mission Order No. 21 "Anti Terrorism Procedures" dated October 3, 2007 and any amendment to this Mission Order issued thereafter. You are also required to ensure that the recipient sends copies of the Anti-Terrorism Certifications signed by the sub-awardees under the subject program and any additional documents that may be requested by Office of Contract Management.

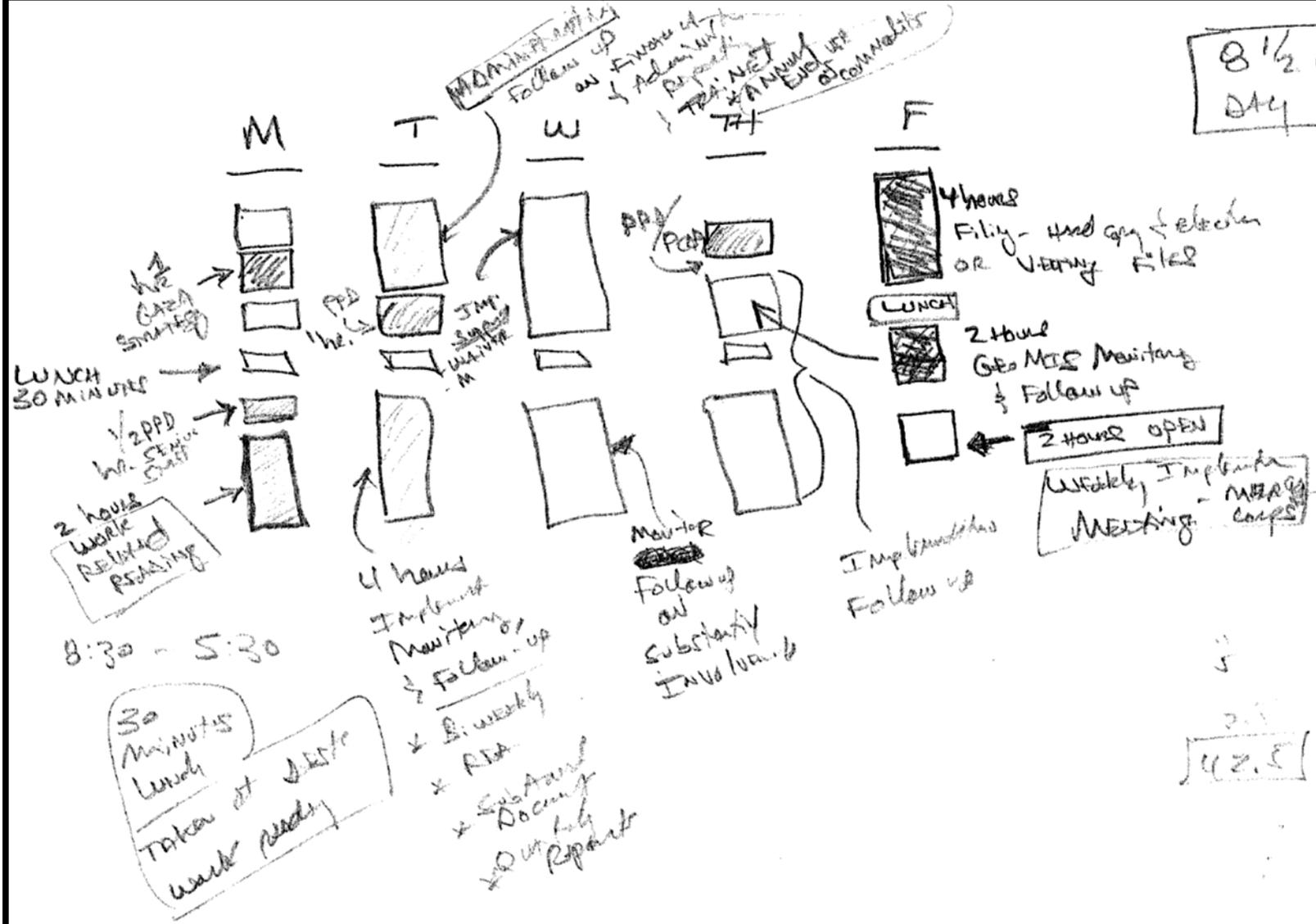
⁴ A copy of this AOTR designation letter; A copy of the cooperative agreement and all of its amendments; A copy of all correspondence between the AOTR and the recipient; The names of technical and administrative personnel assisting the AOTR; A copy of records of AOTR approvals, invoices, and other financial documents, initialed to demonstrate AOTR review, as well as other administrative paperwork and correspondence; Accrual Documentation; A copy of financial documentation to support their activities in the financial management area such as the SF-269 (ADS 630.3.2); Budget pipeline analysis documentation; Vetting results; and Notification from Mission to Partner.

PCAP Cooperative Agreement –

- Reporting - Ensure recipient complies with reporting requests (1) PMP – approve final and ensure document is updated to reflect changes in program implementation and that data is valid; (2) Quarterly Reports – review and determine that recipient is provided documentation that is in compliance with 22 CFR 226; (3) Annual Progress Report – review this report which is submitted in lieu of 4th quarterly report for compliance with 22 CFR 226; (4) Final Program Report – review final report; (5) TraiNet Report – ensure recipient complies with all TraiNet reporting requirements.
- Mandatory Special Provisions – Ensure that the recipient follows mandatory special provisions including (1) prohibition against support of terrorism, (2) prohibition against cash assistance to the Palestinian Authority, (3) restriction of facility names, (4) establishment of Geo-MIS reporting system, (5) prohibition of assistance to the Palestinian Broadcasting Corporation, and (6) follows guidance related to reporting of value added tax and customs duties.
- Special Award Considerations – Review and approve multi-sectoral assessment of Gaza. Ensure that recipient follows Contractors’ and Grantee’s Notice No. 2010-WBG-13. Manage information requests with recipient. Approve in writing prior to release of press information on program in Gaza. Approve beneficiary selection criteria for each PCAP activity prior to implementation. Ensure recipient follows contact policy and specific guidance of the cooperative agreement.
- Substantial Involvement – Review and approval of the recipient’s implementation plan, review and approve grants manual, review and approve PMP, ensure USAID approval of key personnel, and review and approval of engineering plans over \$500,000.
- USAID/WBG Mission Notices – Ensure compliance with all Mission Notices. Since 2006 there have been 69 Mission Notices.
- Environmental Guidelines – Ensure environmental guidelines are followed.
- Mandatory Standard Provisions – Ensure mandatory standard provisions are met.

Additional definition of AOTR job requirements are described in ADS 303 Chapter 303 – Grants and Cooperative Agreements to Non-Governmental Organizations and in 22 CFR 226.

8 1/2 hr DAY



Michael Maxey
Weekly Report – September 19 – 23, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

September 19 –

- **F Indicator Revision Process** – Reviewed the revised F indicator list and provided Mercy Corps with possible indicators (outcome and output) for inclusion in the PMP and for reporting in the PPR. Also, included a conceptual framework based on the PMP and “theory of change” statement. We met with Mercy Corps on Friday and discussed final indicators to be included in the PMP and PPR. Review is planned next week and follow up final meeting will be held at Mercy Corps office on October 7th.
- **PCAP ICT Activities** – Finalized PCAP ICT activities. Prepared a five slide PowerPoint presentation and submitted to the USAID ICT Working Group. Summary of PCAP ICT activities is attached.

September 20 – **Year Two Implementation Plan** – Mercy Corps will submit draft Year Two Implementation Plan by September 30th. A meeting of the PCAP Implementation Committee is being convened October 6th to discuss the draft implementation plan and get technical office comments. Final approval of the plan will be done by October 30, 2011.

September 21 – **Long-Term Vehicle Lease Waiver** - Mercy Corps submitted request to lease eight non-U.S. origin vehicles for key staff to have 24 hour access to transportation for security reasons. Mercy Corps responded to AOTR letter sent requesting market assessment (description of local automobile leasing market in Gaza). Waiver of origin memo to Geographic Code 941 based on security requirements is circulating for clearance.

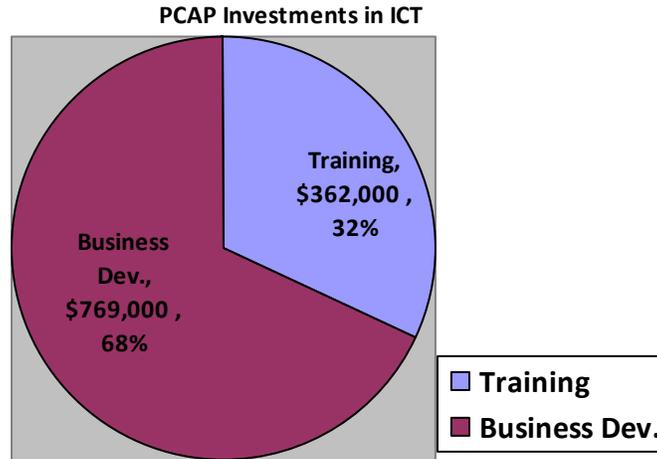
September 22 – **Round Two RFA** – Draft RFA was received on September 18th and was distributed on September 19th to Bassam Refai, Gaby Abboud, Tony Rantissi, Daniel Hollander, Nabil Handal, and Sandy Sakran. Mission discussion of draft RFA is set for September 22nd at 2 pm in 11th floor conference room. Comments will be included in a memorandum to PPD providing a summary of technical comments, description of next steps, and identification of policy issues. Some decisions need to be made in order to proceed with RFA process.

September 23 – **Mid-Term Evaluation** – Met with Mercy Corps and provided our input and on mid-term evaluation process. In accordance with the USAID Evaluation Policy, evaluation focus will be on “impact” -- we want to use the mid-term to (1) assess implementation and monitoring/evaluation systems, (2) identify ways to improve program execution, and (3) ensure M&E systems/procedures are in place to measure program impact with the final evaluation.

Activities Planned for Next Week – Follow up on implementation actions – processing of environmental documentation for several activities, summary of program implementation to date with review of budget, follow up actions on second RFA.

PCAP Snapshot ICT Activities

PCAP ICT activities prepare youth to become productive members of the work force through skills training and professional development opportunities; and support local business development through technical capacity transfer and business partnership development.



Technical, Vocational and Professional Development Training – Work with non-public training institutions (TVETs), colleges and universities to provide technical courses. Priority skill areas are: IT networking, computer maintenance, administration, finance, computer skills, software application, website development, etc. Activities: (1) Internships – No. 20 (2.3 MC) – 3 to 6 month internships in technology sector \$359,433; (2) Youth Training – No. 22 (2.3 MC) - e-content development. \$284,339; (3) Youth Training - No. 24 (2.3 MC) – web-based economic activities. \$53,616; (4) Youth Training – No. 28 (2.3 MC) – Labor Market Survey . \$71,538

Promote Sustainable Job Creation and Revitalize Local Economy - Support development of 400 local small and medium sized business (SMEs) through training, capacity building and business partnership development in the technology-based sector. Activities: (1) Business Development - No. 6 (2.4 MC) – Facilitate participation in regional and strategically targeted ICT conference and trade fairs. \$36,791; (2) Business Development – No. 7 (2.4 MC) – Support development of an ICT sector strategy for West Bank Gaza. \$42,933; (3) Business Development – No. 12 (2.4 MC) – Promote teamwork, confidence and supportive network of local entrepreneurs. \$91,977; and (4) Business Development – No. 30 (2.4 MC) – Promote marketing and sales training for the ICT sector. \$190,000.

Michael Maxey
Weekly Report – September 26 – 28, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

September 26 – Summary of PCAP Activities – Reviewed approved PCAP activities, drafted summary of activities and budget information, and highlighted issues for Year Two Implementation planning.

September 27 – F Indicator Revision Process – Analyzed revised F indicator list, reviewed PCAP PMP PPR indicators, recommended changes in indicators to better support program monitoring, and forwarded recommendations to Mercy Corps. A follow up meeting is scheduled for Tuesday, October 4, 2011, at 3 pm in Mercy Corps office in Jerusalem.

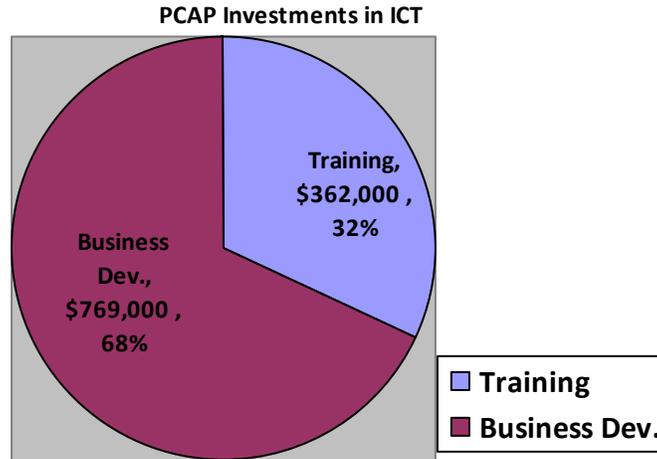
September 28 –

September 29 & 30 – Rosh Hashanah Holidays

Activities Planned for Next Week –

PCAP Snapshot ICT Activities

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Michael Maxey
Weekly Report – October 3 – 7, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

October 3 – Construction Oversight – Met with WRI, OCM and PPD Acting Director to discuss how to achieve engineering oversight of construction activities financed by PCAP in Gaza. MO 17 is being re-drafted by WRI. Suggestion was made to determine Mercy Corps capacity to oversee construction. WRI will assess that capacity based on written response by Mercy Corps. Next step will be to recommend how to put oversight in place – different options were discussed.

October 4 –

- F Indicator Revision Process – Analyzed revised F indicator list, recommended changes, and forwarded to Mercy Corps. Met with Mercy Corps and CHF on Tuesday, October 4th. Final revised list was drafted. Mercy Corps will submit final indicator list and targets by Oct. 10th. Discussed PCAP theory of change and PPR indicator exercise – developed attached schematic of how the PPR indicators reported to Washington fit in our PCAP theory of change.
- PCAP Monitoring in Gaza – Met with Shawn/Firyal to discuss monitoring plan for PCAP. Requested that focus be on compliance, transparency and sustainability. Discussed “technical direction” issues and need for monitoring but also for care to be taken in inter-actions with field staff to avoid confusion. Next step – AOTR will draft a note on PCAP monitoring requirements and forward to Shawn/Firyal.

October 5 – PCAP Budget Meeting – Met with Mercy Corps PCAP leadership to discuss funding levels and allocations to program components in FY 2012. Mercy Corps is developing different funding scenarios based on various levels of funds availability.

October 6 – PCAP Project Committee Meeting - Reviewed PCAP theory of change, approved activities and budget information. Highlighted issues for Year Two Implementation planning. Discussed planned coordination with the Project Committee members. Biweekly updates, planned review of PCAP annual report, and coordination on implementation of PCAP activities.

October 7 –

- PCAP Mid-Term Evaluation and Theory of Change – Further refined PCAP development concept in preparation for mid-term evaluation. Draft SOW was discussed with Mercy Corps. Next draft will be shared in PPD with final draft SOW by Oct. 30th.
- PCAP Close Out – Prepared close out worksheet and forwarded to OCM and PPD. At current level of implementation, PCAP can continue operating for six months (this takes into account close out costs of \$2.9 million). Notice of shutdown would need to be communicated to partners on January 1, 2012 with final shutdown of program on March 31, 2012.

Palestinian Community Assistance Program (PCAP) Theory of Change USAID West Bank/Gaza

A stable, capable and positively engaged Gaza contributing to a peaceful and responsible Palestine is congruent with U.S. foreign policy interests. In order to support this goal, USAID established the Palestinian Community Assistance Program (PCAP), a \$100 million, three year initiative in Gaza focused on: (1) improving living conditions through housing and community infrastructure renovation; (2) promoting food security and economic growth through home garden production, ICT (Internet and Communication Technology) enterprise development, and skills training; and (3) maintaining social cohesion and recovery through community outreach programs focused on mental well-being, childhood education, humanitarian assistance and cash-for-work programs. The PCAP “theory of change” posits that greater access to basic services, increased family income, and improved quality of life will minimize the drivers of conflict associated with significant social recovery and economic development challenges.¹

PCAP assessed unsatisfied basic needs and perceptions of deficiencies in key demographic groups in Gaza. Programs and activities aimed at addressing these deficiencies were designed and focus primarily on improving access to basic services, giving hope to residents that a better future is possible, and laying the foundation for long-term recovery and stability. Under PCAP, damaged homes and community infrastructure will be repaired, food security and family incomes increased, workforce skills improved, and nutrition, mental well-being and non-formal education strengthened. Addressing these deficiencies will change attitudes and create the conditions necessary for social and economic recovery.²

As PCAP is implemented, efforts will be made to assess which activities are most effective in achieving the program’s overall development goal of paving the way to a better future for Palestinians. These “best practice” models will be used to promote additional investments by key stakeholders (bi-lateral and multi-lateral donors, non-profit sector and private sector). As more resources coalesce around key interventions, a critical mass, a “tipping point” will occur which will favor the development of a stable, capable and positively engaged Gaza contributing to a peaceful and responsible Palestine.³

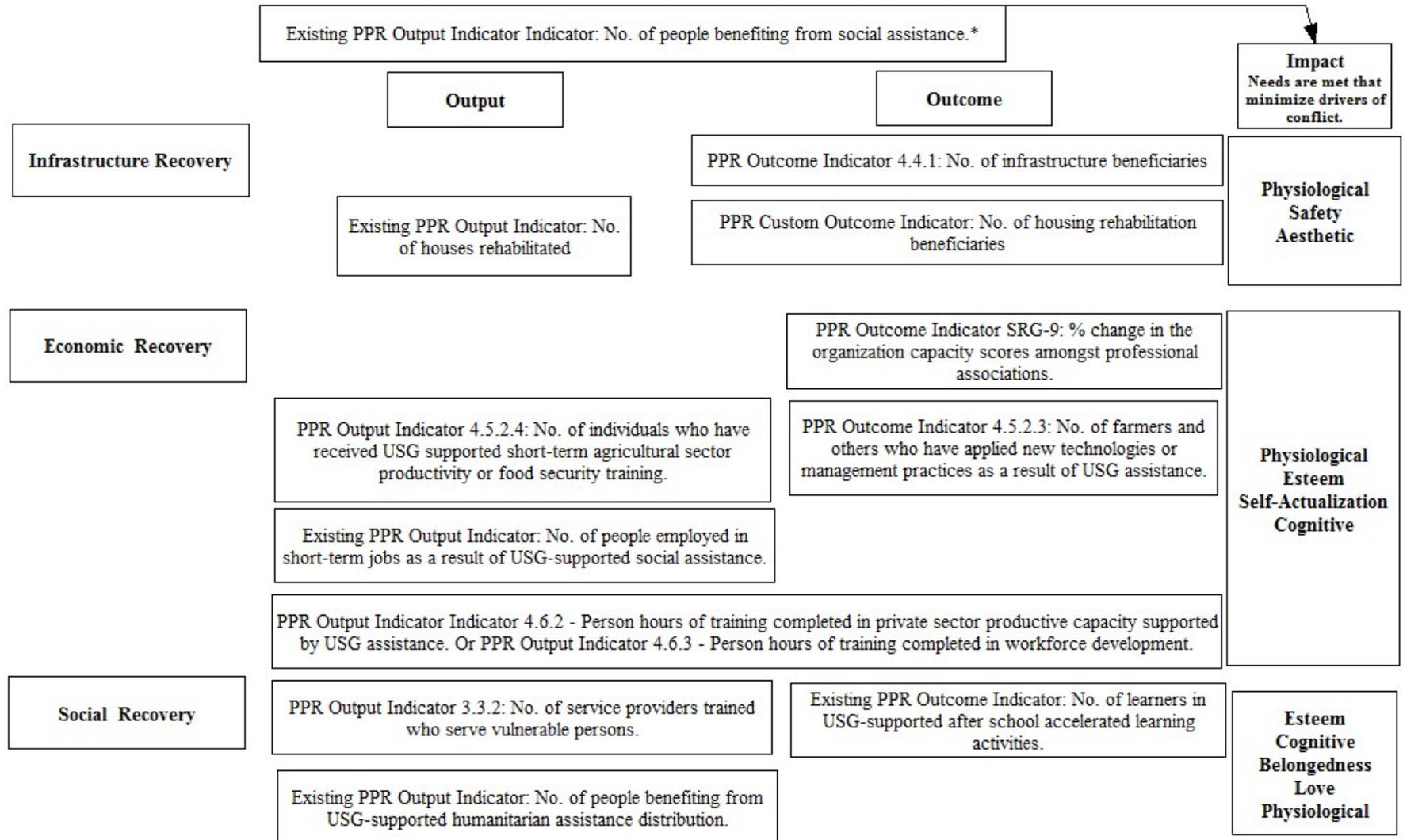
¹ Richard E. Rubenstein. “Basic Human Needs: The Next Steps in Theory Development.”

http://www.gmu.edu/programs/icar/ijps/vol6_1/Rubenstein.htm - Addressing drivers of conflict is widely accepted as a prerequisite for post-conflict transformation of states into stable, capable and positively engaged societies; if primary human needs are not addressed, conflict is more likely to occur.

² Fearon, Humphreys, and Weinstein. “Can Development Aid Contribute to Social Cohesion after Civil War?” American Econ Review: Proceedings 2009. Available at: <http://www.columbia.edu/~mh2245/papers1/aer2009.pdf>

³ Mercy Corps. “Strengthening Our Ability to Promote Stability” - <http://mercycorps.org/countries/uganda/20131>
Mercy Corps has developed three programs (in Uganda, Ethiopia, and Indonesia) that “aim to promote stability through peacebuilding and economic development.” Through comparative case studies, Mercy Corps will develop measures of program impact and data collection tools. Their research will allow them to examine the theories of change that underlie Mercy Corps’ programs. Mercy Corps is the primary implementer of PCAP in USAID West Bank Gaza.

PCAP Revised PPR Indicators & Theory of Change



* "Social Assistance" (as defined by Tayseer Edeas "USAID Standard Definitions for M/F Beneficiaries" email dated 10/03/2011) is number of people directly benefiting from all USAID PCAP objectives/Intermediate Results: infrastructure recovery, economic recovery and social recovery; n this may include social assistance recipients (CFW, NFI, training, youth children, etc.), housing and community infrastructure beneficiaries, direct beneficiaries of economic recovery (farmers, professionals and businessmen).

** Definition of "Service Provider" provided by Tayseer Edeas email dated 10/03/2011 indicates that the these are individuals not entities.

Michael Maxey
Weekly Report – October 17 – 21, 2011
Palestinian Community Assistance Program (PCAP) - USAID West Bank Gaza

October 17 - Reviewed pending actions and touched base with Mercy Corps. Key actions:

- Follow-up on Construction Oversight – Mercy Corps has a plan for putting Engineering Monitoring team in place to oversee infrastructure activities under PCAP.¹ We need to follow up internally on the details, costs, and coordination.
- F Indicator Revision Process – Mercy Corps presented revised F indicators and targets for FY 2012 and 2013. Actual results on FY 2011 indicators have been submitted and are discussed in the PCAP Project Performance Summary Sheet.

October 18 – PCAP ICT Activities - The draft PCAP Year Two Work Plan provides a description of ICT activities and discusses the program’s overall approach, but more information is needed. A meeting will be scheduled with USAID ICT Working Group leader, Ghassan Al Jamal, on or about November 3rd to (1) discuss PCAP’s strategic vision, (2) assess how that vision and the program’s activities fit within the larger context of the Mission’s approach to the sector, and (3) determine if more support (or less) is needed in this sector in order to achieve PCAP and broader Mission goals.

October 19 – PCAP Demobilization Meeting – Reviewed Mercy Corps plan for demobilization with FMO and OCM staff. PCAP COP and Financial Director described how their demobilization plan was developed and responded to questions. There are still issues to be addressed (including the need to assess whether infrastructure can be implemented as planned given delays in obtaining permission for importation for dual use material - approval time is running 4 to 5 months from time of submission to COGAT). A meeting is scheduled for next Friday morning in PDP with Mercy Corps to discuss final de-mobilization plan (Mercy Corps’ revised plan will be submitted Monday).

October 21 – PCAP Monitoring in Gaza – Follow-up scheduled with Firyal to finalize monitoring plan for PCAP activities. In previous discussion with Shawn Jones and Firyal, we agreed: (1) Firyal will monitor programs results and implementation (compliance, sustainability and transparency); (2) AOTR Letter will be sent to Mercy Corps describing the monitoring plan, Firyal’s role, and procedures to be followed in identifying and resolving issues; and (3) AOTR will recommend priority areas for monitoring and will facilitate greater coordination between Firyal and PCAP (Mercy Corps and partners).

¹ The deployment of this team is contingent upon the approval to proceed with new construction projects under the RFA as well as current projects such as CHF’s program and any significant undertakings with the PCAP Cash for Work programs. The team will consist of one (International) Engineering Director and two Gazan Engineers. The team will be supported by a (technical) Administrator. Preliminary budget estimate is that the direct costs of this team would be around \$800,000. This oversight unit will only be put in place if the second round RFA on Infrastructure.

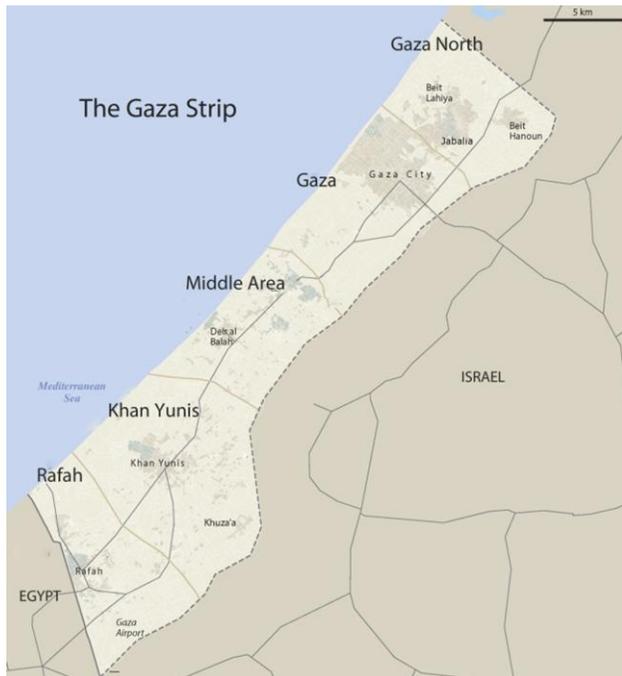


USAID
FROM THE AMERICAN PEOPLE



MERCY CORPS' PALESTINIAN COMMUNITY ASSISTANCE PROGRAM: PAVING THE WAY TO A BRIGHTER FUTURE FOR GAZANS

Mercy Corps is leading a group of non-governmental organizations (NGOs) in an effort to improve the economic and social conditions of families in the Gaza Strip. Through the USAID-funded Palestinian Community Assistance Program (PCAP), Mercy Corps, CHF International, Catholic Relief Services (CRS), and additional partner agencies will provide \$100 million of immediate and long-term assistance to Gazans over three years.



PCAP's unique approach focuses on three key pillars vital to the recovery of Gaza:

Infrastructure Rehabilitation and Housing Repair

The infrastructure needs of the growing population of the Gaza Strip have remained largely unmet since June 2007. Working with community-based organizations, PCAP is identifying priorities for improvements to community infrastructure, such as private schools, clinics, youth centers, community facilities and water and sanitation infrastructure. In addition, more than 1,000 homes damaged during recent conflicts will be repaired.



Shelter needs in the Gaza Strip are acute with more than 90,000 units required as of January 2011, as reported by the Gaza Shelter Cluster. CHF design and assessment teams are evaluating conflict-damaged homes throughout Gaza for repair or rehabilitation. Photo: Essam M. Ali Abu Shahla/CHF

Economic Recovery

Promoting economic development is another fundamental goal of PCAP. With a reported 31 percent of the workforce unemployed, cash-for-work projects will provide some 5,500 Gazans with income as they carry out short-term jobs. Cash-for-work activities include rehabilitating farmland, greenhouses and fishing equipment, painting and maintaining community organizations, and sewing school uniforms and hospital gowns. PCAP implementers are also supporting the efforts of 2,000 families throughout the Gaza Strip to produce their own food through backyard gardens and small livestock.



Cash-for-work projects target unemployed men and women from the most vulnerable households. Beneficiaries earn a daily wage to support their families by undertaking activities such as renovating community-based organizations, as shown here. Photo: Rawad Nawas/Mercy Corps

While cash for work is a first step, Mercy Corps and its partners are focused on stimulating long-term

Last year, Mercy Corps helped 19 million people turn crisis into opportunity.

development, especially in the information and communications technology (ICT) sector. This sector has shown consistent growth in recent years despite the blockade, less reliant on the movement of people and goods across borders for success. Projects include activities to advise, strengthen, and build the capacity of ICT associations, aspiring entrepreneurs and other businesses. PCAP partners will also help fulfill the skill and employment needs of young Palestinians by assisting more than 3,000 youth through internships, professional development and vocational trainings.

Social Recovery

The third pillar of PCAP encourages social recovery by supporting Gazans to begin meeting their own basic needs, as well as to respond with immediate humanitarian assistance. In this way, relief packages are being distributed to 5,000 vulnerable households, providing families with urgent supplies including pots and pans, toothbrushes, soap and other personal hygiene items.

As a result of the shortage of more than 100 schools, many operate in double or triple shifts. PCAP is working with community-based organizations to conduct specialized after-school learning activities targeting some 6,700 students. In small group sessions, children in the second, third and fourth grades are building critical skills in Arabic, English and math. A second education activity fosters English, leadership and communication, and computer literacy skills for gifted students in the seventh, eighth and ninth grades.



Through Mercy Corps' Neighborhood After-School Program (NASP), underachieving students in the 2nd, 3rd and 4th grades receive tutoring in small groups. Photo: Marjie Sackett/Mercy Corps

Young survivors are especially vulnerable to

intellectual, physical, emotional and social problems. In order to encourage resilience, cooperation and constructive communication, PCAP is piloting a Gaza-specific curriculum using sports and games to engage 3,300 youth including persons with disabilities. Working with local partners, Mercy Corps is also training local facilitators to provide psychosocial support to 6,000 children and caregivers through guided sessions, workshops and social outlets. Over the course of the program, participants acquire skills to cope with fear, sadness, and stress.



Mercy Corps' psychosocial program employs activities tailored to the Gaza post-conflict context to help children express themselves, reflect and address sources of anxiety. Photo: Marjie Sackett/Mercy Corps

PCAP partners encourage community participation in the planning and implementation of activities to accurately identify needs and target the most vulnerable families. Throughout each project, we are working to mobilize and empower marginalized groups, including women and persons with disabilities.

In years two and three of the program, additional international NGO partners including ANERA, CARE, International Medical Corps, International Orthodox Christian Charities and Save the Children are implementing activities that expand on or complement the activities of Mercy Corps, CHF and CRS.

PROGRAM INQUIRIES

Stu Willcuts
Chief of Party
Palestinian Community Assistance Program
swillcuts@field.mercycorps.org

mercycorps.org

October 2011

You must be the change
you wish to see in the world.

~ Gandhi



Be the change

Weekly PCAP Report
Michael Maxey
October 28, 2011

October 24 - PCAP Demobilization Meeting – Mercy Corps presented draft plan for demobilization, plan was discussed within PPD, and a meeting between PPD and Mercy Corps was held on Friday, October 28th. Mercy Corps will present revised close out plan on Thursday November 3rd (by noon) which will include, by IR, timeline of activities, narrative, budget, and projected outputs. Mercy Corps indicated end of program implementation will be July 31, 2012. Plan will show budget, activities and outputs, as well as glide plan for terminating programs and reducing staff. Mercy Corps's tentative start of close out actions is November/December 2011.

October 26 – 27

- Year Two Implementation Plan - The draft PCAP Year Two Work Plan was received on October 12, 2011, draft is being reviewed and initial comments were provided to Mercy Corps on October 27th. An AOTR letter with initial comments was forwarded to Mercy Corps on October 28th. Essentially, the plan does not include a budget and does not clearly demonstrate projected IR indicator results cross-referenced with the PMP. Mercy Corps was requested to submit a revised Implementation Plan by November 15th.
- Mid-Term Evaluation – Mercy Corps submitted revised draft SOW for the mid-term evaluation of PCAP. I shared a copy with Shawn and Firyal. We need to discuss next steps in providing Mission input on the draft SOW and determine how we will coordinate on the execution of the work of the mid-term evaluation. We met and discussed with Mercy Corps and we agreed that this “Performance Evaluation” would continue regardless of whether the program moves in to close out or not.

October 28

- PCAP Monitoring in Gaza – Firyal, Shawn, Mariella and I met with Mercy Corps to discuss monitoring of PCAP activities. We reviewed projected vs actual results on the PMP/PPR indicators, noted implementation shortfalls in community infrastructure and business development activities, and indicated these activities along with other parts of the program would be part of the PCAP monitoring priorities by the Mission. A final monitoring plan will be developed next week and forwarded via AOTR letter.
- ICT Sector & Business Development Strategy – Mercy Corps will make a presentation to the Mission on Friday, Nov. 4th, at 3 pm on their economic recovery and ICT sector strategy.
- Logistics Plan – USAID Logistics Liaison, Mercy Corps logistics staff/contractor, and PCAP AOTR will meet with Israeli Border Crossing Officials on Monday, October 31st, to discuss transit of construction material. Mercy Corps will provide an updated logistics plan by the 31st that shows firm dates for shipments of material with a timeline providing specific quantities and number of trucks.

Weekly PCAP Report
Michael Maxey
November 4, 2011

October 31 – Logistics Field Trip - A meeting was held with Mercy Corps and Crossing Point Administration (CPA) officials at Sha’ar Ephraim Crossing to discuss logistics handling for PCAP material (4,876 metric tons of dual use material - aggregate, cement, re-bar, etc.) being imported into Gaza. See attached MemCon. Major Issues: (1) Transportation– Shipment through Sha’ar Ephraim Crossing is complicated and it is not certain that the movement of large amounts of construction can be accomplished – operating time is only 2 hours per day and loading and reloading area is small and can only accommodate a small number of trucks; (2) Costs – Procurement of the material in West Bank and shipping through Sha’ar Ephraim creates additional costs (versus procurement in Hebron and shipment through Tarqumiya) – Mission needs to assess reasonableness of these transportation and handling costs; and (3) Implementation Capacity – The housing renovation that focuses on major rehabilitation activities and community infrastructure component are significantly behind schedule. Mission needs to review this component. An AOTR letter was sent to Mercy Corps expressing concern and asking for a follow up meeting in the Mission to clarify how this material is being procured and transported into Gaza, and to assess the cost versus cost of similar procurements by other USAID projects.

Nov. 1 – Mid-Term Evaluation – Mariella is taking the leading in managing this process. Meeting is scheduled with PCAP Technical Team on Monday, Nov. 7th to go over draft scope of work. This will be a formative evaluation that assesses PCAP performance to date, identifies issues, and makes recommendations for improving implementation.

Nov. 2 –

- Year One Annual Report – Mercy Corps Annual Report (see attached summary) indicated problems with community infrastructure. Housing (albeit a modified approach) increased its coverage and potential impact. Major housing renovation is delayed. Business development activities were constrained (only a third of the funding approved under the Year One Implementation Plan was requested by Mercy Corps). Support to Social Recovery component increased significantly and education activities exceeded targets for the year. There was an increase in funding for education of almost 400% due to the RFA sub-award process (*Mariella will work with PCAP to articulate a sector strategy for their activities in education and training).
- Monitoring Plan – Mariella is going through the PCAP indicator table reviewed projected versus actual results and the reasons given by Mercy Corps to determine what areas of the program should be included in Firyal’s monitoring plan for the program. Draft will be reviewed within PPD.

Nov. 4 –

- ICT Sector – Presentation and discussion in the Mission. Mercy Corps provided a presentation on their ICT and business sector activities in Gaza.

Palestinian Community Assistance Program (PCAP)¹ FY 2010 – FY 2011 Annual Report November 4, 2011

The PCAP Year One Implementation Plan was approved in December 2010 providing \$35.8 million to Mercy Corps (prime), two primary partners (CHF and CRS) and five additional sub-grantees to repair/rehabilitate 10 community infrastructure activities, repair 100 homes, train and provide production inputs to 1,000 farmers, provide short-term income opportunities to 1,950 individuals, train 3,660 youth or under-employed persons, provide training and capacity building assistance to 124 businesses, provide after-school tutoring or accelerated learning to 1,570 children, support 1,100 youth to be engaged in sports activities, provide mental well-being support to 3,000 beneficiaries, and provide 5,000 households with non-food item humanitarian assistance.² These results are tracked under three board Intermediate Results (IRs): (1) IR 1 -Basic infrastructure and housing needs of Gazans improved; (2) IR 2 – Economic recovery strengthened in Gaza by creation of income generation and business development opportunities; and (3) IR 3 – Social recovery strengthened in Gaza through tangible improvements in food security, education, health and psycho-social services. Total program funding of \$100 million to achieve these results is allocated to:

- Mercy Corps - \$30.5 million for short term employment programs, youth skills training, local business development, ICT sector development, enhance formal and non-formal education, improve resiliency by children and youth, and psycho-social support for children and caregivers.
- CHF - \$15 million for rehabilitation of community infrastructure and homes, provision of agricultural production kits (urban gardening and animal production) and training, and technical management capacity building for engineers.
- CRS - \$14.5 million for short-term employment opportunities, youth training for workforce development, and provision of non-food item humanitarian assistance.
- Sub-Grants - \$40 million for sub-grants under two RFA rounds to support infrastructure, economic and social recovery activities. * First round of sub-awards was made with five entities selected to receive sub-grants totaling \$15 million. Implementation plans for these five new sub-grantees will be included in the PCAP Year Two Implementation Plan.

¹ PCAP will implement activities under three objectives in support of the overall program goal: (1) Infrastructure Recovery – Tangible improvements in infrastructure and housing contribute to meeting infrastructure needs of Gazan communities; (2) Economic Recovery – Creation of income generation and business development opportunities support economic recovery in Gaza; and (3) Social Recovery – Tangible improvements in food security, education, health and social services promote strengthening of Gaza society. PCAP is funded with an initial obligation first year of \$35,800,000 under a Letter of Credit. Funding is planned in relatively equal tranches for each year of the program: Year 1 - \$35,809,112; Year 2 - \$35,991,207; and Year 3 - \$28,199,681.

² According to the PCAP PMP the program aims to achieve four key outcomes: (1) improved access to and delivery of basic services; (2) strengthened capacity of the private sector; (3) improved social conditions; and (4) “best practice” models that demonstrate cost effective, productive, and sustainable mechanisms to improve basic services, increase economic growth, and improve social conditions.

PCAP Year One Implementation Plan Budget, Approved Activities & Sub-Awards

| Budget Element | <u>Year 1 Imp. Plan</u> | <u>Approved Activities</u> | <u>Sub-Awards</u> | <u>Total Approved Activities & Sub-Awards</u> | <u>Difference in Funding Between Activities in Year 1 Plan & Activities Presented and Approved for Implementation</u> | <u>% Over or Under Target Budget</u> |
|---|--------------------------------|-----------------------------------|---|--|--|---|
| 1 - Infrastructure Recovery | <u>\$15,440,403</u> | <u>\$7,783,404</u> | <u>0</u> | <u>\$7,783,404</u> | <u>(\$7,656,999) - UNDER</u> | <u>49%</u> |
| 1.1 – Community Infrastructure | \$12,298,681 | \$1,840,102 | 0 | \$1,840,102 | (\$10,458,579) - UNDER | 85% |
| 1.2 – Rehabilitation of Houses | \$2,307,475 | \$5,943,302 | 0 | \$5,943,302 | \$3,635,827 - OVER | 157% |
| | | | | | | |
| Economic Recovery | <u>\$15,011,676</u> | <u>\$10,290,737</u> | <u>\$3,594,969</u> | <u>\$13,885,706</u> | <u>(\$1,125,970) - UNDER</u> | <u>8%</u> |
| 2.1 – Agribusiness Dev. | \$5,275,081 | \$2,561,056 | IOCC - \$1,929,176 | \$4,490,232 | (\$784,849) - UNDER | 15% |
| 2.2 – Cash for Work | \$3,060,240 | \$4,160,480 | 0 | \$4,160,480 | \$1,100,240 - OVER | 36% |
| 2.3 – Technical Skills Training | \$2,606,113 | \$2,624,246 | Save the Children - \$1,665,793 | \$4,290,039 | \$1,683,926 - OVER | 65% |
| 2.4 – Business Development | \$4,070,242 | \$944,955 | 0 | \$944,955 | (\$3,125,287) - UNDER | 77% |
| | | | | | | |
| Social Recovery | <u>\$5,064,324</u> | <u>\$5,316,259</u> | <u>\$3,691,177</u> | <u>\$9,007,436</u> | <u>\$3,943,112 - OVER</u> | <u>78%</u> |
| 3.1 – After School & Accl. Learning | \$647,885 | \$1,036,431 | CARE - \$1,395,305 ANERA - \$1,282,552 | \$3,714,288 | \$3,166,403 OVER | 487% |
| 3.2 – Sports Based Youth Dev. | \$134,158 | \$236,360 | 0 | \$236,360 | \$102,202 OVER | 76% |
| 3.3 – Psycho-Social Support | \$832,924 | \$1,254,637 | IMC - \$1,013,320 | \$2,267,957 | \$1,435,033 OVER | 172% |
| 3.4 – Dist. of Humanitarian Asst. | \$3,449,357 | \$2,788,831 | 0 | \$2,788,831 | (\$661,526) UNDER | 19% |
| *\$292,708 for health supplies was re-programmed. | | | | | | |
| TOTAL | <u>\$35,516,403</u> | <u>\$23,390,400</u> | <u>\$7,286,146</u> | <u>\$30,676,546</u> | <u>(\$4,840,857) UNDER</u> | <u>14%</u> |

PCAP Planned vs Actual Results – FY 2010 - 2011

| IR | Indicator | FY11 Target | FY11 Actual |
|-------------------------------------|---|---|---|
| 1.1 Community Infrastructure | (1) # of people with access to municipal services; (2) # of small infrastructure projects completed. | (1) 109,337 (2) 10 | (1) 0 (2) 0 |
| 1.2 Housing | # of houses rehabilitated | 100 | 606 |
| 2.1 Improved Food Security | (1) # of farmers trained; (2) # of households receiving urban gardens; (3) 3 of households receiving animal production kits. | (1) 1,300 (2) 1,000 (3) 300 | (1) 1,224 (2) 979 (3) 0 |
| 2.2 Employment | (1) Person Days of employment generated: (2) # of people employed in short-term jobs via USG funded activities | (1) 89,7000 (2) 1,950 | (1) 87,151 (2) 2,203 |
| 2.3 Youth & Under-Employed Training | (1) % of trainees demonstrating increased skills; (2) # of youth trained; (3) # of internships MC; (4) # of internships CRS; (5) # of work days. | (1) 60% (2) 1,030 (3) 90; (4) 510 (5) 56,100 | (1) 0% (2) 0 (3) 92; (4) 850 (5) 62,868 |
| 2.4 Business Dev. | (1) # of professional associations with increased capacity; (2) # of individuals trained from associations and firms; (3) # of businesses/firms trained; (4) # of partnerships established. | (1) 2 (2) 150 (3) 100; (4) 4 | (1) 0 (2) 84 (3) 70; (4) 0 |
| 3.1 Formal & Non-Formal Education | (1) # of learners enrolled in USG-supported after school & accel. Learning programs; (2) % children showing improvement in math, Arabic & English; (3) % children showing improvement in IT, Mgt & leaderships; (4) # tutors trained; (5) # of courses offered. | (1) 2,000 (2) 50% (3) 60% (4) 100 (5) 6 | (1) 2,053 (2) 94.7% (3) 77.7% (4) 136 (5) 6 |
| 3.2 Recovery & Resilience | (1) % of participants in sports demonstrate increased resilience; (2) # of children/youth participate in sports & group activities; (3) # of facilitators receive training. | (1) 60% (2) 440 (3) 6 | (1) 0 (2) 235 (3) 12 |
| 3.3 Psycho-Social | (1) % children who demonstrate improved well being; (2) # of beneficiary children in CBO based PSS sessions; and (3) # of beneficiary parents/caregivers benefitting from PSS training. | (1) 60% (2) 1,500 (3) 1,500 | (1) 0 (2) 980 (3) 980 |
| 3.4 Humanitarian Support Improved | 1) # of households benefiting from USG-supported humanitarian assistance; (2) # of people benefiting from USG-supported humanitarian assistance; and (3) Amount of USD of humanitarian assistance/emergency supplies provided. | (1) 5,000 (2) 35,000 (3) \$1,740,000 | (1) 5,000 (2) 41,872 (3) \$435,000 |

Mercy Corps was required to provide activity summaries for approval by the Mission. To date, 31 activities have been presented and approved plus an additional 5 sub-awards have been granted. The table below shows the total amount programmed against the approved budget. Front Office approval was provided for most these activities in February 2011. Community Infrastructure activities were approved in April 2011. Environmental documentation was approved during April and May 2011. Vetting approval were ongoing and COGAT approvals were ongoing as well. Attached is a table showing the Vetting and COGAT approval actions.



USAID | WEST BANK/GAZA

Memorandum of Conversation

Date: October 31, 2011

Subject: Meeting with Israeli Crossing Point Authority at Sha'ar Ephraim Crossing (see attached map).

Participants: Crossing Point Administration (CPA) – Israel Ministry of Defense: Elad Yiftach and staff. Mercy Corps: Shadi Zananiri, Procurement and Logistics Officer, and Marina Antunovic, Grants Manager. Sepi-Sun Holdings Ltd: Fredy Zach, Consultant, and Michel Pillo, Logistics Coordinator. USAID: Fouad Salman, Supervisory Logistics Liaison, and Michael Maxey, PCAP AOTR, PPD.³

A meeting was held with Elad Yiftach and his staff of the Crossing Point Administration (CPA) at Sha'ar Ephraim Crossing to discuss logistics handling for material being imported into Gaza by Mercy Corps under the Palestinian Community Assistance Program (PCAP). Approximately, 4,876 metric tons of dual use material (aggregate, cement, re-bar, etc.)⁴ was requested by CHF and approved by COGAT⁵ for housing renovation in Gaza. The Mercy Corps transportation broker, Sepi-Sun, arranged this meeting to observe the off loading and re-loading facility at Sha'ar Ephraim Crossing and to coordinate the first shipment of construction material.

Major Issues:

- Transportation– Shipment through Sha'ar Ephraim Crossing is complicated and it is not certain that the movement of large amounts of construction can be accomplished – operating time is only 2 hours per day and loading and reloading area is small and can only accommodate a small number of trucks;
- Costs – Procurement of the material in West Bank and shipping through Sha'ar Ephraim creates additional costs (versus procurement in Hebron and shipment through Tarqumiya) – Mission needs to assess reasonableness of these transportation and handling costs; and
- Implementation Capacity – The housing renovation and community infrastructure component is significantly behind schedule -- Mission needs to review this component.

An AOTR letter will be forwarded to Mercy Corps requesting their action to address logistics issues impacting the housing renovation component of PCAP.

³ Contact Information: Marina Antunovic, Mercy Corps, mantunovic@field.mercycorps.org, and cell tel. 054-238-2853; Shadi Zananiri, Mercy Corps, szananiri@ps.mercycorps.org and cell tel. 054-288-3162; Fredy Zach, Sepi Sun Holdings, promot@015.net.il and cell tel. 050-5358499 and office tel. 08-856-1003.

⁴ Aggregate includes (1) Foulia – 1,050 MT, (2) Adasia – 360 MT, and (3) Semsemia – 1,950 MT.

⁵ COGAT (Coordinator of Government Activities in the Territories) – USAID WBG submitted the list of material for COGAT approval on March 18, 2011A – Ref. # 15-2011-PCAP-R00 – and it was approved on June 29, 2011. Total amount requested was 4,876 metric tons of material.

Fouad Salman and I arrived at the crossing point at 11 am and met with Sepi-Sun personnel (Fredy Zach and Michel Pillo). We were joined by the Mercy Corps staff and the CPA officials. An explanation was provided of how the Crossing Point operates followed by a discussion of the basic off-loading and re-loading of aggregate and other material that would be done at the crossing point. We then drove the staging area where products are off-loaded the Palestinian trucks and re-loaded to Israeli trucks for transport to Beir Shalom where they will go through another off loading and re-loading for shipment into Gaza. The photo below shows the staging area and a truck being loaded after the cargo had been off-loaded from a Palestinian truck.



Off loading & Re-loading Area – Sha'ar Ephraim

Issues

Transportation – The Sha'ar Ephraim Crossing operates for West Bank trucks off-loading material for transport into Israel from 7:30 am to 9:30 am each morning. Any transition of material will have to be done during this two hour window. The space appears relatively small for the number of trucks that would be needed to justify transit of vehicles at Karim Shalom. Fredy Sach of Sepi-Sun commented that unless there were sufficient trucks going to Karim Shalom (10 trucks or so) otherwise Sepi-Sun would not be able to obtain permission to enter Gaza at that crossing. I questioned why PCAP was trying to trans-ship through Sha'ar Ephraim Crossing and was told that CHF insisted on purchasing the dual use material in the West Bank and shipping it through Sha'ar Ephraim Crossing. Sepi-Sun indicated it would be much more efficient to purchase the material in Hebron and ship through Tarqumiya Crossing (see attached map of crossing points out of West Bank). It is not apparent that the Sha'ar Crossing will work for large quantities of construction material and it is not clear why material is not being purchased in the south, in Hebron or vicinity, and transshipped out of Taqumiya.

| Material Delivery Schedule PCAP Projects | | | | | | | | | | | | | | | |
|---|----------------------|------------------|-------------------------|------------|----------|-----------|----------|------------|----------|-----------|----------|------------|----------|-----------|----|
| Project/Activity Description | Status | Trucks Delivered | Remaining No. of Trucks | Nov-11 | | | | Dec-11 | | | | Jan-12 | | | |
| | | | | W1 | W2 | W3 | W4 | W1 | W2 | W3 | W4 | W1 | W2 | W3 | W4 |
| | | | | # of Units | | | | # of Units | | | | # of Units | | | |
| Office equipment and supplies | Completed | 1 | | | | | | | | | | | | | |
| Office & ICT Equipment for PCAP Office in Gaza | Completed | combined | | | | | | | | | | | | | |
| NFI for distribution to needy families- Round 1 | Completed | 15 | | | | | | | | | | | | | |
| Hot and cold water dispensers-Psychosocial Activities | Completed | combined | | | | | | | | | | | | | |
| Cash for Work (CFW) to repair farmer livelihoods | Completed | 1 | | | | | | | | | | | | | |
| Housing Rehabilitation and Urban Gardens- CHF | To be shipped | 11 | 117 | 16 | 1 | - | - | - | - | 63 | - | - | - | 37 | |
| Procurement printing forms | Completed | combined | | | | | | | | | | | | | |
| Sewing materials | Completed | combined | | | | | | | | | | | | | |
| CHF Fire-proof safe | Completed | combined | | | | | | | | | | | | | |
| Non Food Items- round 2&3- CRS | To be shipped | 20 | 33 | 17 | - | 11 | 2 | 3 | - | - | - | - | - | - | |
| Office Equipment and Furniture for Anera Office | To be shipped | | 1 | 1 | - | - | - | - | - | - | - | - | - | - | |
| | No. of Trucks | 48 | 151 | 34 | 1 | 11 | 2 | 3 | - | 63 | - | - | - | 37 | |

Shipment Schedule – PCAP Commodities to Gaza

Costs – In the discussion with Mercy Corps I asked about the total cost of the material in terms of procuring and shipping it this way. I was told that the cost was significantly higher than if it had been purchased in Israel and shipped via Karim Shalom into Gaza. This approach in terms of procurement and shipment was preferred by CHF, the PCAP sub-grantee responsible for implementing the housing renovation program. There needs to be an assessment of the different options utilized by USAID funded programs to determine a “reasonable” cost for procuring and shipping large quantities of construction material into Gaza. According to Sepi-Sun officials, ANERA, the program implementing the EWAS program for USAID, has experience in managing the procurement and shipment of large amounts of construction material into Gaza, and do it efficiently and at a reasonable cost.

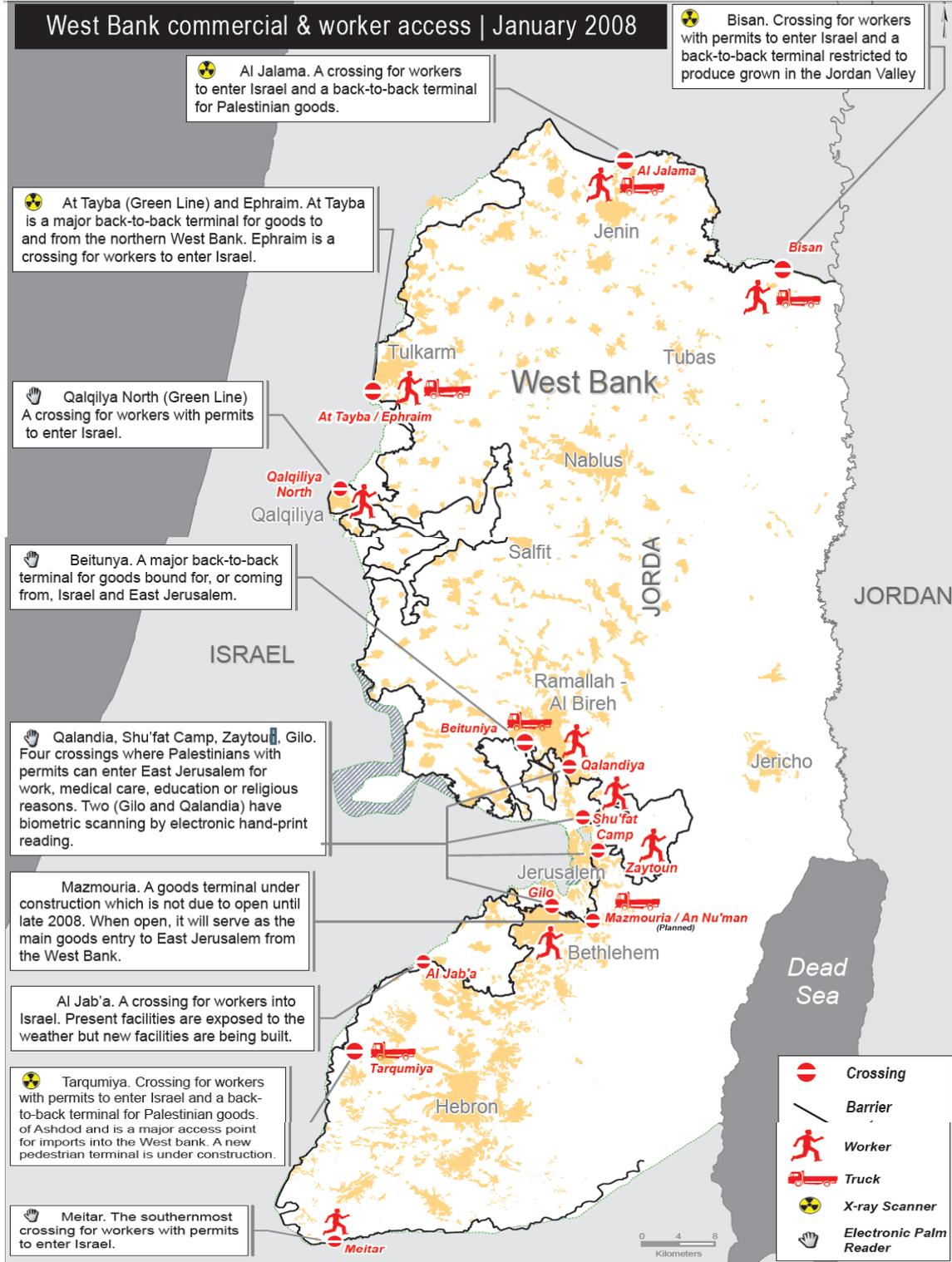
Implementation Capacity – The transshipment of dual use construction material depends on first obtaining COGAT approval of the specific materials that will be transshipped into Gaza. Under the housing renovation program, COGAT issued its approval 125 days ago and Mercy Corps has not yet transshipped a significant amount of construction material into Gaza. As PCAP enters its 14th month the housing renovation program has not initiated major renovation activities.⁶ PCAP has missed expenditure level for housing renovation in the Year One Implementation Plan by 55% able to expend only \$2.7 million of \$5.9 million programmed for the period. While housing rehabilitation was done using locally procured windows and doors, the major renovation work has not started yet. There needs to be an assessment of whether this component of the project along with the Community Infrastructure component should not be redesigned to a more realistic level given implementation progress to date.⁷ An AOTR letter and follow up meeting with Mercy Corps and CHF is planned to address the questions raised by this visit and the discussions we held with Sepi-Sun and CPA officials.

⁶ Mercy Corps requested a change in the approach of the housing program to allow local procurement of windows and doors in order to move the program forward. This activity is moving forward and having a good impact.
⁷ The option of amending the PCAP cooperative agreement should be considered if infrastructure rehabilitation in Gaza has further implementation delays. Ongoing, successful infrastructure programs funded by USAID WBG should be considered as an alternative programming mechanism to accomplish needed infrastructure rehabilitation (e.g., EWAS).

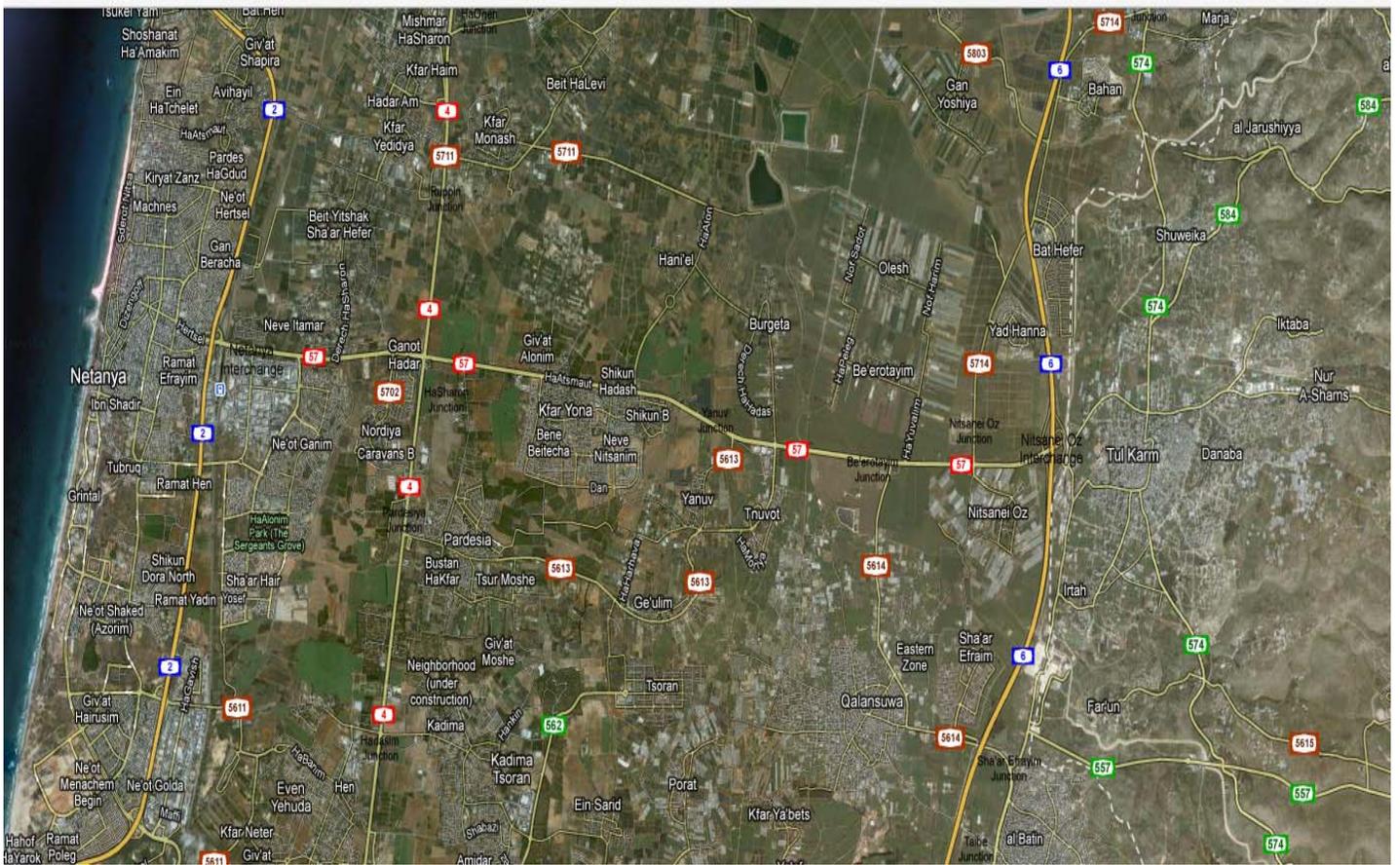




West Bank commercial & worker access | January 2008



Sha'ar Ephraim Crossing



Weekly PCAP Report
Michael Maxey
November 10, 2011

Nov. 7 – Mid-Term Evaluation – Met with PCAP Technical Committee and reviewed the draft scope of work. We discussed the make up of the team, procedures for how the evaluation would be conducted, and what specific questions would be answered. There was general agreement that the team lead (and other ex-pats) should have post conflict/recovery development experience. We discussed make up of team, some thought that there was not a need for a specific technical expert for each sector (infrastructure, economic and social). We agreed to go forward with draft but ask for clarification during the procurement process. A question came up regarding cost (the Mercy Corps estimate is that the evaluation will cost approximately \$120,000). It was agreed that we would request two USAID representatives to (1) participate in the review and ranking of final proposals, (2) have input in and provide final concurrence of inception report, and (3) participate in mid-term review of work progress. Final evaluation will be submitted to Mission for concurrence.

Nov. 8 - Summary of Close Out Plan – Prepared a summary of close out plan submitted by Mercy Corps for PCAP and highlighted primary issues. The most significant technical issue for close out to me is the proposed housing rehabilitation program (this is for major renovation) and will be targeting 300 houses if the already procured construction material is sufficient (or if locally procured material can meet chain of custody requirements). See attached summary with issues highlighted on page 2.

Nov. 9 – PCAP Draft PPR Narrative – Prepared first draft of PCAP PPR Narrative. Gave draft to Mary Cobb to incorporate in HHA’s Humanitarian Assistance overall narrative. PCAP was able to make good progress in terms of housing rehabilitation, food security, employment generation, formal/non-formal education, psycho-social programs, and non-food item humanitarian assistance. Major shortfalls were noted in community infrastructure and business development as well as lesser constraints in work force development training and sports-based recovery. A mid-term evaluation is scheduled for FY 2012 to assess implementation mechanisms, identify constraints, and recommend remedial actions. Overall assessment is PCAP is off to a good start but there are serious issues to be resolved. See attached draft.

Nov. 10 – PCAP Close Out Meeting – Representatives from PPD, OCM and FMO met to discuss the close out document submitted by Mercy Corps for PCAP. Decisions from the meeting were: (1) Community Infrastructure - Mercy Corps should explain why they believe the program can not complete community infrastructure programs during close out; (2) Housing - There are serious questions on how PCAP will complete major rehabilitation on 300 houses over 5 to 6 month period; (3) Urban Gardens program appears ok but need details on what will be done to ensure activities are fully completed by projected close out date; (3) Cash for Work – what is the methodology and how with CRS and MC ramp up activities (how is this program scalable, as was mentioned in the close out plan?); (4) Work Force Development – How will this ramp up (we understand that the Save the Children sub-grant is here but how will overall intern program operate to expand by 200%); (5) Business Dev. – Looks OK but we need to know details – focus on short term is needed; (6) Education – Big expansion – need to assess how this will be done – we realize that two sub-grants (CARE and ANERA) are included; (7) Youth Sports is OK – but what about sustainability?; (8) Psycho-Social – This includes sub-grant to IMC – need to coordinate carefully with Health and Humanitarian Assistance (HHA) office; and (9) Non-Food Item Humanitarian Support – Is this program scalable? Could we include food humanitarian assistance if needed?



USAID
FROM THE AMERICAN PEOPLE

WEST BANK/GAZA

Memorandum to the Files

Date: November 8, 2011

Subject: Meeting to Discuss the Palestinian Community Assistance Program (PCAP) Close Out Plan – November 10, 2011

From: Michael Maxey, PCAP/PPD

A meeting is scheduled on November 10th from 1 pm to 2 pm in the USAID WBG to discuss the attached PCAP close out plan which was presented to the Mission on November 3, 2011. Mercy Corps has indicated that actions to implement the plan will start on November 15, 2011. The Mission needs to provide guidance and concurrence on a final PCAP close out plan.

The plan calls for all program activities to cease by July 31, 2012, and final PCAP close out by September 30, 2012.

Mercy Corps – Work force skills training, formal and non-formal education, cash for work, and psycho-social programs directly implemented by Mercy Corps will go inactive and start phasing out on May 30 through June 30. Mercy Corps work force development/skills training and formal and non-formal education activities will end on May 30th and starting phasing/closing out, while employment generation (cash for work) and psycho-social activities will become inactive and on June 30th and start phasing/closing out. A greatly reduced MC team will oversee the final close out and reporting requirements to end PCAP on September 30, 2012.

CHF – Community infrastructure, housing renovation, and agriculture programs will be phased out sequentially from December 31, 2011 through June 30, 2012. Community infrastructure activities will stop first -- the Project Closeout Timeline shows community infrastructure going “inactive” on December 31, 2011, and closed out completely by January 31, 2012. Housing rehabilitation will focus on completing “windows and doors” activity and complete renovations on 250 houses needing major repair. The entire housing program will go “inactive” at the end on April 30, 2012, followed by a phase out and close out period of 45 days. Agricultural (food security) activities will be completed by June 30, 2012.

CRS - Employment generation and workforce development/training will be active until June 30, 2012 and then phase out/close out. Non-food item humanitarian assistance will be active until July 15th then go into close out. All five sub-grants recently awarded under the first RFA (CARE, Save the Children, IOCC, IMC and ANERA) will complete their first year of activities by July 15, 2012, and going into close out.

Policy level decisions are needed on potential re-programming of funds within PCAP if housing renovation work is delayed: Mercy Corps/CHF will provide a plan for assessing progress on housing activities and develop options for USAID concurrence to re-allocate housing funds if this components can not be implemented as scheduled.

Issues:

- Construction –Housing Renovation – Funded as an \$8.76 million program for major renovation of 300 houses, there are some serious questions about whether this component can be concluded as presented by Mercy Corps – with normal implementation ending on April 30, 2011. On Friday, November 18, 2011, Mercy Corps and CHF will meet with Mission staff and discuss the infrastructure component. They will (1) provide a description of the infrastructure program and a summary of accomplishments to date – planned vs actual results, constraints, continuing issues, (2) present the infrastructure implementation plan for PCAP close out which calls for renovation of 300 houses (i.e., completing major renovation – as opposed to just installing windows and doors); and (3) discuss allocation of infrastructure budget (\$8.76 million), identify what’s been expended, what is yet to be procured, what actions have to take place by when to complete the house renovations.¹ Mercy Corps will be requested to provide a detailed work plan with milestones and timelines that can be tracked at least biweekly. If milestones are missed and implementation delayed, Mission should determine the feasibility of continuing or scaling back the infrastructure activities.²
- Food Security/Agriculture – Good results – program is moving. Animal production component is delayed but overall this looks good. IOCC is doing an agriculture program – need to track this. Also need to determine how the \$1.5 million Feed the Future earmark is being used.
- Employment Generation – On track – appears to be achieving results.
- Workforce Development - Internships and youth employment are on track, training is not. Need to see what will be done and how it will be managed but this appears feasible with good impact on overall PCAP goal. Save the Children sub-award here – need to track.
- Business Development – Problems here but it is being revamped and scaled back in terms of budget support (going down from \$4 million to around \$1.7 million).
- Formal & Non-Formal Education – Moving forward and has two sub-awards (CARE and ANERA). Looks good but we need to monitor.
- Youth Sports – Is moving forward – need to monitor.
- Psycho-Social – This activity is behind but progressing. IMC sub-award – need to monitor.
- NFI Humanitarian Assistance – CRS has only done one round to date but program appears to be ready to move forward. We need to follow up with a briefing on this component.

¹ The housing renovation activity is being reviewed by Mercy Corps and is an area of concern given that no major renovation work has been completed to date even though all approvals for action have been in place since June 29, 2011. The Mission needs to closely monitor the ability of the program to implement the major housing rehabilitation that is planned during close out phase.

² From a technical point of view, a “first option” would not be to extend the infrastructure timeline if deadlines are not met, rather, I would recommend that funding be reallocated within PCAP to quicker implementing and disbursing activities that are part of the current program portfolio.

Proposed PCAP Close Out Plan Budget

| | |
|---|----------------------|
| Objective 1: Infrastructure Recovery | 8,820,000.00 |
| 1.1: Community Infrastructure | 60,000.00 |
| 1.2: Housing Availability | 8,760,000.00 |
| Objective 3: Economic Recovery | 17,340,000.00 |
| 2.1: Food Security/Agricultural Production | 4,420,000.00 |
| 2.2: Employment Generation | 5,470,000.00 |
| 2.3 Workforce Development | 6,630,000.00 |
| 2.4: Business Development | 820,000.00 |
| Objective 3: Social Recovery | 11,190,000.00 |
| 3.1: Formal and Non-formal Education | 4,670,000.00 |
| 3.2: Recovery & Resilience through Sports | 400,000.00 |
| 3.3: Psycho-Social Support | 2,240,000.00 |
| 3.4: Humanitarian Support | 3,880,000.00 |
| TOTAL: | 37,350,000.00 |

Rating Chart for PCAP Close Out Factors

Palestinian Community Assistance Program - Project Closeout Timeline

| Programs by Output | November | December | January | February | March | April | May | June | July | LoP Total |
|--|----------|----------|---------|----------|-------|-------|-----|------|------|-----------|
| Output 1.1: Community Infrastructure Strengthened | | | | | | | | | | |
| CHF | | | | | | | | | | 56,821 |
| Output 1.2: Housing Availability Improved | | | | | | | | | | |
| CHF | | | | | | | | | | 8,761,691 |
| Output2.1: Improved Food Security through Increased Agricultural Production | | | | | | | | | | |
| CHF | | | | | | | | | | 2,271,228 |
| IOCC | | | | | | | | | | 2,150,904 |
| Output 2.2: Employment Generated | | | | | | | | | | |
| CRS | | | | | | | | | | 1,574,423 |
| MC | | | | | | | | | | 3,898,630 |
| Output 2.3 Workforce development and skills training | | | | | | | | | | |
| CRS | | | | | | | | | | 4,260,224 |
| MC | | | | | | | | | | 683,988 |
| SC | | | | | | | | | | 1,686,628 |
| Output 2.4: Business Development | | | | | | | | | | |
| MC | | | | | | | | | | 819,876 |
| Output 3.1: Formal and Non-formal Education Enhanced | | | | | | | | | | |
| ANERA | | | | | | | | | | 1,530,652 |
| CARE | | | | | | | | | | 1,622,225 |
| MC | | | | | | | | | | 1,521,143 |
| Output 3.2: Recovery & Resilience Improved | | | | | | | | | | |
| MC | | | | | | | | | | 396,498 |
| Output 3.3: Psycho-Social Support Improved | | | | | | | | | | |
| MC | | | | | | | | | | 1,198,802 |
| IMC | | | | | | | | | | 1,041,108 |
| Output 3.4: Humanitarian Support Improved | | | | | | | | | | |
| CRS | | | | | | | | | | 3,875,157 |

| | |
|--|----------|
| | Active |
| | Phaseout |
| | Closed |

| Activity | Factors Affecting Close Out Plan Activities | | | | |
|---------------------------------|---|---|---|--|---|
| | Feasibility | Impact on Beneficiaries | Sustainability | Implementation Progress | Overall Impact |
| Community Infrastructure | Very Problematic – COGAT approvals are limiting factor. | Significant number of beneficiaries. 108,000 for FY2011 | Uncertain | Very Little to date. | If accomplished, the impact would be significant however there are significant constraints on this component. |
| Housing Renovation | “Windows/Doors” program will be completed. Major renovation planned for 300 houses. Doubtful that this can be done by April 30, 2012. | This appears to be a high impact program with 606 houses receiving windows and doors in 2011. | There is a strong local mkt for construction services. Key part of this program is training people in construction skills. | Modified program proceeded well but major renovation program has been stalled. Full approval provided on June 29,2011 but little progress to date. | If accomplished, the impact would be significant however there are significant constraints on this component. |
| Ag. Food Security | Current program appears to be proceeding without major problems. | Reaches 7,000 beneficiaries. | Local demand for agriculture products is high. This activity should be sustainable. | On track – only animal production is delayed. | This is a high impact program that is moving forward. |
| Employment Generation | Highly Feasible. | Impacts a large number of beneficiaries. | Unsustainable but the training component could result in more competitive workers. | On track – slightly under the number of person days of employment target. | This is a high impact program – provides sustenance to vulnerable families. |
| Work Force Dev. Training | Training portion has problems. | Large number of internships and employment. | Unsustainable but can result in better trained, more competitive workers. | Internships and person days of employment are on track. Training is delayed. | Good impact from internships and employment generation. |
| Business Dev. | Problems in strengthening associations and establishing partnerships. | Limited number of direct beneficiaries but secondary & tertiary impacts could be significant | Totally sustainable as businesses and their workforce become more competitive. | Training activities are proceeding well. | Limited to date but there is potential for expanding the impact as the program. |
| Education – Formal & Non-Formal | Program appears feasible and proceeding well. | Program is reaching 2,000 children with important educational support. | Better prepared students will proceed with their academic careers, however, these programs are unsustainable without support. | This component is moving forward with no constraints. Appears to be a stellar part of overall PCAP program. | Current research indicates there are very important stabilizing benefits from educational activities with children. |
| Sports Based Recovery | Program has started and facilitators trained. Appears feasible. | Important impact on self-resiliency of youth. | Unclear how sustainable this program would be. Could be continued by the communities. | Proceeding – it did not measure resiliency in Year One and is reaching around half the targeted beneficiaries. | Potential for significant impact with youth and their outlook on the future. |
| Psycho-Social | Program is underway – appears feasible. | Potential for high impact on youth and caregivers – 3,000 overall beneficiaries. | Could possibly be sustained by CBOs. | Proceeding – reaching 65% of target now – appears to be moving forward. | Potential impact is huge as the secondary and tertiary are manifested by youth with better self esteem. |
| NFI Humanitarian Assistance | Program is underway. | High impact as programs go into full implementation. | Not sustainable without external support. | First round is completed. | 5,000 families (41,872 individual beneficiaries) under the program |

PCAP Planned vs Actual Results – FY 2010 - 2011

| IR | Indicator | FY11 Target | FY11 Actual |
|-------------------------------------|---|---|---|
| 1.1 Community Infrastructure | (1) # of people with access to municipal services; (2) # of small infrastructure projects completed. | (1) 109,337 (2) 10 | (1) 0 (2) 0 |
| 1.2 Housing | # of houses rehabilitated | 100 | 606 |
| 2.1 Improved Food Security | (1) # of farmers trained; (2) # of households receiving urban gardens; (3) 3 of households receiving animal production kits. | (1) 1,300 (2) 1,000 (3) 300 | (1) 1,224 (2) 979 (3) 0 |
| 2.2 Employment | (1) Person Days of employment generated; (2) # of people employed in short-term jobs via USG funded activities | (1) 89,7000 (2) 1,950 | (1) 87,151 (2) 2,203 |
| 2.3 Youth & Under-Employed Training | (1) % of trainees demonstrating increased skills; (2) # of youth trained; (3) # of internships MC; (4) # of internships CRS; (5) # of work days. | (1) 60% (2) 1,030 (3) 90; (4) 510 (5) 56,100 | (1) 0% (2) 0 (3) 92; (4) 850 (5) 62,868 |
| 2.4 Business Dev. | (1) # of professional associations with increased capacity; (2) # of individuals trained from associations and firms; (3) # of businesses/firms trained; (4) # of partnerships established. | (1) 2 (2) 150 (3) 100 (4) 4 | (1) 0 (2) 84 (3) 70 (4) 0 |
| 3.1 Formal & Non-Formal Education | (1) # of learners enrolled in USG-supported after school & accel. Learning programs; (2) % children showing improvement in math, Arabic & English; (3) % children showing improvement in IT, Mgt & leaderships; (4) # tutors trained; (5) # of courses offered. | (1) 2,000 (2) 50% (3) 60% (4) 100 (5) 6 | (1) 2,053 (2) 94.7% (3) 77.7% (4) 136 (5) 6 |
| 3.2 Recovery & Resilience | (1) % of participants in sports demonstrate increased resilience; (2) # of children/youth participate in sports & group activities; (3) # of facilitators receive training. | (1) 60% (2) 440 (3) 6 | (1) 0 (2) 235 (3) 12 |
| 3.3 Psycho-Social | (1) % children who demonstrate improved well being; (2) # of beneficiary children participating in CBO based PSS sessions; and (3) # of beneficiary parents/caregivers benefitting from PSS and awareness training. | (1) 60% (2) 1,500 (3) 1,500 | (1) 0 (2) 980 (3) 980 |
| 3.4 Humanitarian Support Improved | 1) # of households benefiting from USG-supported humanitarian assistance; (2) # of people benefiting from USG-supported humanitarian assistance; and (3) Amount of USD of humanitarian assistance/emergency supplies provided. | (1) 5,000 (2) 35,000 (3) \$1,740,000 | (1) 5,000 (2) 41,872 (3) \$435,000 |

PCAP Year One Implementation Plan Budget, Approved Activities & Sub-Awards

| Budget Element | <u>Year 1 Imp. Plan</u> | <u>Approved Activities</u> | <u>Sub-Awards</u> | <u>Total Approved Activities & Sub-Awards</u> | <u>Difference in Funding Between Activities in Year 1 Imp. Plan & Activities Presented and Approved by Mission</u> | <u>% Over or Under Target Budget</u> |
|---|----------------------------|----------------------------|---|---|--|--------------------------------------|
| 1 - Infrastructure Recovery | <u>\$15,440,403</u> | <u>\$7,783,404</u> | <u>0</u> | <u>\$7,783,404</u> | <u>(\$7,656,999) - UNDER</u> | <u>49%</u> |
| 1.1 – Community Infrastructure | \$12,298,681 | \$1,840,102 | 0 | \$1,840,102 | (\$10,458,579) - UNDER | 85% |
| 1.2 – Rehabilitation of Houses | \$2,307,475 | \$5,943,302 | 0 | \$5,943,302 | \$3,635,827 - OVER | 157% |
| | | | | | | |
| Economic Recovery | <u>\$15,011,676</u> | <u>\$10,290,737</u> | <u>\$3,594,969</u> | <u>\$13,885,706</u> | <u>(\$1,125,970) - UNDER</u> | <u>8%</u> |
| 2.1 – Agribusiness Dev. | \$5,275,081 | \$2,561,056 | IOCC - \$1,929,176 | \$4,490,232 | (\$784,849) - UNDER | 15% |
| 2.2 – Cash for Work | \$3,060,240 | \$4,160,480 | 0 | \$4,160,480 | \$1,100,240 - OVER | 36% |
| 2.3 – Technical Skills Training | \$2,606,113 | \$2,624,246 | Save the Children - \$1,665,793 | \$4,290,039 | \$1,683,926 - OVER | 65% |
| 2.4 – Business Development | \$4,070,242 | \$944,955 | 0 | \$944,955 | (\$3,125,287) - UNDER | 77% |
| | | | | | | |
| Social Recovery | <u>\$5,064,324</u> | <u>\$5,316,259</u> | <u>\$3,691,177</u> | <u>\$9,007,436</u> | <u>\$3,943,112 - OVER</u> | <u>78%</u> |
| 3.1 – After School & Accl. Learning | \$647,885 | \$1,036,431 | CARE - \$1,395,305 ANERA - \$1,282,552 | \$3,714,288 | \$3,166,403 OVER | 487% |
| 3.2 – Sports Based Youth Dev. | \$134,158 | \$236,360 | 0 | \$236,360 | \$102,202 OVER | 76% |
| 3.3 – Psycho-Social Support | \$832,924 | \$1,254,637 | IMC - \$1,013,320 | \$2,267,957 | \$1,435,033 OVER | 172% |
| 3.4 – Dist. of Humanitarian Asst. | \$3,449,357 | \$2,788,831 | 0 | \$2,788,831 | (\$661,526) UNDER | 19% |
| *\$292,708 for health supplies was re-programmed. | | | | | | |
| TOTAL | <u>\$35,516,403</u> | <u>\$23,390,400</u> | <u>\$7,286,146</u> | <u>\$30,676,546</u> | <u>(\$4,840,857) UNDER</u> | <u>14%</u> |

PCAP Narrative PPR

The Palestinian Community Assistance Program (PCAP) provides humanitarian assistance that seeks to improve living conditions, promote food security and economic growth, and maintain social cohesion and recovery through community outreach programs in Gaza. The PCAP “theory of change” posits that greater access to basic services, increased family income, and improved quality of life will minimize the drivers of conflict associated with significant social recovery and economic development challenge.

PCAP was able to make progress toward achieving its objectives. Good progress was made in terms of housing rehabilitation, food security, employment generation, formal/ non-formal education, psychosocial programs, and non-food item humanitarian assistance. Major shortfalls were noted in community infrastructure and business development as well as lesser constraints in work force development training and sports-based recovery. A mid-term evaluation is scheduled for FY 2012 to assess implementation mechanisms, identify constraints, and recommend remedial actions aimed at improving PCAP’s potential to meet its goal to pave the way to a better future for Palestinians through improved social, economic and basic services that promote recovery and economic development in Gaza.

In terms of the impact of implementation on indicator targets for FY 2012 and FY 2013, the Mission will have to determine whether to reduce the overall program outcome target of reaching 600,000 beneficiaries with USG funded social assistance activities. A five month delay in approvals to begin implementation resulted in a significant shortfall in reaching beneficiaries (the goal for FY 2011 was 205,224 yet only 90,273 were reached), and the community infrastructure activity was not able to complete any renovation work in Gaza. Business development activities were able to train some businesses and workers but fell significantly short of overall target and no business partnerships were established. Training to improve workforce skill levels proceeded but the portion exclusively focused on youth did not move forward due to delays associated with anti-terrorist vetting requirements. Youth sports is proceeding but with only about half the number of targeted children being reached. Targets for FY 2012 and FY 2013 will be affected by the outcome of Mission deliberations on how to proceed with community infrastructure. This activity is a major contributor to the overall number of beneficiaries. Reduced implementation of community infrastructure could mean a significant drop in the overall number of beneficiaries and would require the Mission to assess whether PCAP’s theory of change and the ability to reach its goal is still valid. Of the activities implemented to date, the PCAP rehabilitation work in the housing sector has demonstrated the most impact on long-term outcomes that may not be fully USG attributable. PCAP developed an innovative program to provide incremental but critical housing improvement through a “windows and doors” model that reached more than 600 families during the reporting period. This approach is a model for other donors and private efforts aimed at increasing overall access to adequate shelter in Gaza. PCAP also provided construction sector training that helped increase workforce capacity in one of the few sectors in Gaza that is showing rapid growth.

In summary, PCAP is off to a good start but there are serious issues to be resolved. The upcoming mid-term evaluation will provide the analysis needed to determine what changes are required for the program to meet its overall goal.

Weekly PCAP Report
Michael Maxey
November 18, 2011

Nov. 14 – PCAP Reasonableness of Cost – Construction Material and Transport – Followed up on cost issue related to procuring and shipping material in West Bank to Gaza. It was noted that the shipment of aggregate into Gaza under PCAP had a significantly higher costs than had been seen under EWAS with, for example, a quantity of aggregate valued at \$6,825 cost PCAP an additional \$56,096 to ship into Gaza. WRI reviewed this information and verified the reasonableness of the cost of the construction material and its transport. The difference in cost appeared to be due to the fact that ANERA had a different contracting mechanism that allowed more flexibility in sourcing material (procurement in Israel greatly reduces transportation when compared to buying aggregate from a West Bank quarry). Overall transport cost for all construction material was 33 percent of total procurement cost.

Nov. 15 - Mid-Term Evaluation – Mariella summarized comments of PCAP Technical Committee and forwarded them along with a final, edited copy of the mid-term evaluation scope of work to Mercy Corps. A follow up AOTR letter was sent requesting Mercy Corps to finalize the draft and provide a copy to the Mission for concurrence. Total cost of the evaluation is estimated by Mercy Corps to be \$120,000.

Nov. 16 –

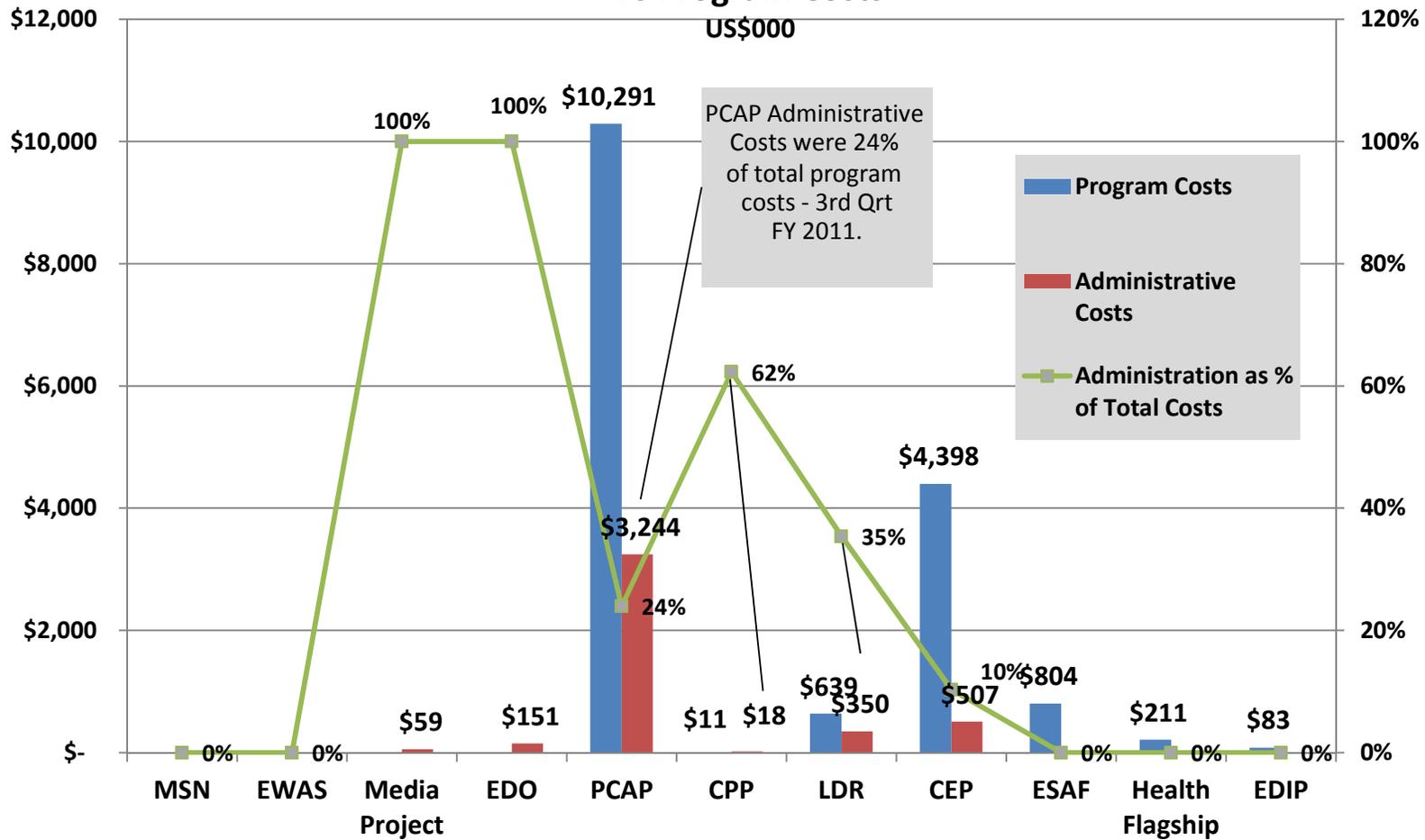
- PCAP Administrative Costs – Updated PCAP administrative costs information. These costs average, according to latest data and the PPD guidance on defining them, around 25 percent of total expenditures. Attached is a comparison of PCAP third quarter costs with other Gaza programs.
- Waiver for Long Term Lease of Vehicle – Mariella finalized and submitted to RLA. This document is in final clearance form and should move forward soon to the Front Office.

Nov. 17 –

- Briefing for the Ambassador – Putting together background information for Tuesday, November 22nd briefing by Mission Director with Ambassador. Trying to make sure I understand what is happening due to “hold” on funds in terms of impact on beneficiaries and overall theory of change that embodies PCAP’s strategic approach in Gaza. Analyzing how the loss of 100,000 to 120,000 beneficiaries under PCAP will impact situation in regard to triggers of instability in Gaza.
- Environmental Documentation - Reviewed CRS small scale infrastructure programs and put together environmental documentation for approval by Environmental Officer. Still have to prepare documentation for five sub-awards and Arab Orthodox Cultural Center.

Nov. 18 – Infrastructure Meeting – PPD, WRI and OCM representatives met with Mercy Corps and CHF for a briefing on the PCAP infrastructure component and plans for how the program would proceed under a close out scenario. It was agreed that (1) PCAP will finalize the current design activities underway, (2) no further “on the ground” implementation of community infrastructure will proceed until hold is lifted, and (3) PCAP will proceed in renovating 300 homes in tranches of 100 each between now and the end of June 2012. The key to implementation will be the delivery of construction material to Gaza. AOTR letter will go out on early next week requesting an updated logistics plan keyed to the CHF implementation timeline that was presented today.

Gaza Program - Administrative Costs vs Program Costs



Weekly PCAP Report
Michael Maxey
December 27 - 30, 2011

Dec. 27 - 29 – I was on Annual Leave. Mariella Ruiz-Rodriguez served as Acting AOTR for PCAP and managed a series of actions which kept the program moving forward. Mariella's support of vetting is critically important to the program as is her expertise in monitoring and evaluation.

Dec. 30 –

- Environmental Documents – PCAP Activities – Last week the eight pending Environmental Documents were presented for approval to the Mission Environmental Officer (Anan Masri). Of the eight documents presented, four were approved and four have additional questions which must be addressed. Approved were the renovation of Central Blood Bank Renovation, El Amal Rehabilitation Center, and Al Bureij Services Club. The IMC sub-award activities were also approved. Pending further information are the sub-awards for CARE, Save the Children, and ANERA. Also pending is the renovation of the Arab Orthodox Church. The issues cited for the pending activities are not major and I will focus on getting the needed information together and re-submit the documentation to the Environment Officer early next week.

- Approval of PCAP Demobilization Plan and Year Two Implementation Plan - The final PCAP Demobilization Plan and Year Two Implementation Plan were received in the Mission on November 30th and December 2nd, respectively, from Mercy Corps. Copies were shared with the PCAP Project Committee and a meeting convened on December 9th to discuss the documents and compile technical comments and issues. A second meeting was held on December 15th in which it was decided that: (1) final design of the Year Two Implementation Plan will be deferred; (2) Mercy Corps will clarify aspects of the Demobilization Plan vis a vis the Year Two Plan; and (3) the Mission will approve the Demobilization Plan and provide tentative concurrence to the Year Two Implementation Plan upon receipt of additional information from Mercy Corps. On December 22, 2011, Mercy Corps clarified the issues raised in the Mission's technical discussions of the PCAP Year Two Implementation Plan and the Demobilization Plan. Based on the information provided, I approved the Demobilization Plan and tentatively approved the Year Two Implementation Plan with the understanding that if additional funding is allocated to PCAP, we will discuss what changes might be necessary in the plan to ramp up implementation activities.