



The Department for International Development (DFID) leads the UK's global efforts to end extreme poverty, deliver the Global Goals for Sustainable Development (SDGs) and tackle a wide range of global development challenges. The UK's focus and international leadership on economic development is a vital part of Global Britain - harnessing the potential of new trade relationships, creating jobs and channelling investment to the world's poorest countries. Throughout history, sustained, job-creating growth has played the greatest role in lifting huge numbers of people out of grinding poverty. This is what developing countries want and is what the international system needs to help deliver. Whilst there is an urgent need for traditional aid in many parts of the world, ultimately economic development is how we will achieve the Global Goals and help countries move beyond the need for aid.

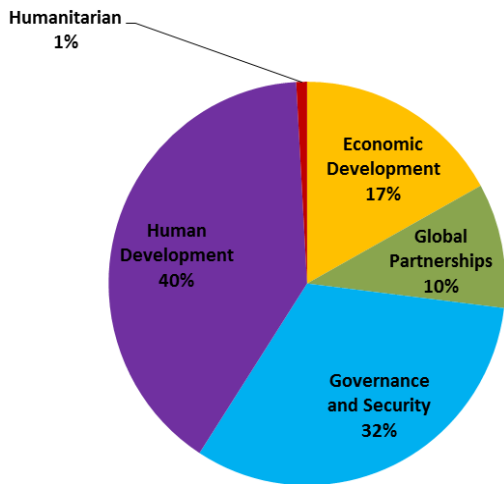
Planned Budget for 2017/18

£54m

Planned Budget for 2018/19

£64m

Sector breakdown of 2017/18 Bilateral Plans



Top 3 planned spending programmes in 2017/18 (as at June 2017)

Support to Palestinian Refugees Across Middle East – in Syria, the West Bank, Jordan, Lebanon and Syria	£28.5m
Support to the Palestinian Authority to Deliver Health and Education Services in the West Bank, and Develop the Institutions of a Future Palestinian State	£20.9m
Palestinian Market Development Programme to Support Small Businesses and Promote Economic Growth in the OPTs	£3.8m

Contribution to Global Goals and other government commitments (achieved as at March 2017)*

50 thousand children supported to gain a decent education.

Headline deliverables

- **Building stability:** UK aid helps maintain stability in the OPTs by providing essential services and strengthening the capacity of the Palestinian Authority (PA) through financial and technical assistance. UK aid will support the PA to deliver health and education services, and will help develop a Palestinian state that can act as a 'partner for peace' with Israel, to underpin progress on a negotiated two-state solution. We will support education for up to 25,000 Palestinians, up to 3,700 immunisations for children, and up to 185,000 medical consultations annually. In addition we will support co-existence between the OPTs and Israel through projects that bring Israeli and Palestinian people together to break down barriers and build trust.
- **Basic services:** In each year up to 2020/21 DFID's funding to United Nations Relief and Work Agency for Palestinian Refugees (UNRWA) will provide basic education to around 44,000 children, half of them girls; health services for around 280,000 Palestinian refugees; social safety nets for around 26,000 of the poorest Palestinian refugees; and a source of income for almost 2,000 refugee teachers and 300 refugees working in UNRWA health centres. We are challenging United Nations (UN) agencies, including UNRWA, to reform and ensure they deliver effectively for the world's most vulnerable and are value for money for the UK tax payer.
- **Economic development:** We will help to build economic prosperity by supporting cooperation between the OPTs and Israel, and by improving the competitiveness of the Palestinian private sector through the Palestinian Market Development Programme. UK aid has helped create 2,500 jobs and

* Results less than 1 million are rounded to the nearest thousand. Results over 1 million are rounded to the nearest hundred thousand.

will create more employment by supporting at least 800 small businesses to grow over the next three years. In addition, it will be supporting further areas of economic cooperation between the OPTs and Israel.

Why DFID is investing in the OPTs

The UK's policy goal is to preserve the viability of the two-state solution as the best way to bring stability to the region. The UK also works to mitigate the impact of the occupation on the lives of Palestinians. DFID is helping develop the institutions of a future Palestinian state to ensure it can effectively deliver services for Palestinian people and act as a partner for peace with Israel.

How will the UK respond to opportunities and challenges?

The UK is helping to lay the foundations for the long-term development of a future Palestinian state by fostering the development of the necessary state institutions. DFID's financial and technical support to the Palestinian Authority (PA) is central to this approach. UK support helps to maintain stability, and supports the PA to act as an effective partner for peace with Israel. We are also supporting improved cooperation between Palestinians and Israelis by fostering constituencies for peace that can generate demand for a return to a peace process and a political solution to the conflict.

The UK is supporting the provision of basic services to meet the immediate needs of Palestinians, and mitigating the effects of the occupation on private sector development and humanitarian access. DFID continues to closely monitor the security situation in the OPTs in collaboration with the Foreign and Commonwealth Office. DFID is prepared to activate humanitarian support in the event of a return to conflict between Israel and the OPTs, ensuring that we are ready to provide a rapid response to emerging humanitarian needs.

What is being achieved for the UK?

Maintaining stability in the OPTs remains of vital strategic importance to the UK. Risks to stability and the two-state solution have sharply increased and lack of progress on peace talks contributes to wider regional tensions and extremist narratives. DFID's support to the PA is a key element of the UK's overall strategy on the Middle East Peace Process (MEPP).

Partners

- We work through a limited number of partners such as the UN, the European Union (EU) and Development Alternatives Incorporated (DAI). We select our partners for the strong safeguards they have in place, which reduce delivery risks and ensure the maximum impact of UK aid for Palestinians.
- Over half of DFID OPTs' bilateral funding is channelled through UN agencies, including the UNRWA and the United Nations Office for Project Services. The UN's core values, including neutrality, are essential for delivery in a polarised political environment. To drive value for money reforms, we encourage UNRWA to focus on core service delivery and improve efficiency by tightening controls on expenditure.
- DFID's bilateral support to the Palestinian Authority is channelled through the EU Palestinian-European Socio-Economic Management Assistance Mechanism to the PA. This approach provides stringent safeguards (vetting, auditing) while helping to build PA capacity. Funding focuses on the health and education sectors only, providing better value for money and more transparency, with British taxpayers' money able to deliver more essential services and have a bigger impact on the ground for Palestinians.