

Strategic Review Report: Occupied  
Palestinian Territories  
Humanitarian and Development  
Program (2019 – 22)

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## Acknowledgements

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The views expressed in this report are those of the independent consultants, and do not represent the views of the Department of Foreign Affairs and Trade or the Australian Government.

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## Abbreviations Table

ACFID	Australian Council for International Development
ALPC	Artificial Limbs and Polio Centre
AMENCA	Australia Middle East NGO Cooperation Agreement
ANCP	Australian NGO Cooperation Program
DFAT	Department of Foreign Affairs and Trade
EU	European Union
ICRC	International Committee of the Red Cross
IHL	International Humanitarian Law
IMR	Investment Monitoring Report
M&E	Monitoring and Evaluation
NGO	Non-government organisation
OCHA	(UN) Office for the Coordination of Humanitarian Affairs
OPTs	Occupied Palestinian Territories
PA	Palestinian Authority
PPA	Partner Performance Assessment
PSEAH	Prevention of sexual exploitation, abuse and harassment
UNICEF	United Nations Children’s Fund
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestinian Refugees
WB	World Bank
WASH	Water, sanitation and hygiene
WHO	World Health Organisation

## Executive Summary

This review report is focused on Australia's Occupied Palestinian Territories (OPTs) bilateral program; it considers and highlights both the achievements and challenges of the program. This report provides forward-looking recommendations for future investments and partners for humanitarian and development assistance to the OPTs, in line with Australia's international development policies and bilateral priorities. The review has considered individual investments, as well as the package of Australian support as a whole between 1 July 2019 to 31 December 2022.

Overall, Australia's humanitarian assistance and development cooperation program is demonstrating effectiveness and impact in the context of ongoing conflict and protracted crises in the OPTs. The current partners to the program are ICRC, UNRWA and UNOPS, The Fred Hollows Foundation and ANCP NGO partners, all of which are providing relevant and effective humanitarian and resilience support to Palestinian communities in the West Bank and Gaza. DFAT and its delivery partners are managing risk appropriately given the resources available. The program is having a positive impact on the humanitarian needs of Palestinians, as well as mainstreaming gender and disability inclusion through activities. Other findings are detailed below.

### Findings

- ❖ The program is demonstrating effectiveness and impact in the context of ongoing conflict and protracted crises in the OPTs.
- ❖ Australia's program is highly relevant, with current partners highlighting its flexibility and complementarity.
- ❖ There is good evidence of gender equality considerations in the program, primarily through mainstreaming approaches by implementing partners in program delivery.
- ❖ Australia's program is addressing the effects of the humanitarian and development crises, and this could be further strengthened through greater visibility of Australia's advocacy commitments, particularly promoting respect for human rights and international humanitarian law (IHL) and protection from violence.
- ❖ DFAT's investment risk management practices are adequate given resources available.
- ❖ DFAT tailors its risk management practices to the risk profile of each organisation. Organisational risk profiles substantively inform preferred modalities and the selection of implementing partners. This is a highly appropriate strategy given the time available for program and risk management.
- ❖ All partners responding to the risk questionnaire report strong controls and systems to prevent and respond to risks of diversion of aid funds.
- ❖ The program is human resource intensive due to the challenges involved in navigating a restricted and complex operating environment. This is further compounded by the administrative burden of annual program funding cycles, rather than multi-year.

### Recommendations

- ❖ A program approach with multi-year funding is recommended for a future aid program to provide increased coherence and evidence to align with advocacy and policy engagement. The program should focus on humanitarian and resilience pillars, with humanitarian response support continuing to take priority given the trending escalation of the conflict.
- ❖ The review recommends engaging DFAT's stakeholders and constituents in a process to select partners for multi-year funding.

- ❖ DFAT should be more directive to partners on expectations for gender equality considerations to be an integral part of design, implementation, monitoring and evaluation, in line with Australia's International Development Policy.
- ❖ DFAT to consider the inclusion of an additional 1 – 2 partners (multilateral or NGO) to the program. These could be working in the thematic area of gender equality to support Australia's gender equality commitments and / or in the economic development and social protection sectors.
- ❖ Climate change adaptation and mitigation is best integrated into current thematic priorities.
- ❖ Budget planning, including multi-year funding, will facilitate the two-track objectives of a program approach with targeted advocacy.
- ❖ DFAT should maintain the high levels of attention to risk management in humanitarian and development investments. Building on the efforts to date, the review identified opportunities to strengthen aspects of DFAT's risk management.

## Epilogue

The OPTs Strategic Review Report was finalised and submitted at the onset of the October 2023 Israel Hamas conflict. DFAT's existing approach of partnering with long-term, established and respected multilateral organisations with capabilities to adapt and respond immediately in times of crisis has enabled it to pivot quickly and meet urgent humanitarian needs.

The conflict has reinforced the findings and recommendations of this report on the program, particularly the need to maintain its humanitarian focus and the effectiveness of current partners. In addition, Australia's call for all parties to the conflict to respect international humanitarian law will likely be a key advocacy pillar going forward, as noted by the review. While meeting the immediate humanitarian needs will likely remain the focus of the program for the foreseeable future, DFAT may want to consider what form of reconstruction or rehabilitation support to include as part of its program.

Recommendations relating to engaging stakeholders and constituents in a process to select partners and taking a program approach with multi-year funding with both humanitarian and resilience pillars, remain highly relevant.

# 1. Introduction

## Background

The Occupied Palestinian Territories<sup>1</sup> (OPTs) is one of the poorest areas in the Middle East. It is unlikely to emerge from a state of protracted crisis until a political solution is found to the ongoing situation between Israel and the OPTs. Australia's humanitarian assistance and development cooperation program is intended to respond to Palestinians' needs and support Australia's interest in a stable and secure Middle East.

International humanitarian assistance and development cooperation provides a degree of stability to what is a complex and fragile situation. UNOCHA assesses that of a population of 5.5 million people, 2.1 million people have humanitarian needs, with most of these located in Gaza. In FY 2021-22, DFAT provided around \$29 million in assistance to the OPTs, with 92 per cent being humanitarian aid. Additionally, the Palestinian Authority (PA), the governing authority of the OPTs, faces significant financial and institutional challenges while United Nations (UN) agencies, and their partners, face funding shortfalls.

Australia's largest partner is the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). In 2022-23, Australia doubled its funding to UNRWA to \$20 million. UNRWA provides predominately education, health, and social services to Palestinian refugees in Gaza, the West Bank, Jordan, Lebanon, and Syria. Because of the sensitive and political nature of UNRWA's work, it is often exposed to allegations of breaches of humanitarian principles, particularly neutrality. DFAT regularly engages and makes representations to UNRWA to ensure it remains responsive and accountable.

In recent years Australia has provided funding to the International Committee of the Red Cross (ICRC), the United Nations Office for Project Services (UNOPS), UNICEF and the World Health Organization (WHO). Since the onset of the COVID-19 pandemic, the balance of Australia's assistance has focused on supporting humanitarian needs, including health security.

## Context

The operating environment is extremely restrictive and controlled, adding layers of complexity to the delivery of the aid program. Effective navigation of this complex and dynamic environment is resource - human and financial - intensive. Operational space for the aid sector is shrinking due to the constraints imposed by all parties to the conflict. Most review respondents noted additional work and resources are required to effectively manage these constraints.

It is a challenging operational environment from a risk management and safeguards perspective. The Australian Government paused its funding to NGOs in Gaza in November 2021 due to risks NGOs may be pressured into paying fees and taxes to the de facto authority, Hamas. In March 2022 Hamas was listed in its entirety as a terrorist entity under the Australian Criminal Code Act 1995. Hamas is also designated for the purposes of counter-terrorism financing sanctions under the Charter of the United Nations Act, 1945 (COTUNA). Australia has continued to provide support in Gaza through UN

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<sup>1</sup> On 8 August 2023, the Australian Government returned to using the term "Occupied Palestinian Territories".

partners and the ICRC, which employ large cohorts of Palestinian staff, including in management positions. This is a good indication that localisation efforts of current partners are ongoing.

Australia’s aid program comes under a significant amount of scrutiny domestically, with the standing government and multiple interest groups focused on often granular aspects of the program. Navigating this context effectively, including internal DFAT attention, requires significant time and resources on the part of DFAT Desk and Post staff.

## Review Purpose

The review has focused on the OPTs bilateral program with the objective of assessing program performance in line with the priorities of Australia’s humanitarian and development policies. It has considered the achievements and challenges of the program. This review report provides forward-looking recommendations for future investments and partners for humanitarian and development assistance to the OPTs, in line with Australia’s international development policies and bilateral priorities. The review has considered individual investments, as well as the package of Australian support as a whole.

## Review Scope

The review scope included bilateral project funding from 1 July 2019 to 31 December 2022. Investments covered by the review include Australia’s partnerships with the following organisations in the OPTs.

Table 1: Primary Partners and Funding Summary - Active

Partner	Investment	Funding Period	Funding
UNRWA	UNRWA Partnership Framework 2016-23	2016-2023	123,000,000
ICRC	Support to the ICRC in OPTs (x 2)	2021-2023	23,900,000
UNOPS	UNOPS Partnership Arrangement	2021-2022	4,000,000
UNOPS	Support to UNOPS for ACU and PMU	2018-2021	5,500,000



Table 2: Primary Partners and Funding Summary – Closed

Partner	Investment	Funding Period	Funding
UNICEF	Support to UNICEF’s PT Aid Program	2021-2023	4,950,000
UNOCHA and ICRC	Palestinian Territories Humanitarian Investments	2018-2021	18,800,000
WHO	Scaling up COVID-19 Response in the West Bank and Gaza	2021-2022	1,000,000

Table 3: Broader Partners and Funding Summary

Partner	Investment	Funding Period	Funding
NGO Consortium (CARE, Oxfam, APHEDA) and Cardno*	Palestinian Farmers Connecting to Market  (AMENCA 3)	2014-2021	28,462,378
World Bank*	Funding to PA through World Bank Trust Fund	2017-2020	10,000,000
St John Eye Hospital and Fred Hollows Foundation**	St John Eye Hospital and Fred Hollows Foundation	2023-2025	2,000,000

\* Partnerships were being phased out at the early stage of the review period.

\*\* Commenced in May 2023.

Other aid investments such as the Australia Awards, Australia Assists and the Australia NGO Cooperation Program (ANCP) were included in the review scope and were considered in relation to the abovementioned investments.

The review was conducted in accordance with DFAT’s Ethical Research and Evaluation Guidance; Design, Monitoring and Evaluation Standards (2022); and Development Evaluation Policy. The final, approved version of this report will be published in line with DFAT’s extant policy.

## Review Methodology

The review used a mixed methods approach, combining key informant interviews, document and literature review, questionnaire, and quantitative data analysis (as feasible). Review team members visited the OPTs and Israel between 2 – 9 September 2023 to meet in-person with key stakeholders

and gain a better understanding of the context and program outcomes. The review mission included the following:

- Site visits of key projects in both the West Bank and Gaza.
- In-person interviews with key partners and stakeholders such as the Palestinian Authority and civil society (including civil society actors that focus on women’s rights and people with disabilities).
- Engagement with other donors, UN agencies, Israeli NGOs and INGOs.

The primary data collection methods used for the review were:

- Document Review
- Key Informant Interviews
- Risk Questionnaire

The document review included existing monitoring and evaluation data generated by partner reports, risk matrices, Investment Monitoring Reports (IMR) and DFAT’s Partner Performance Assessments (PPA). These were helpful in establishing an evidence base for the findings in the report.

Findings and recommendations emerging from the review are evidence based and have been triangulated as much as possible. Research has been largely qualitative, using quantitative data when available and relevant.

## 2. Review Findings

Has Australia’s humanitarian assistance and development cooperation to the Occupied Palestinian Territories met its objectives at an investment level? Is programming effective in the context of conflict and protracted crises?

### 2.1 Efficiency and Effectiveness

#### 2.1.1 Current partners and priorities

Overall, Australia’s humanitarian assistance and development cooperation program is demonstrating effectiveness and impact in the context of ongoing conflict and protracted crises in the OPTs. The current partners to the program are ICRC, UNRWA and UNOPS.

ICRC: Programs delivered by ICRC are very responsive to the needs of Palestinians through the provision of water, sanitation and hygiene (WASH), agriculture and health activities, and supporting households that are economically insecure. ICRC leads on international humanitarian law (IHL) dialogue with parties engaged in conflict within the OPTs, and is uniquely positioned as an impartial, neutral and independent organisation.

UNRWA in Gaza and the West Bank is effectively addressing needs through providing health services, education, and relief and social services, including social protection responses. Given the operating context, particularly for Gaza, these essential services are best delivered by UNRWA which has both mandate and capacity, and its work supports a degree of stability in a protracted crisis setting.

The UNOPS Access Support Unit (ASU) facilitates the movement of humanitarian personnel into Gaza and the West Bank to deliver programs. It also monitors the entry and use of “dual use” materials into Gaza which support humanitarian assistance and reconstruction. The review finds the ASU is providing essential humanitarian access and creating a more enabling environment for the humanitarian community to deliver programs.

Australia’s program is highly relevant, with current partners highlighting this, along with its flexibility and complementarity. Several interviewees expressed the view Australia is “punching above its weight” in terms of its program and engagement with governance boards and other aid coordination architecture, which is highly appreciated. Given the program context is one of a protracted crisis, with outbreaks of conflict, the program’s focus on humanitarian needs since 2019 is appropriate. However, the review received consistent feedback that the program should also consider supporting the resilience of Palestinians, particularly through economic development for women and social protection mechanisms.

Representatives of the Palestinian Authority in the West Bank noted their appreciation for the Australia Awards program and the contributions this makes to institutional strengthening and individual leadership capability. With climate change an emerging priority, studies in this field could be encouraged with future awardees. (See *Climate Change* section)

Some interviewees highlighted the limitations of funding multilateral agencies in terms of aggregated reporting and decreased visibility of Australia’s contributions. DFAT has managed to receive more attributable reporting from some partners through negotiation and maintaining effective working relationships. The review has also seen a willingness from current partners to provide more detail on how Australian funding support is being programmed, which could be further explored through a

light design process. Some review stakeholders in Ramallah suggested Australia's funding of multilaterals led to a reduced profile for Australia and encouraged consideration of new 'flagship' programs, particularly in terms of livelihoods and social protection. This opinion was not widely held though, and it was evident that Australia continues to have a high and respected profile, through the current program, as well as the representative mechanisms it engages with.

An alternate perspective on DFAT's support for core or global funds is there is a "trade-off" between donor attribution and partner enabling. Where DFAT is flexible and provides core funding, this can assist partners in delivering on the breadth of their objectives, particularly where other donors are more prescriptive. This supports the delivery of program wide outcomes. So, while it may look like DFAT has contributed less, it is potentially adding greater value. Good donorship would see DFAT doing more core-funding and a programmatic approach to a future OPTs program should provide a strengthened narrative around this.

In terms of previous programs, the sustainability and viability of the agriculture value chains established by the AMENCA program provide evidence of impact which could be more broadly shared in support of Australia's long term, bilateral commitment to the OPTs. The investments in UNICEF's funds meant critical gaps in the water sector and in mental health and psycho-social support for children in Gaza and West Bank were covered.

One of the key messages received by the review was that Australia should adopt more forceful policy setting, with the inference the program is addressing the effects of the humanitarian and development crises but is not connecting this to the advocacy work it undertakes around the political context, particularly a resolution to the ongoing conflict. While this is outside of the review scope, the review notes the consistency of this message of Australia's political engagement which includes the following:

- Advocacy on adherence to international humanitarian law.
- Advocacy to promote universal human rights, including the right to development.
- Advocacy to enhance social protection measures for Palestinians including protection from harm, protection of livelihoods, protection from all forms of violence.

Another recurrent theme from the interviews was that Palestinians perceive themselves as more than capable of overcoming development challenges facing the community. It is the current political and security situation which is constraining this and where they seek international support.

The OPTs program will need to continue to work within and towards the parameters of the Australian Government's diplomatic objectives, which includes alignment with engagement priorities. This could include activities that build local capacity to advocate for human rights, as well as partnerships and opportunities for DFAT to have a greater role in shaping humanitarian coordination and policies.

In terms of the NGO program, the current ANCP portfolio in the West Bank appears to be achieving good outcomes and provides an opportunity for the Australian aid program to support Palestinian civil society organisations. The work of the St John's Eye Hospital through the Fred Hollows Foundation was highlighted as an effective example of programming by several interviewees. The review notes the concern from individual NGOs and their peak bodies in both Australia and the OPTs of the narrowing of space for civil society and the perceived abrupt termination of ANCP grant agreements for Gaza programs. There was also disappointment expressed on the decision to end the AMENCA program, as it appears to have been achieving positive outcomes and was valued as a result. Australian NGOs and the Australian Council for International Development (ACFID) participated robustly in the review process with a consistent theme of the importance of supporting

the work of Palestinian civil society and pushing against the shrinking of civic space, as highlighted in Australia's new International Development Policy.

### **2.1.2 Gender equality and the empowerment of women and girls**

Gender equality and women's empowerment are sensitive topics in the OPTs. During the review visit, interviewees consistently voiced concerns about restrictions and attacks on women's rights and the organisations defending them. In Gaza during August, a conference protesting the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) was organised by Hamas<sup>2</sup> and conservative religious leaders, which has caused concern across diplomatic, UN and NGO communities. In the West Bank, reservations about women's rights movements and the perceived risk to traditional family structures are also emerging, driven by social media. Authorities and civil society groups are attempting to counter these views by working with more progressive religious leaders and promoting positive masculinity programs for young men and boys. The review notes this is a significant area requiring more resources and investment, which aligns well with Australia's new International Development Policy. Although there is a question for DFAT to consider around its gender ambitions for a future OPTs program, given the contextual sensitivities.

There is good evidence of gender equality considerations in the program, mainly through mainstreaming approaches by implementing partners in program delivery. Australia's current partners consistently highlighted their commitments to gender equality and noted their programs include women and girls. In terms of reporting, the review concurs that women and girls are broadly included in activities, but there is more limited evidence of specific activities targeting women and girls. This also does not appear to be effectively captured through the monitoring and reporting systems.

In the case of AMENCA and ANCP programs, there appears to be stronger evidence of more gender transformative approaches, and greater evidence of impact through direct investment reporting. AMENCA was highlighted as providing sustained professional development for women, where fairly modest skills training gave women meaningful work and helped them to progress in their career in terms of management roles across the program.

The review notes Desk and Post regularly consult with DFAT's Gender Branch. This should be continued to ensure alignment with the gender requirements for all DFAT investments going forward. The review also recommends DFAT be more directive with partners in terms of expectations of gender considerations in programming. A gender audit or analysis will support this approach.

### **2.1.3 People with disabilities**

The situation of people with disabilities in the OPTs is one of extreme disadvantage and requires sustained attention from the aid program. Current partners, UNRWA and ICRC, uphold the rights of people with disabilities through their programs. The review team visited the ICRC-supported Artificial Limbs and Polio Centre (ALPC) in Gaza which takes a wraparound approach by providing assistive devices, physiotherapy, counselling and social re-integration and acceptance through storytelling and drama. Programs such as these are effective and relevant, as well as highly valued by the program participants, and should continue to be supported. Interviews and document reviews indicate the

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<sup>2</sup> Hamas is the de facto authority in Gaza and is often referenced as such.

disability movement in the OPTs is relatively organised and there could be an opportunity to have greater alignment between it and the program to ensure integration of this priority for DFAT.

The review notes Desk and Post regularly consult with DFAT's Disability Inclusion section, including the Helpdesk function. This should be continued to ensure alignment with the disability inclusion requirements for all DFAT investments going forward.

#### **2.1.4 Youth**

The review received consistent feedback on the need for programs to target young people, as approximately 60% of the Palestinian population is under 30 years of age. There is growing concern that young Palestinians are graduating from university with little opportunity for gainful employment. One respondent noted the future leaders of Palestine may be a generation that has never had the opportunity to work. Young women have even more limited employment opportunities. Mental health and a lack of hope for the future were also raised in many stakeholder interviews in the West Bank and Gaza, with some noting the grim alternative was to resort to resistance through violence. While youth programs are not necessarily a focus for DFAT and this was outside of the review scope, it is important to note, with a suggestion that young women could be one of the priority groups for a future program.

#### **2.1.5 Monitoring and Evaluation**

DFAT staff are consistently engaged in monitoring projects and partners, both from Post and Canberra. This takes a lot of time and resources, on top of already full schedules and other responsibilities but is invaluable in overseeing performance, ensuring the program has impact and manages risks. Regarding multilateral reporting, there appears to be a desire to have a more informed picture of what Australian funding has supported, as well as more gender and disability disaggregated data and evidence. In terms of NGO reporting, the level of satisfaction around quality appears to be higher, with many respondents noting AMENCA achieved good value for money and return on investment. There could be more resourcing, and support given to DFAT to strengthen monitoring and evaluation, as well as safeguard practices.

#### **2.1.6 Timeliness and value for money**

For the most part, investments are being delivered on time and according to budget. Where there have been delays in delivery or in targets not fully met, these have been explained through reporting. The review analysed reporting from current partners and identified the most common reasons for delays being: the lingering effects of COVID-19 restrictions, access constraints and conflict incidents or escalations, which are largely beyond the control of the delivery partners and very reflective of the challenges of the operational context.

Where contributions are being made to core / global funds for multilaterals, there is a much lighter reporting requirement and interviewees noted it was more challenging to understand where Australia's funds have been invested, particularly when it came to Investment Monitoring Reporting (IMR) processes, as well as being able to articulate overall impact of the program in line with Australia's priorities and policies. At the same time, there are efficiencies for DFAT in contributing to global funds, such as reduced transaction costs and management fees. ICRC's annual reporting shows overheads of 6.5 per cent, whilst UNRWA treats value for money as an essential element of its programming, due in large part to the ongoing financial restrictions it faces.

### **2.1.7 Alignment with development and humanitarian priorities**

Within the review scope, the program appears to strike a sound balance between responding to humanitarian needs and building a foundation for resilient development. There is alignment with the relevant DFAT policies and strategies such as for gender and disability inclusion, as well as working with multilateral agencies. The implementation of the new International Development Policy and the design of a new humanitarian strategy present opportunities for the program to contribute learning, particularly around programs for protracted crises.

In terms of sustainability, as a key priority for DFAT investments, this is a challenging area for the program to address given there is no political solution to the conflict. The Palestinian Authority's lack of control over its borders, taxes and natural resources also limit horizons for development. In Gaza, UNRWA is the biggest employer, with its salaries supporting large family units, creating a dependent economy that is unavoidable given the restrictions and controls in place. With the conflict escalating and humanitarian need remaining great, the overall trajectory for development in the OPTs is to trend negatively. The primary focus of the program should continue to be meeting humanitarian needs, as well as key development objectives, and preventing education and health indicators from backsliding precipitously (*see recommendation 3.1*).

### **2.1.8 Strengthened local partner capacity**

The current level of local partner engagement appears to be appropriate given the resources available and DFAT's current capacity to manage risks. The Palestinian civil society ecosystem is complex and fragmented. It is also facing a difficult and punitive operating environment from different authorities and other context actors. In terms of current delivery partners, UNRWA implements directly, as does UNOPS and ICRC. These organisations have very high levels of local employees, including at management levels. The ANCP and AMENCA programs provide some evidence of positive impact on local partner capacity. The Australia Awards have also been highlighted for strengthening capability. The previous programs with UNICEF, WHO and UNOCHA supported the work of local partners and appear to have been effective. The review supports maintaining the current approach in terms of partner engagement and capacity strengthening.

### **2.1.9 Coordinated and complementary approaches**

Partners valued Australia's flexibility as a donor. The provision of core funding in particular enabled partners to adapt their programs according to needs as they emerged. DFAT staff consistently and effectively engage with authorities in the West Bank, as well as with other donors. The sectoral and thematic focus of the current program is well aligned with priorities and needs. Additional programming around women's economic development and / or social protection could be considered in a future program. This would also reflect the government's bilateral priorities and the International Development Policy.

### **2.1.10 Accountability to affected communities**

There is good evidence of implementing partners understanding the needs of affected people and communities. Part of this is attributable to the large number of Palestinian staff employed who contribute their lived experience to planning and program delivery processes. UNRWA employs 13,000 staff in Gaza alone. UNICEF has child-centred mechanisms to ensure the perspectives and hopes of children are included in annual planning processes. AMENCA and ANCP activities were / are embedded with the communities, acting on community feedback to adjust activities. There is also evidence of partner accountability mechanisms in place, primarily complaints mechanisms for

program participants. This is good practice and accountability should remain a key program principle for future investments in the OPTs.

### **2.1.11 Multi-year funding**

Previous reviews have highlighted the importance of multi-year funding as a principle of effective aid delivery. However, the program continued to have annual funding during the review scope period, the reason for which is unclear. The benefits of multi-year funding were highlighted consistently through the review process, with DFAT's current partners explaining the challenges they have experienced with single-year funding, particularly in being able to plan programs ahead and retain staff.

Advantages of multi-year funding include being able to retain high performing staff, plan and implement programs with impact beyond one year, and effectively resource evaluations to test long-term impact. Stakeholders noted multi-year funding enables strategic planning, opportunities to identify longer term outcomes and impact, workforce retention and the formation and maintenance of productive working relationships between DFAT and its implementing partners.

### **2.1.12 Climate Change**

Similar to much of the world, the effect of climate change is being felt in the OPTs, particularly in terms of increased temperatures and more intense weather events (e.g., floods and droughts) which impact on access to water and viable agricultural and grazing land. Whilst some of this access is being controlled politically, the review heard there could be greater support provided to Palestinian institutions grappling with the challenges of climate change. Other key areas of concern include pollution prevention, environmental protection, climate change awareness, international cooperation and legislation. This is an emerging area where Australia could respond through institutional capacity strengthening and advocacy for more accessible global financing.

Are risks and safeguards sufficiently accounted for? Have DFAT's investment risk management practices been adequately applied?
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## **2.2 Risks and Safeguards**

The operating context is not risk free and this is unlikely to change in the medium to long term. The level of DFAT's risk acceptance has been an important determining factor when selecting partners. Current and past partners have been effective in describing the risk and safeguarding policies and systems they have in place and have passed DFAT's due diligence processes. The visit also provided an opportunity to reinforce the importance of notifying DFAT of emerging issues proactively and demonstrating responsiveness. The team did not receive any reports or find issues of concern during the visit.

### **2.2.1 Risk management practices**

DFAT's investment risk management practices are adequate given resources available. Risk management is limited by the time available to staff, and the focus on managing the risk of diversion of finances. DFAT staff in Canberra and at Post are acutely aware of the risks faced by the aid program in the OPTs. The time required to effectively manage risk is extended by the public attention received by the OPTs aid program and the lobbying it receives. Any risk event (including allegations), in addition to its negative impacts on stakeholders and partners, is likely to receive media attention. DFAT staff report investment of a substantive proportion of their time in managing these risks.



### **2.2.2 Capability and capacity**

DFAT manages the OPTs program with limited resources at Desk and Post. Further pressures have been placed on capacity by annual programming cycles, increasing the administrative burden on program staff as compared to multi-year programming cycles. This reduces the time available for risk management and creates tension with program management requirements.

### **2.2.3 Governance, funding arrangements and risk management discussions**

DFAT tailors its risk management practices to the risk profile of each organisation. Organisational risk profiles substantively inform preferred modalities and the selection of implementing partners. For example, the UNOPS project is not beneficiary-facing, and ICRC does not use downstream partners outside the Red Cross / Red Crescent Movement to implement its program. This is a highly appropriate strategy given the time available for program and risk management.

Implementing partners are selected on an annual basis. While this may offer advantages in some high-risk environments, in the context of a protracted crisis such as the OPTs, it can be detrimental. It can force implementing partners and their staff and contractors into short-term arrangements, which may make it more difficult for them to manage risk. As mentioned above, it also creates additional administrative burden on staff, which takes their time from risk management and strategic program management activities. This is further complicated by staff turnover, which has led to situations where staff are required to manage substantive programming decisions with limited time and experience with the OPTs program.

Australia's contracting arrangements enable it to pause funding or reduce future funding when concerns arise. This negates the benefit of annual funding for risk management purposes.

DFAT has implemented a Risk Management Approach for the OPTs program to DFAT standards. Plans are in place for risks to be reviewed quarterly, including Assistant Secretary (AS) clearance of the Whole of Program Risk Register, a quarterly risk management meeting at the AS level and activity level risk register reviews. Documentation suggests these meetings may not always be held at the intended intervals. This could be due to gaps in documentation or competing priorities lengthening the intervals between meetings. Despite this, there is evidence that high risk events are identified and dealt with.

Risk matrices exist at whole-of-program level, as well as for each of the current multilateral partners. While comprehensive, the whole-of-program matrix does not consider child protection and the prevention of sexual exploitation, abuse and harassment (PSEAH).

Post undertakes spot checks and holds risk management discussions with partners in-country. This approach, including confidential dialogue, is fundamental to DFAT's ability to effectively manage risk, and is "respected and valued" by partners. It does however add to the time burden for DFAT staff for effective risk and program management.

DFAT's Levant Section engages with DFAT's legal and risk teams for advice on risk assessment and mitigation. Reviews have been conducted and experts engaged to investigate where the level of risk has raised concerns and required more information. For example, DFAT has paused funding to NGOs following investigation into a potential sanction breach in Gaza of the ANCP program. This was investigated by the Australian Sanctions Office, the Australian Government's sanctions regulator based in DFAT. DFAT also conducted an internal review in March 2023 to better understand the

contextual risk of funding terrorist organisations in the OPTs. This investment in risk management is a necessary component of the OPTs program.

### **2.2.5 Partner controls and systems**

All partners responded to the risk questionnaire and reported strong controls and systems to prevent and respond to risk of diversion of aid funds. In addition to systems and controls to prevent fraud and corruption (refer section 2.2.7 below), some partners reference regular checking of staff, suppliers and volunteers against relevant lists, and support to their downstream partners to prevent terrorism financing. One NGO reported they received a commendation in 2022 from the Committee for Development Cooperation in relation to outstanding management of counter-terrorism criteria.

One multilateral shared financial management and reporting guidelines that includes prevention and response to risks of diversion including through fraud and corruption but does not reference specific actions targeted at preventing diversion to terrorism. The organisation did pass due diligence and the clauses in the arrangement have been appropriately cleared. DFAT has assessed it as meeting DFAT policies and risk management to a high standard. Another multilateral referenced its own regulatory framework designed to uphold UN standards, with operating mechanisms based on a set of guidelines and legal framework established by the UN Security Council and General Assembly.

### **2.2.6 Alternative modalities within the humanitarian sector**

Based on the methodology used in this Strategic Review, it seems that some NGOs may report with higher transparency controls and systems in-country tailored to DFAT's standards. However, multilaterals with global reach and links to other likeminded donors, including through formal high level organisational or UN processes, may have stronger legal and public affairs systems to escalate and support management of any diversion. The global structures also provide DFAT with high-level interlocutors and processes with which to raise and address concerns, together with the oversight of likeminded donors. For example, the UN Office of Internal Oversight Services (OIOS) investigated allegations of misconduct against five senior UNRWA members in 2019, and were able to provide Australia and other likemindeds assurance that there was no fraud involving donor funds, but managerial issues to be addressed. This provides a higher level of assurance to DFAT which is not available to smaller NGOs in particular. One NGO reported, that despite meeting DFAT's standards and systems, its funding was withdrawn.

### **2.2.7 Partner systems and controls to prevent fraud and corruption.**

NGOs report systems and controls for the prevention of fraud and corruption that have been effective or meet DFAT standards. For example, one NGO's fraud and corruption controls enabled it to identify potential fraud in a previous project, before the fraud could occur. Another NGO provided evidence and examples of its approach to prevent fraud and corruption for its partner in Gaza as part of its reaccreditation process with DFAT, to DFAT's satisfaction.

All multilaterals responding to the questionnaire noted frameworks and standards to which they adhere. One multilateral noted its zero-tolerance approach to fraud and accepting gifts, referencing relevant policies, administrative instructions and global units coordinating to combat fraud. It also noted its Standards of Conduct workshop which communicates to personnel their obligations and options for reporting misconduct including fraud. The allegations of breaches in multilateral operations have been communicated and dealt with to DFAT's satisfaction, as documented in DFAT's performance assessment processes.

### **2.2.8 Partner systems and controls for child protection and for preventing sexual exploitation, abuse, and harassment.**

All NGOs report systems and controls for child protection and PSEAH in line with DFAT standards, and are able to provide examples of how they work in practice. One NGO reported an annual safeguarding audit with its partner in the OPTs, which found compliance with all DFAT's minimum standards, and some opportunities to further strengthen some areas, such as more regular child safeguard training for all staff and transitioning from written to verbal reference checks.

Two multilateral partners report systems and PSEAH procedures that address each of DFAT's requirements, while there was insufficient information to assess the third. UNRWA's regular reporting to DFAT includes substantive detail on actions taken to strengthen PSEAH. It has also reported instances of SEA cases that the organisation identified and how they were addressed. DFAT's internal PSEAH specialists seek access to this information such that they may have visibility across the organisation. ICRC has established context-specific Community Contact Centres in Israel and the OPTs equipped to receive concerns and allegations of any kind, including SEA.

DFAT's Child Protection Policy takes a risk-based approach to child protection, first considering whether the program, activity or grant involves potential contact with children, impact on children (defined as the overall long-term effect produced by an investment) or working with children. The UNOPS program in the OPTs does not involve any of these exposures to children. Its focus as an employer is instead on minimising the likelihood of child labour. For example, its contracts impose downstream requirements to contractors under sanctions of automatic termination, to ensure they comply with standards of the International Labour Organisation, including the abolition of child labour.

UNRWA applies its Child Protection Framework from 2016, which commits to harmonising, strengthening and consolidating the Agency's commitment to safeguarding. It also includes programmatic approaches to child protection. Existing practices include codes of conduct at school level, project-based risk assessments and developing reporting channels, among others. UNRWA's 2016 Framework, while broadly aligned, does not appear to meet each detail in DFAT's Child Protection standards.

The ICRC's Child Safeguarding Policy was approved and entered into force in 2022. ICRC and DFAT agree to its organisational risk management and safeguarding practices globally through its Strategic Partnership Framework.

### **2.2.9 Other factors determining risk thresholds for bilateral assistance.**

While the OPTs is a complex context, the primary factor determining risk thresholds is the Australian Government's own appetite for risk, and staff time and capacity to manage the risk. The risk appetite primarily impacts DFAT's selection of partners, tending towards multilaterals rather than NGOs. It also impacts the modality of implementation, favouring organisations that are exposed to minimal downstream risk, such as those that implement themselves rather than work through partners. This has been a valid decision given the staff capacity available for risk management.

A critical factor for the Australian aid program is the risk of underinvestment in the OPTs by Australia, which may undermine development gains and reduce resilience, especially for women, children and people with disabilities. The message communicated through Australia's selection of partners is also an important factor. Not funding NGOs (outside of the ANCP program in the West Bank) means Australia is not visibly funding and supporting civil society. This may risk inadvertently sending the

message that it supports, or at least does not substantively oppose, the repression of democratic civil society organisations.

What recommendations can be made for Australia’s aid to the Occupied Palestinian Territories from 2023-24 to 2026-27?

### 3. Review Recommendations

#### **3.1 Focus on two pillars – humanitarian and resilience in line with Australia’s International Development Policy; and advance these priorities with partners through a nexus approach that supports both humanitarian and development investments.**

A program approach is recommended for the future aid program to provide increased coherence and evidence of impact, which would also support the policy priorities of the Australian government. This could be based on two pillars – humanitarian and resilience. This is not to recommend sudden growth but to provide a menu of options for DFAT over the next three to five years.

With conflict escalation trending upwards, the program will need to continue to maintain its humanitarian focus, with the current partners demonstrating effective programs to respond to needs. A context-specific approach to localisation can be developed to respond to DFAT’s commitments which takes into consideration the high number of Palestinian staff in UN and NGOs, including in senior management and program roles.

It is recommended that a light touch design or design update process be undertaken to develop a multi-year program. This would also include the partner selection process outlined in recommendation 3.2. A design process provides opportunity for DFAT to strategically reflect on its programming and partnership decisions, considering both multilateral and NGO options, with one solid opportunity for stakeholders to input every three to four years.

#### **3.2 Engage stakeholders and constituents in a design process to select implementing partners for future activities.**

The review recommends engaging DFAT’s stakeholders and constituents as part of the design process to select partners for multi-year funding. This would test the partner recommendations made in this paper.

This process would aim to:

- Provide important stakeholders opportunity to be heard and to influence Australia’s thinking.
- Provide a transparent partner selection criteria and process that is highly defensible and helps make efficient DFAT’s response to future lobbying.
- Lock in funding over three to four years providing certainty for DFAT and its partners, further reducing lobbying efforts for future funding until the next formal partnership review towards the end of the multi-year funding timeframe.

Given the risk and complex operating environment of the OPTs, as well as the assumption resources for the program will not increase substantively, the review recommends keeping the partner cohort small so it can be effectively managed. Whilst the review finds there could be space for one to two additional partners, it does not recommend expansion beyond this, particularly if it is not going to be accompanied by an expanded program budget or additional resources for DFAT at Post and Desk.

Partnership with advocacy platforms may offer an opportunity for strengthened political engagement by building an evidence base for advocacy efforts. However, they would also present a high level of risk in terms of the levels of scrutiny the partnership would be subject to.

Canada and Norway are the main funders for gender investments in the OPTs, with Canada being the only donor to UN Women currently and noted the opportunity for Australia to join them in supporting gender equality programs in the OPTs.

### **3.3 In line with Australia's enhanced gender equality requirements for ODA investments, DFAT should choose partners / investment platforms which will enable gender to be effectively integrated or mainstreamed into future investments.**

As part of the partnership selection process outlined in recommendation 3.2, DFAT could consider partnerships with agencies such as UN Women or UNFPA which are engaged in more gender-sensitive and transformative work with their partners. Work on prevention and response to gender-based violence, child marriage and sexual and reproductive health rights is clearly vital and needing sustained support. UN Women may align better with DFAT's program approach as they have a role in coordinating the OPTs' humanitarian response in relation to gender, building the capacity of the Palestinian Authority to deliver and report on the Women, Peace and Security (WPS) agenda and building the capacity of local NGOs in gender transformative work, particularly in relation to gender-based violence prevention and response.

UNFPA has a narrower work scope, focused on effective family planning, reduced maternal mortality and elimination of gender-based violence. It appears to be working effectively in both the policy development and service provision spaces, as well as addressing negative gender and social norms and engaging men and boys.

Noting the commitments for addressing gender inequality effectively under the International Development Policy, DFAT should be more directive to partners on expectations for gender equality considerations to be an integral part of design, implementation, monitoring and evaluation. Undertaking a gender audit as part of the design process will assist in mapping current partner practice and approach and setting mutual expectations for gender focused programs. The gender audit may also support DFAT to clarify the extent of its ambition to work in the gender equality space, noting this is a sensitive area.

### **3.4 Mainstream climate change interventions into future investments.**

Given the complexity of the program and the operating context, the review recommends climate change adaptation and mitigation interventions be integrated into current thematic priorities, rather than being treated as a standalone. This could take the form of seeking a greener humanitarian response e.g., reducing single use plastics and recycling processes. There is also the opportunity to consider the intersectionality of climate change with gender and / or disability, as well as climate-resilient agriculture and other livelihoods. There is an opportunity to develop baseline institutional capacity through the Australia Awards and studies in climate change. In addition, respondents to this review indicated their institutions often lack sufficient capacity to access global funding sources such as the Green Climate Fund (GCF). DFAT Post should maintain dialogue and advocacy to assist in supporting the Palestinian Authority to apply for climate finance.

### **3.5 Move to multi-year funding.**

The review recommends budget planning that will facilitate the two-track objectives of a program approach with targeted advocacy. Multi-year funding will unlock opportunities for better program outcome and impact data, providing evidence to support advocacy and policy efforts.

### **3.6 Maintain the high levels of attention to risk management in humanitarian and development investments.**

DFAT should maintain the high levels of attention to risk management in humanitarian and development investments. Building on the efforts to date, the review identified opportunities to strengthen aspects of DFAT's risk management.

## **Epilogue**

The OPTs Strategic Review Report was finalised and submitted at the onset of the October 2023 Israel Hamas conflict. DFAT's existing approach of partnering with long-term, established and respected multilateral organisations with capabilities to adapt and respond immediately in times of crisis has enabled it to pivot quickly and meet urgent humanitarian needs.

The conflict has reinforced the findings and recommendations of this report on the program, particularly the need to maintain its humanitarian focus and the effectiveness of current partners. In addition, Australia's call for all parties to the conflict to respect international humanitarian law will likely be a key advocacy pillar going forward, as noted by the review. While meeting the immediate humanitarian needs will likely remain the focus of the program for the foreseeable future, DFAT may want to consider what form of reconstruction or rehabilitation support to offer.

Recommendations relating to engaging stakeholders and constituents in a process to select partners and taking a program approach with multi-year funding with both humanitarian and resilience pillars, remain highly relevant.