Keynotes and lectures of the conference “Perspectives Beyond War and Crisis II: Food Aid, Poverty Administration and Development Policy in the Israeli-Palestinian Conflict” which was held on September 29 to 30, 2009 in Vienna.
Perspectives Beyond War and Crisis II
Food Aid, Poverty Administration and Development Policy in the Israeli-Palestinian Conflict

Report based on a Conference at the Diplomatic Academy in Vienna, Austria September 29-30, 2009

Published by V IDC
Contents

Contributors ................................................. 5

Preface ......................................................... 9

Introduction
Helmut Krieger ............................................. 11

Revisiting the Palestinian Economy after 40 Years of Israeli Occupation: Present Economic Realities and Future Challenges
Leila Farsakh .............................................. 17

Donor Politics in the Occupied Palestinian Territory – Oscillating Between Institution-Building and Handouts
Gerhard Pulfer ............................................. 39

Gender Differentials in the Palestinian Labour Market and the Role of the International Community – a Critical Assessment
Samia al-Botmeh .......................................... 53

Palestinian Civil Society Beyond International Development Policy? A Palestinian Perspective from the Society of Ina’sh al-Usra
Farida Amad presented by Afaf Aqel Hamayel ......................... 73

Palestinian Civil Society Beyond International Development Policy? A Palestinian Perspective from the al-Khansa Women’s Association
Maysoon Ahmed al-Ramahi .................................. 83

Palestinian Civil Society Beyond International Development Policy? A Palestinian Perspective
Ghassan Taba Amayra ....................................... 103
Contributors

Farida Amad is President of the Society of In’ash al-Usra, a Palestinian women’s organization which was founded in 1965 with the aim of empowering Palestinian women and offering various services.

Ghassan Taha Amayra works for the Welfare Association, a Palestinian private, non-profit foundation established 1983 in Geneva to support Palestinian society in sustainable development. Ghassan Amayra is Program Manager of the Youth Employment Service (YES). Prior to this he was Director of the Youth Entrepreneurs Palestine (YEP) for two years. He holds a M.B.A. degree from Birzeit University and finished his second Master’s degree in International Law and Economics at the World Trade Institute at the University of Bern, Switzerland. In his work he deals mainly with economic policies and relations under the European Neighbourhood Policy.

Samia al-Botmeh is Director of the Center for Development Studies at Birzeit University. Currently she is a Ph.D. candidate in the economics department at the School of Oriental and African Studies, University of London, where she is writing her thesis on “Gender Differentials in Labour-Markets’ Outcomes in the Occupied Palestinian Territory”. She holds a M.A. in economic development and policy analysis from the University of Nottingham, UK and a B.A. in Economics from the University of Leicester, UK. From 2006 to 2007 Samia al-Botmeh was Senior Researcher and subsequently Acting Director of Research at the Palestine Economic Policy Research Institute in Ramallah. She lectured at the Women Studies Institute and the Economics Department of Birzeit University as well as at the University of Bethlehem. Her main research topics are economy and gender.
Leila Farsakh is Assistant Professor of Political Science at the University of Massachusetts, Boston. She is the author of *Palestinian Labour, Migration to Israel: Labour, Land and Occupation* (Routledge, Fall, 2005) and editor of *Commemorating the Naksa, Evoking the Nakba* (Electronic Journal of Middle Eastern Studies, Spring, 2008). She has also published on questions related to Palestinian labor flows, the Oslo process and international migration in a wide range of journals, including the Middle East Journal, the European Journal of Development Research, Journal of Palestine Studies and Le Monde Diplomatique. In 2001 she was awarded the Peace and Justice Award from the Cambridge Peace Commission, in Cambridge Massachusetts.

Dr. Farsakh holds a Ph.D. from the University of London (2003), an M.Phil. from the University of Cambridge, UK (1990), and a B.A. from the University of Exeter, UK (1989). She has worked with a number of international organizations, including the Organization for Economic Cooperation and Development (OECD) in Paris (1993-1996) and the Palestine Economic Policy Research Institute in Ramallah (1998-1999). Between 2003 and 2004 she undertook a post-doctoral research fellowship at the Centre for Middle Eastern Studies at Harvard University. Since 2008 she is also a senior research fellow at the Center for Development Studies at Birzeit University.

Afaf Aqel Hamayel is a board member of the Society of In’ash al-Usra, a Palestinian women’s organization which was founded in 1965 with the aim of empowering Palestinian women and offering various services. From 2005 to 2007 Afaf Aqel Hamayel was Director of Education of the Ramallah and al-Bireh district. She holds a B.A. in history from the American University in Beirut and worked for many years in different positions in the educational sector.
Contributors

**Helmut Krieger**, social scientist, is a lecturer in the field of international relations at the Institute of Political Science and the Project for International Development at the University of Vienna. His main research areas are the Israeli-Palestinian conflict, political Islam, and postcolonial theory.

**Gerhard Pulfer** is Governance Strategy Group Coordinator at the Palestinian Ministry of Planning. The Governance Strategy Group is one of four Strategy Groups within the local aid-coordination structure. As coordinator for this Strategy Group and the related Sector Working Groups his primary focus is on rule of law and security sector reform as well as public administration and civil service reform, accountability and transparency, and other related issues. After having worked for UNDP in Gaza from 2000 to 2003 Gerhard Pulfer joined the Austrian Development Agency (ADA), where he was responsible for programs in the Middle East and Asia. He holds a Ph.D. from the University of Vienna; his doctoral dissertation dealt with the subject of donor engagement in fragile states and situations, with Palestine as a case study.

**Maysoon al-Ramahi** is chairwoman of *al-Khansa* Women’s Association, which she established in 1997. *Al-Khansa* is an Islamic women’s association which stresses women’s rights and participation from an Islamic perspective and offers various income-generating activities for women. After she received her degree in chemistry from Birzeit University in 1983, Maysoon al-Ramahi taught in Dubai for nine years. In 1996 she founded the women’s organization *al-Huda*, from which she resigned in 1997 to establish *al-Khansa*. The activist has published several articles, mainly on the subject of women and Islam. Under her leadership *al-Khansa* established the Mohammed bin Rashid School in Ramallah in 2007.
Magda Seewald works since 2005 as a project coordinator at the VIDC, dealing mainly with the subjects of gender and conflict. She graduated from the Vienna University, with a degree in political science.
Introduction

Preface

The present documentation presents the proceedings of the conference „Perspectives Beyond War and Crisis II: Food Aid, Poverty Administration and Development Policy in the Israeli-Palestinian Conflict“ held at the Diplomatic Academy Vienna on September 29-30, 2009.

The conference was part of a series of activities on the topic of donor politics in the occupied Palestinian territories, organized by the VIDC, which began in April 2008 with the conference “Perspectives Beyond War and Crisis? Donor Politics and Gender Orders in the Israeli-Palestinian Conflict”.

The purpose of the series is to analyze the impact and effectiveness of development policies in this region.

So far billions of USD have been transferred as donor assistance to the Palestinian people. Yet the situation in the occupied Palestinian territories today is more catastrophic than ever. With this in mind it is completely logical to question the effectiveness of donor assistance in this area.

In 2005 the “Paris Declaration on Aid Effectiveness” was signed by more than a hundred official donor-agencies and developing countries. The aim of the document was to improve the quality of the aid and increase its impact on development by altering the then-existent power-relations (in favor of the donors), so as to create a fairer and more effective development partnership based on mutual accountability between donors and partner countries. The Declaration also demands that the civil society in each country hold its government accountable for the execution of the development strategies and policies.

The purpose of the Vienna conference was to follow-up on the question of how to hold governments accountable for their activities in the occupied Palestinian territories. The conference offered
space for a critical review and controversial debate concerning donor policies, with a view toward identifying which development perspectives are necessary and realistic in the Israeli-Palestinian conflict. A number of international academics participated together with representatives of donor agencies and Palestinian civil society organizations.

Here I would like to thank all the lecturers for attending and giving their inputs. I would also like to express my appreciation to Maysoon al-Ramahi and Rami Sublaban, who were prevented from leaving the occupied Palestinian territories by the Israeli Authorities. My special thanks go to Helmut Krieger for his contribution to the conference and its concept. Furthermore I would like to thank the Austrian Development Cooperation for financing the conference.

At VIDC it is our hope that this publication and that from the previous conference will reach a wide public and stimulate their readers to reflect on the questions raised here; if this leads to active participation in the public debate on the matter, we will have achieved our goal and fulfilled our mission to its utmost.

Magda Seewald
Introduction

**Helmut Krieger**

The air needs to be cleared, language shorn of its worn-out phrases, honesty and simple fairness given a chance. Yes, Palestinians want peace, but not at any price and not the way Netanyahu and company define it, with endless conditions concealing an iron rejection of the desire for Palestinian equality. People respond to a call for justice and the end of fear and oppression, not the lumbering heaviness of something called a 'peace process', in which Israel has all the advantages [...] and demands that Palestinians are there only to give it ‘security’.

Edward Said, al-Ahram Weekly, August 14, 1997

More than twelve years have passed since the above lines were written by Edward Said. Yet, given the policies of the current Netanyahu administration, one might be tempted to conclude that these statements were made only yesterday and thus argue that Said’s remarks are as valid today as they were then. Netanyahu – having already acted as Israeli prime minister in the period 1996-1999 – has been talking about fostering economic development in the West Bank since reassuming office in Spring 2009, thereby implying a regulation of the conflict as based on the following premise: An independent Palestinian nation-state is to be averted by guaranteeing the continued and consistent structural dependency of Palestinian territories on Israel. As a consequence of such logic,

---

undermining a two-state-solution based on the 1967 borders appears to be a prerequisite for assuring Israel’s ‘security’.

Whereas the Gaza Strip has continuously been blocked by Israel since the onslaught of late 2008 and early 2009, the West Bank has been subjected to wide-reaching territorial fragmentation. Simultaneously, Jewish settlements are being built or expanded in and beyond East Jerusalem. Under such conditions, neither a sovereign Palestinian state can be erected, nor can the economy prosper. To the contrary, any superficial analysis of data provided by international organisations reveals a process of impoverishment and sheds light on the creation of survival economies in the Palestinian territories in the face of occupation.

Given these developments, it seems appropriate for us today (as was the case before) to view the Palestinian territories through the lens of impoverishment and war. Gone is the euphoria of the 1990s over a so-called ‘peace process’ which more and more turned out to be simply a mechanism designed by Israel for regulating the Israeli-Palestinian conflict. To understand this process as a hegemonic project aiming at ‘security’ and economic prosperity for Israel might thus equal a reconfirmation of Edward Said’s positions formulated already in the 1990s. His criticism of the Oslo Agreement was a well-founded and, maybe for the very same reason, marginalised one at that time. However, such criticism might be of utmost value for a differentiated contemporary approach allowing us to raise uncomfortable questions, open new avenues

---


of thought and confront the contradictions of the conflict. This, in turn, might enable us to resume the search for social, political and economic justice in a period described as one of “Historical Amnesia”.

The vide-sponsored conference held in Vienna in September 2009 provided the framework for resuming this search, giving special attention to Western aid and emergency programs in the Palestinian territories; these efforts can be viewed as essential interventions in the conflict, without which the Oslo architecture would in any case have been fatally doomed. The present volume comprises the contributions of the panel and keynote speakers of this conference, focusing on Western donor policies from different perspectives.

In her contribution, Leila Farsakh analyzes the economic continuities and discontinuities in the Palestinian territories since the occupation began in 1967. Her core argument is that a new form of colonial rule was initiated with the beginning of the Oslo Process, leading to a further pauperization of Palestinian society. The role of the international donor community, she argues, is limited to mitigating the grave social effects of occupation through aid and emergency programs. Thus, she concludes that there cannot be any form of economic development in the Palestinian territories as long as the Israeli occupation continues.

Gerhard Pulfer focuses in his article on the historical evolution of the engagement of international donor agencies and institutions with the situation in the Palestinian territories and their various sorts of programs. When doing so, he highlights the nature of international aid programs in the occupied Palestinian territories as

---

an integral part of international policies related to intra-Palestinian and Israeli-Palestinian conflicts. Pulfer draws the conclusion that prospects for development (or countervailing processes) highly depend on political processes and thus cannot be dealt with in solely technical terms.

From a gender-sensitive point of view, Samia al-Botmeh explores the developments on the Palestinian labour market since the mid-1990s. She asserts that as long as a political solution on the basis of international law is missing, international aid programs will solely foster the status-quo and might even unfold destructive effects on Palestinian society in the long run. Interventions in form of food aid, micro-credits or employment generation schemes are not sustainable in economic terms and do not reflect gender-specific needs and interests. To the contrary, such interventions create a culture of dependency and undermine individual creative and productive capabilities, al-Botmeh adds.

The following chapters by Farida Amad (her paper was presented by Afaf Aqel Hamayel at the conference), Maysoon al-Ramahi and Ghassan Amayra shed light on the ambivalences in international donor policies as seen from the point of view of Palestinian NGOs. So, Farida Amad maintains that western donations are necessary for the survival of wider segments of society but have so far not contributed to the aim of Palestinian self-determination. Moreover, the practice of using aid as instrument of collective punishment when intra-Palestinian disputes occur has led to widespread frustration with international donor agencies in Palestinian civil society. Amad points to the organisation that she works for as an example of the decision to avoid being dependent on such donations.
Introduction

In similar fashion, *Maysoon al-Ramahi* views the boycott of the elected Hamas administration as a measure of punishment directed against the Palestinian people and describes in her paper the destructive effects of international aid programs on Palestinian civil society. According to al-Ramahi, Western donor agencies link their programs to a political agenda which exacerbates internal conflicts and rejects viewing the Israeli occupation as an underlying problem. She therefore argues for a reorientation of international donor policies. These policies should be directed at the concrete needs of the Palestinians and shaped in a manner also seriously problematizing the occupation.

*Ghassan Amayra*, on the other hand, emphasizes the significant role international aid programs currently play for the Palestinian economy in general. Nevertheless, from his point of view, humanitarian emergency programs cannot be expected to provide the basis for creating a viable Palestinian state. International aid programs should thus follow the principle of ‘trade, not aid’ and aim at empowering the private sector, which should proceed to act as the driving force of future economic development in the Palestinian territories. Only this will enable the Palestinians to cope successfully with the major challenge of unemployment, he concludes.

These contributions by representatives of Palestinian NGOs complete the analysis of Western donor policies as presented at the conference and documented here. In the face of existing socio-political conditions in the Palestinian territories, to critically reflect on this issue seems to be of utmost importance and urgency – of course, only insofar as one intends to resume the search for a truly just solution of the Israeli-Palestinian conflict. To put it in the words of Edward Said, the time of empty phrases lacking factual consequences is long gone.
Revisiting the Palestinian Economy after 40 Years of Israeli Occupation:
Present Economic Realities and Future Challenges

Leila Farsakh

1. Introduction

It is a real challenge to talk today about the Palestinian economy, for many would argue there isn’t one anymore. The latest Israeli war on Gaza has destroyed whatever remained of the Palestinian economic activity there, demolishing major social and economic infrastructure(s) at a total estimated cost of $3-4 billion. Even before the war, the Gaza economy was declared to have collapsed, as 79.4% of the population in 2008 was living below the poverty line, 56% were food-insecure and over 48% unemployed. According to the latest World Bank report, the manufacturing sector is 98% inactive, banking has shrunk drastically and the private sector has been destroyed. All we talk about now in Gaza is “tunnel economies”, the economics of the informal sector, and of total separation from the West Bank and the rest of the world, except for smuggling through Egypt. The situation in the West Bank is not much better, even if the economy has not yet fallen into the hands of informal agents. It has been prevented from collapsing thanks to the continuous supply of foreign aid which represented 32% of the West Bank and Gaza Strip (WBGS) GNP. Real GDP per capita income of the Palestinians in 2009 is 34% lower than its

level in 1999. Poverty affects 45.7% of its population. According to the latest UNCTAD report, 2008 was the worse year so far for the Palestinian economy.

The aim of this paper is to review the nature of Palestinian economic development over the past 40 years, focusing in particular on the structural changes brought about by the Oslo Peace Process. It argues that the economic record of the Oslo years has not been development or de-development, but pauperization, a term first coined by the late Palestinian economist Yusef Sayigh in 1987. Despite all the enthusiasm that the peace process had initially brought, and despite the massive amount of aid and advice provided by the World Bank, the IMF and the international community, the West Bank and Gaza Strip have failed to develop in any sustainable way and cannot do so under the present structure. The reason for this failure is the Israeli occupation, whose structure has evolved rather than been phased out over the past 15 years. It is also the outcome of the development paradigm used by the international community and to some extent by the Palestinian authority, which sought to accommodate occupation with development. Yet, as the latest UNCTAD report emphasizes, the last 15 years showed the impossibility of development under occupation. Occupation needs to end before we can talk about viable economic development. The international donor community needs to face this fact rather than seek to ease the cost and constraints of the occupation by developing Palestinian economic institutions and avoiding firm political and economic actions that would help end the occupation and create an independent and viable Palestinian state.

Present Economic Realities and Future Challenges

In the first part of the paper I shall describe the major changes of the Palestinian economy over the past 42 years. The second part explains the determinants of Palestinian economic performance since Oslo. It shows how the present catastrophic economic situation has been sewed by the economic structure set in place in 1993. My central argument is that Oslo did not bring about “partial decolonization”, as some have argued, but rather established a new form of colonial domination, founded on three key pillars. These are: 1) the prioritization of Israel’s security consideration over Palestinian economic needs and rights; 2) the establishment of a Palestinian authority with limited autonomy but huge economic responsibilities; and 3) the participation of the international community as lender of first and last resort, a situation which is inadvertently subsidizing, rather than ending, the Israeli occupation. This structure of domination is colonial in so far as it allowed Israel to continue to expropriate Palestinian land by building and expanding Israeli settlements, to appropriate Palestinian water and economic resources, and to compromise Palestinian economic and political independence. The last part of the paper explores the implication of this economic outcome on the future and what the international com-

---

3 Shafir argues that the Oslo years represented a period of “partial decolonization” (see Shafir, “Zionism and Colonialism”, p.94).
4 The literature that has focused on Israeli-Palestinian economic relations in the West Bank and Gaza Strip avoids describing the occupied territories as living under a colonial regime. It prefers to describe the Palestinian economy as distorted, stalled, skewed, under-developed or de-developed. Many aid agencies avoid the term for fear of sounding radical or politically biased or incorrect, even if many of their reports insinuate it. However, as I argued elsewhere and also here, it is important to situate any discussion of the Palestinian economy within a colonial framework of analysis. Such a framework enables us to understand why development failed and how it compromised any prospects for growth and independence. It also enables us to better understand the limitations of international aid and what can be done to make it conducive to development. Above all it allows for a paradigm shift in thinking about the conflict and the means to resolve it. It confirms the necessity to end the occupation, rather than work within its confines, in order to establish Palestinian independence.
munity needs to do to end Palestinian pauperization.

2. The Economics of Palestine on the Eve of the Oslo Peace Agreement

The economy of the West Bank and Gaza, on the eve of the famous White House handshake between the Israeli Prime Minister Yitzhak Rabin and PLO Chairman Yasser Arafat, was characterized by a relatively acceptable individual standard of living by developing countries’ standards. Real GDP per capita income in the WBGS was in the order of $1322, or $1470 in the West Bank and $1150 in the Gaza Strip in 1992. This put it in the range of lower-middle income countries such as Jordan or Egypt (when measured in PPP terms). The years between 1967 and 1993 were characterized by rising per capita income, but with diminishing national productive capability. The Palestinian industrial sector failed to develop, while the agricultural sector saw its absorption of domestic employment and share in the GDP cut by nearly a half over the first 25 years of the occupation. Investment was restricted and whatever savings people had accumulated were poured into the construction sector. The Palestinian economy was made completely dependent on the Israeli economy as its links to the outside world were cut off, except to Jordan, with whom it was allowed to trade on a restricted number of items and quota. Israel became the market for 70% of Palestinian exports and 90% of its imports. It also was the main source of employment, as 30-40% of the Palestinian work force in the 1980’s was employed beyond the Green Line. Remittances from employment in Israel, which represented 25-30% of the WBGS GDP, were the main factor in the rise of per capita income in the pre-1993 period.

The Oslo Peace Process promised to reduce Palestinian dependence on Israel and lay the foundation for a viable, vibrant economy. The Preamble of the Economic Protocol specifies that it aims
Present Economic Realities and Future Challenges

...to “lay the groundwork for strengthening the economic base of the Palestinian side and for exercising its right of economic decision-making in accordance with its own development plans and priorities”. It sought to accomplish this in three main ways. First, the Oslo agreements established a Palestinian National Authority (PNA) with a mandate to define and manage Palestinian development as it best see fit. In contrast to the pre-Oslo period, when the Israeli Civil Administration managed and restricted economic growth in the WBGS, after 1993 Palestinians had the autonomy to develop their industry, establish a monetary fund, open banks and make investment decisions in various sectors. Second, the Economic Protocol redefined the nature of trade relations with Israel. A special customs union agreement was forged by which Israel remained the main trading partner, but the PA was allowed to trade with a number of countries with a series of agreed upon items. The new customs union also allowed the Palestinian economy to receive customs revenues after Israel agreed to remit VAT taxes on goods destined to the Palestinian economy, something that it had never done before 1993. Third, the Oslo agreements sought to lay the foundation for a sound Palestinian economy by allowing the injection of international aid into sectors that needed it most. Before 1993 aid was severely restricted and directed towards small piecemeal projects; it was not geared towards national development. After Oslo, the World Bank, the IMF and the “Quartet” intervened to jump-start the Palestinian Authority and to advise it on how to


create sound fiscal plans and sustainable development projects.

3. Economic Fluctuation and Pauperization since 1993

Contrary to all expectations, the net result of the Oslo Peace Process was not growth, let alone development. Economic growth since 1993 fluctuated and has on the average been negative. Real GDP per capita income in 1999, the year in which economic activity was at its highest in the 15 year period 1993-2008, reached $1,683. It was nearly 25% higher than its level in 1993, i.e. pre-Oslo, when it stood at $1322 (see Figure 1). Yet, real GDP per capita income in 2008 was 34% lower than in 1999 and 10% lower than in 1993.

Palestinian economic performance since Oslo was characterized by four main features. First, growth became erratic and took a downward trajectory. Economists and international agencies working on the Palestinian economy tend to differentiate between the Oslo years, i.e. the 1993-2000 period, and the al-Aqsa intifada years 2000-2008. This distinction is useful in so far as the first period was characterized by fluctuating economic growth rates and sporadic sectoral expansion. Revised figures today reveal that the GDP grew at an average rate of 8% per annum between 1994 and 1999, with 1996 being a negative year of growth and 1999 one in which the GDP grew by 12%, fueled by growth in the public as well as in the financial and construction sectors. Poverty rates dropped from 19% to 11.4% in the West Bank and from 32% to 21% in the Gaza Strip between 1996 and 1999. Unemployment also fell to less than 15% in Gaza and to 9.2% in the West Bank by 1999. However this growth was not sustainable and its structural weaknesses

---

8 IMF 2003, op.cit.
9 MAS, The Economic Monitor, pp. 51-56, 164-169
Present Economic Realities and Future Challenges

were revealed and further accentuated with the economic downturn after the second intifada. The period between 2000 and 2008 is rather characterized by a clear case of pauperization, with poverty affecting 79% of the population of Gaza and 49% of those living in the West Bank. Since 2000 unemployment is over 28% and the GDP growth rate has fallen on average by 8% per annum.\(^\text{10}\)

\textbf{PER CAPITA GDP IN 1997 US$}

\begin{center}
\begin{tikzpicture}
\begin{axis}[
    xlabel={Year},
    ylabel={Per Capita GDP in 1997 US$},
    xmin=1994, xmax=2008,
    ymin=1000, ymax=1700,
    xtick=data,
    ytick={1000,1100,1200,1300,1400,1500,1600,1700},
]
\addplot coordinates {
    (1994,1000)
    (1995,1050)
    (1996,1100)
    (1997,1200)
    (1998,1300)
    (1999,1350)
    (2000,1500)
    (2001,1600)
    (2002,1700)
    (2003,1600)
    (2004,1500)
    (2005,1400)
    (2006,1300)
    (2007,1200)
    (2008,1100)
};
\end{axis}
\end{tikzpicture}
\end{center}


\(^{10}\) Calculated from the World Bank 2008, Palestinian Economic Prospects.
The second major characteristic of the Oslo years was the change in the structure of economic growth in the occupied territories.

The banking sector expanded for the first time since 1967, as over 96 bank branches and a stock market were opened, financial instruments such as mortgages and options were introduced, and the service and construction sectors expanded. Industry, though, did not take a lead in development, although some high-tech sectors did develop. Above all, its links to agriculture remained weak. Agricultural production fluctuated and far from creating food-sufficiency, it actually saw its value added and share in the GDP drop. Growth was fueled by aid and PNA investment, but remained constrained by lack of access to foreign, and at times domestic, markets. The private sector expanded, mainly in the financial and service sectors, but it also started to face the problem of domestic monopolies that limited its scope of competition and efficiency.

The third observable economic feature since 1993 was that of rising inequalities.

Income inequality between unskilled and skilled workers in the West Bank and Gaza prior to 1993 was relatively low, in large part due to Palestinian employment in Israel. In the post-Oslo years, by contrast, poverty expanded as explained above. Income inequality also increased as work for unskilled labor in Israel was restricted and the demand for skilled labor in public jobs in the WBGS increased. Moreover, the influx of international aid contributed significantly to this problem, as it enhanced the demand for highly paid international staff. It also expanded the Palestinian NGO sector, paying their members higher salaries than those employed in

\[\text{eq:1}\]

the domestic private or public sector. Just as important, inequality became spread regionally. Income levels of skilled and unskilled labor in the Ramallah district remained typically higher than their levels in the north West Bank or in Gaza. Average wages were over 30-40% lower in the South and in Gaza than in Ramallah, where most of the international staff and their conspicuous consumption tended to concentrate.

The fourth important characteristic of the Oslo years is growing economic fragmentation coupled with the steady separation of the West Bank from Gaza Strip and of the economies of the occupied territories from the Palestinians inside Israel. Before 1990, trade between the West Bank and Gaza was regular and movement of people unrestricted. Between 1993 and 1999, however, trade between the two regions diminished by at least 30 percent. After the year 2000 movement of people also ceased as did business relations with Palestinians inside Israel and with Gaza, largely as a result of Israeli closures and territorial policies. The separation of the economies of the West Bank and Gaza was not only commercial and physical. It became structural as each region developed its own sources of growth. The Gaza economy became typically dependent on public investment and increasingly on the informal sector, while the West Bank was able to rely more significantly on the private sector. Public employment in Gaza made up nearly 30-35% of total employment between 1995 and 2001 and over 56% since 2007. In the West Bank it represented less than 13-15% of the total employed force. Just as detrimental was the isola-


13 Based on regional level average wage; data provided upon request from the Palestinian Central Bureau of Statistics, June 2009.
tion of Gaza from Israel and from the international world market, a process begun already in the mid 1990’s. During that same period the West Bank could still rely on the Israeli labor market to absorb 15-20% of its labor force; even after the outbreak of the second intifada over 55,000 remained employed there 14.

As for Gaza, since the beginning of the Israeli siege in 2006 and the political separation from the West Bank in June 2007, the Gaza economy under the Hamas government has existed under catastrophic war conditions. The economy is totally dependent on trade via over 500 tunnels through which goods are smuggled in from Egypt (with 90% of the tunnels being supervised by Hamas) 15. In 2009 statistics show over 65% per cent of the population of Gaza living in extreme poverty with more than a third (38%) suffering from malnutrition. The latest Israeli war on Gaza (2008-9) left over 1300 Palestinians killed, 5,450 injured and 100,000 internally displaced. Gaza’s economic losses (direct and indirect) are estimated at around $3-4 billion 16.

4. Determinants of Palestinian Economic Performance since 1993

This economic outcome of Oslo was largely the result of changing structural relations with Israel, as well as the scope and limits given to the Palestinian Authority to manage the Palestinian economy. The international community also played a crucial role in contributing, albeit inadvertently, to the perpetuation of a colonial struc-

ture of domination that led to pauperization. The colonial nature of the economic structure set in place since 1993 centered on the institutionalization of Israeli security concerns as the key determinant of Palestinian growth, leading to two destructive results: first, it limited, if not completely eliminated Palestinian growth and facilitated further expropriation of Palestinian land and economic resources; second, it compromised Palestinian independence and sought to obtain international endorsement, if not legitimacy, of the priority of Israeli security concerns over the illegality of its occupation.

**Reshaping, rather than ending, Israeli Occupation**

Imposed in the name of protecting Israeli security, the Israeli policy of closure and checkpoints, introduced after 1990 and institutionalized with the Oslo agreements, was a key factor in bringing about the fluctuation of economic growth and segmentation of Palestinian economic activity. Between 1994 and 1999, Israel imposed over 484 days of closure. Since 2000, the Gaza Strip has been under continuous closure (which explains why its poverty rates increased and its economic performance has been so weak). Economic performance improved in the absence of closures, but fell sharply after the intensification and institutionalization of the checkpoint-system after the al-Aqsa intifada. Between 2002 and 2008 Israel installed over 604 checkpoints compared with 230 temporary or “floating” checkpoints in the period 1993-1999. By 2006, Israel divided the WBGS into eight segmented areas that are cut off from one another through large checkpoint terminals rather than by temporary military positions or patrols. These territorial measures, combined with Israel’s control over area “C”, led to the economic and geographic fragmentation of the West Bank and

---

17 See Farsakh, *Labour Migration to Israel*, ch. 7 for further discussion of the Oslo agreements and how they legitimized Israel security measures.
Gaza. They induced not only poverty but also inefficient autarkic development, as Palestinian cities could no longer trade with each other. The size of West Bank exports shrank by over 70% between 2000 and 2006. Trade between West Bank towns shrank by over 50% 18. All attempts to ease the economic constraints created by these Israeli security measures proved futile, since Israel would not allow outside monitoring of trade movements or bring about the end of the occupation by delineating negotiated borders.

Growth remained tied to labor and goods access to Israel, but since 1993 this access became conditional on having an Israeli-issued permit and was made even more difficult by the construction of the Separation Wall. Unemployment in the WBGS continued to correlate with access to work in Israel: it increased whenever access to Israel was restricted. This was particularly acute for the Gaza Strip, since its residents could no longer enter Israel. Less than 7% of Gaza workers were employed in Israel after 1993 compared with over 35% between 1975 and 1993. West Bankers meanwhile had access to work in the settlements and in Israel which absorbed 15-20% of its employable force between 1993 and 2000. Despite the al-Aqsa intifada, 50,000-60,000 Palestinians from the West Bank have continued to work in the Israeli economy (including in the settlements) since 2001. This is the equivalent of 10% of the West Bank employed force. Meanwhile the 703 km Separation Wall, whose construction started in 2002, has prevented over 250,000 Palestinians, 11% of the WB population, from reaching their land. So far over 54% of the wall has been built. Upon completion it will de facto confiscate 11.8% of WB land into Israeli-controlled territory west of the barrier 19.

19 B’tselem, www.btselem.org/statistics
Economically, Israel reshaped, rather than ended, Palestinian dependence on it. From being dependent on labor access to Israel in the pre-Oslo period, the fate of Palestinian economy became increasingly dictated by Israel’s unilaterally declared security measures. The World Bank now calls Israeli security measures economic rather than simply security restrictions. They impose restrictions on economies of scale, restriction on access to resources and restriction on investment prospects and potential. After the disengagement from Gaza in 2005, Israel pursued a policy of economic strangulation which led Gaza to create new economic links with Egypt, largely informal but increasingly regulated under Hamas.

The reality of the WBGS described here is neither economically optimal nor efficient. It is colonial in so far as it strangulates the population of Gaza and facilitates the appropriation of Palestinian revenues by Israel, since Israel continues to control Palestinian revenue clearance. It also continues to expropriate Palestinian land to build illegal settlements in the West Bank, and ties Palestinian survival, let alone growth, to Israeli military and territorial considerations. Between 1994 and 2008, Israel built over 92 new settlements and outposts, although settlements continue to be illegal according to international law. Construction in the settlements grew by over 5 per cent per annum and the settler population more than doubled, reaching a total of 502,000 in 2008, up from 242,000 in 1993.

---

21 International Crisis Group, op.cit.
Limited Autonomy

Economic growth since Oslo became dependent on the performance of the Palestinian National Authority (PNA), whose mission was to promote investment and the growth of the private sector, and to establish a sound basis for fiscal discipline and rigor. However, the ability of the PNA to fulfill this role was significantly constrained, and not only as a result of the limited territorial jurisdiction it was given (area “A” comprises only 20% of the West Bank). It was also constrained by the nature of the trade relations established with Israel (as discussed above) and by the issue of custom revenue transfers. Custom revenues collected by Israel on goods destined to the Palestinian economy, which according to Oslo were to be transferred to the PNA, represented nearly 60-70% of the PNA’s revenues; they formed over 20% of the GNP since 1995. These customs revenues became one of the major leverages that Israel could use unilaterally to define, and restrict, the PNA’s scope of action, often to the detriment of efficient, let alone viable, economic growth.

The economic result of these developments was that the public sector, for the first time since 1967, became the employer of first resort. Employment with the PA ministries and security forces absorbed 32-54% of the employed labor force in Gaza and 13-23% of the employed force in the West Bank. Public sector employment was dominated by security forces which represented between 60,000-80,000 employees out of a total of 110,000-140,000 public wage earners. Their wage bill created a significant drain on the PNA’s finances, which was then often bailed out by international

---

organizations who ironically opposed public employment. In 2008 1.9 billion dollars were given to the PNA, 1.8 billion of which were tagged for budget support.

Meanwhile, the private sector has seen its growth curtailed, due both to the rise of monopolies since 1994 and to the disintegration of the rule of law, especially after the second intifada. Although it generated over 100,000 new jobs in the late 1990’s, and despite the improvement in the security situation in the West Bank since 2007, this sector has not been able to absorb the labor force growing at 3% per annum. The Oslo economic and security structures facilitated the creation of monopolies, especially as they were more successful than individual companies in claiming and centralizing custom clearance. These monopolies included PNA and private sector actors closely tied with the procurement of security services and other goods and firmly linked with Israeli military companies or semi-governmental Israeli monopolies such as the cement or tobacco industries. The development of such rent-seeking activities was unavoidable but highly costly for the private sector the donor community is so keen on developing. While the latest reforms under the Fayad government and the 2007 Palestinian Development Plan have brought about fiscal discipline as well as more transparency and prospects for more private sector investment, economic growth has been autarkic and region-specific due to the presence of checkpoints and constraints on the movement of persons and goods within the West Bank and outside it. Economic opportunity remains tied to the level of Israel’s control over area “C” (still over 58% of the West Bank) and of the borders, both being elements of its unilaterally defined security infrastructure.
International Aid

The third major structural change brought about by the Oslo Accords is the central role it gave to the international donor community in supporting the Palestinian economy. Before Oslo, Israel restricted the transfer of aid or other financial flows into the WBGS. With Oslo, the international community took upon itself to help lay the foundation of a viable Palestinian state which its “Road Map” peace plan endorsed in 2002-3. Between 1994 and 2000 the donor community disbursed 3.2 billion dollars, the equivalent of an annual WBGS GDP. This money was used for setting up Palestinian ministries, generating employment projects, building infrastructure as well as for paying the salaries of the PA employees and sustaining the PA’s budget. After 2001, the donor community is reported to have disbursed an average annual sum of $1 billion to the Palestinian economy, which amounted to a total of $6-7 billion by 2007. The donors’ PNA budget support stood in 2008 at $1.8 billion, the equivalent of 36% of the WBGS GDP, up from $1.3 billion in 2005. Budget support represented in 2008 over 90% of the aid going to the Palestinian economy, and was mainly disbursed in the West Bank, not in Gaza.

Moreover, the World Bank, the IMF and the Ad Hoc Liaison Committee (AHLC) have become the advisors of the PNA, helping it formulate its economic policy as well as manage it. They sought to lay the foundation of a viable Palestinian economy that would be characterized by a vibrant private sector, free markets, and a responsible, small and fiscally rigorous public sector. However, the

25 The IMF has effectively overseen the Palestinian Finance Ministry, helping it plan the Palestinian taxation system as well as supervise its internal accounts. It also has become the interlocutor with the Israeli Ministry of Finance, ensuring that custom revenues are being transferred to the Palestinian authority. The World Bank is the manager of the donors’ funds, deciding their allocation by sector as well as by ministry.
World Bank and IMF soon found themselves defending economic policies long considered inefficient, ones which they have been busy dismantling elsewhere. Thus, while concerned with the PNA overspending, especially in regard to public employment in security-related areas and inefficient administration, they could not stop it. They actually financed such employment after realizing its necessity in order to prevent a total collapse of Palestinian income, a situation created by Israel’s restrictions on Palestinian labour and goods movement across the green line, the imposition of closures by Israel, and the rise of poverty.

Meanwhile, the international donor agencies have often found themselves in a central, though contradictory position of bailing out the PNA and making it dependent on them. They had power over the PNA, in so far as they could determine the amount and direction of the aid they gave. At the same time their ability to make the PNA economically viable was constrained by Israel’s unwillingness to cooperate. The paradox or contradictions in the international institutions’ interventions highlights the power asymmetries of the Oslo Peace Process, as well as the way in which the international community has become indirectly implicated in a relation of domination it was supposed to help dismantle. It also shows the limits of international aid in stopping Palestinian pauperization, as best revealed in the case of Gaza since the Hamas election in 2006, where the population was left to starve as aid and trade was – and continues to be -- cut off from it.

This strong international financial intervention raises the question of the extent to which the cost of the occupation is being subcontracted to the international community which has always refused to legitimize it. This can be all the more problematic if the international community leans towards accepting as a given, rather than challenging, Israel’s actions on the ground. The World Bank report
on the Disengagement from Gaza, entitled *Stagnation or Survival? Israeli Disengagement and Palestinian Economic Recovery* (2005), does not mention the occupation as the source of Palestinian economic demise, instead it focuses on the issue of closure. It does not call for abolishing the closures but rather for finding ways to accommodate them. This is a significant development that reflects the international community’s willingness to accept, indirectly at least, a fundamental colonial relation based on land expropriation and oppressive mechanisms of separation and control in the name of security. Although reports produced by the World Bank in 2007 and 2008 take a more firm stand against Israeli security measures and their devastating economic results, the international agencies still focus on PNA fiscal stability rather than defining a clear strategy for viable economic development that needs to start by holding Israel accountable to its obligation to end the occupation. As the latest report of the UNCTAD argues, “for all the virtues of boosting aggregate demand through public sector wage stimulus, such an approach [of aid through budget support] will have very little impact on the critical need to revitalize the eroded and destructed productive base.” (UNCTAD: 9, 2009)

5. Conclusion and Policy Implications
After over 40 years of occupation, the Palestinian economy is destroyed, fragmented and pauperized, both at the individual and at the national level. This destruction is the result of the persistence of Israeli occupation and the way its structure changed during the Oslo years. As Israel retreated from being the manager of the Palestinian economy to being the gatekeeper of Palestinian finances, trade and mobility, it has been able to continue expropriating Palestinian land, pauperizing the Palestinian population and fragmenting the Palestinian economy and land. It has thereby succeeded in destroying the Palestinian state project, despite all the international endorsement that this state received with the 2002 “Road Map”.
It was able to do so largely because the international community accepted de facto Israel’s prioritization of its unilaterally defined security considerations over the illegality of the occupation.

As Gaza is strangled and made to link with Egypt again as before 1967, and the West Bank is fragmented and increasingly tied to Jordan, a paradigm shift is being called into question. We can either witness war and prison economies develop further under our eyes, bringing more despair and waste, or rethink the whole peace economics and the role of international aid in it. The level of destruction that the Palestinian economy has been subjected to and the level of pauperization of its population warrant international assistance. However, both the content and aim of international aid need to change if it is to help the Palestinians achieve their state, which the international community endorsed with the 2002 “Road Map”. As the UNCTAD report so succinctly put it:

“The simple lesson to draw from the recent past is that the scope and quality of donor response should perceive the recent damage inflicted on the Palestinian economy in general, and Gaza in particular, as unfolding against a background of prolonged occupation and protracted conflict and isolation. The aid effort should be based on a coherent development strategy for the envisioned State of Palestine that goes beyond budgetary allocations and generic statements of objectives. The strategy should aim at supporting, rebuilding and expanding the eroded productive base to allow the Palestinians to produce domestically, feed themselves, employ their growing labour force and reduce their reliance on international aid and the forced dependence on imports that mainly come from Israel. … The experience of the past decade of reforming the Palestinian Authority does not support the notion that with enough tinkering with institutional governance and other preconditions being satisfied, the nascent Palestinian State will be significantly better equipped for “policy launch” than it would have been in 2002 when the international community first endorsed its establishment.” (2009: 13).
In other words, for the international donor community to help the Palestinians get out of their poverty and achieve their independence, it needs to take the following steps:

1. Acknowledge that development is impossible and Palestinian institutional reform unviable under occupation. Occupation needs to end rather than be accommodated, if Palestinians are to terminate their impoverishment and create the basis of an economy.

2. The international community needs to weigh, rather than unquestionably accept, Israeli security concerns against Israel’s legal obligations. It needs to hold Israel accountable to its obligations to end the occupation, all the more as the occupation itself is at the source of Israel’s security problem. This will require international economic as well as political pressure on Israel to comply with international law.

3. The siege on Gaza needs to end and its links to the West Bank re-established.

4. Support for the creation of a Palestinian state needs to be materialized by defining its borders and assuring its contiguity. Otherwise, the international community might be forced to rethink the two-state solution paradigm altogether as a solution to the conflict.

5. Palestinian economic access to, and integration into, the outside world needs to be re-established and unmediated by Israeli control. The experience of the past 40 years has shown that the Palestinian economy will need to have its own separate custom territory, apart from Israel, if it is to develop and stand on its own feet.
6. Humanitarian aid needs to be channeled to those in need, irrespective of the government in place. This aid cannot be called development, but it is necessary. It can only be effective if accompanied by a clear strategy of holding Israel accountable to international law and its obligation to end the occupation.

These are by no means easy tasks, but they are necessary. They are being validated by the failure of the development paradigm used so far, which agreed to turn a blind eye to the occupation while hoping to establish Palestinian fiscal balance and contain poverty. This paradigm proved its failure in preventing starvation, let alone creating the bases for sustainable development. Let us hope that the international community can pursue a paradigm shift, face up to its responsibilities and act upon them very soon.
Donor Politics in the Occupied Palestinian Territory – Oscillating Between Institution-Building and Handouts

Gerhard Pulfer

The occupied Palestinian territory receives one of the highest per-capita aid ratios worldwide. Between 2002 and 2006 almost USD 6 billion of donor funding were disbursed in the West Bank and the Gaza Strip. At the donor conference in Paris in December 2007 another USD 7.4 billion were pledged for the period 2008 – 2010 and are currently in the process of being delivered.

Nevertheless, almost two-thirds of the Palestinian population was living in poverty by the end of September 2006 - even 88% in the Gaza Strip. A study by the WFP revealed the disastrous result that only 34% of the Palestinian population was food-secure in January 2007. And even today approximately one-third of the population is food insecure.


Note: Figures for 2006 (USD 1.4 billion) might not be exact, as the Palestinian Ministry of Planning did not have a full overview of external assistance to the Palestinian territory due to the donor’s contact policy. It can however be assumed that the World Bank compiled figures are a close estimate. The figures are certainly the most accurate ones available at this point of time.


3 World Food Programme (WFP), Food and Agriculture Organization (FAO): “Comprehensive Food Security and Vulnerability Analysis (CFSVA) – Executive Summary”, January 2007; p. 9
Palestinians are unemployed. Looking at these figures we have to ask, “what is going wrong with aid delivery to the Palestinian territory?”

Aid to the occupied Palestinian territory is highly volatile and subject to political considerations – be it within the context of the Israeli–Palestinian conflict, within the context of Palestinian party politics, or within the Middle East in general. David Shearer, former head of the United Nation's Office for the Coordination of Humanitarian Affairs in the OPT, concluded, “Aid in the Middle East has been motivated by donors’ political preferences, not humanitarian needs.”

The History of Donor Engagement in the OPT

The history of donor engagement since the establishment of the PNA can be divided broadly into seven distinct phases:

1. First, the initial build-up of rudimentary Palestinian institutions – some of them from scratch. This phase was very much donor-driven, as Palestinian planning capacities were not yet existent. The period also witnessed major infrastructure developments, although economic relief – mainly job-creation – played a key role as well.

2. Second, a period when Palestinians developed their own...
Palestinian Development Plan. This Palestinian Development Plan was ready in 1998 and provided the first indication of increased Palestinian ownership over the development process.

3. In a third phase the continuous and linear development of Palestinian infrastructure and Palestinian institutions came to an abrupt standstill with the outbreak of the second intifada on 28 September 2000. External aid gradually shifted towards meeting short-term, humanitarian and early recovery needs. Major government-owned infrastructure developed over the previous years was completely destroyed during that period – especially security-related infrastructure, the Gaza Airport, etc. The Palestinian National Authority maintained its functionality only in certain core areas vital for Palestinian society. Public security functions, judiciary, state regulation functions, etc. all but collapsed during that time.

4. In a next phase by 2003/2004 violent conflict gradually declined and gave way to stepped-up institutionalized Israeli movement and access restrictions. In this early recovery phase the Palestinian National Authority again aimed at re-establishing its capacity to allocate resources and define priorities. It successively issued the Quick Impact Intervention Program, the Emergency and Public Investment Plan, the Socio-Economic Stabilization Plan and the Emergency Support Program for the occupied Palestinian territory. Along those lines donors resumed their efforts to build-up Palestinian institutions – although based on their own reform agenda guided by the Middle East “Road Map”. Donor priorities and Palestinian priorities as represented by the PNA at times conflicted with each other and donors attempted to empower a Palestinian Prime Minister and his government versus President Arafat.
5. In a fifth phase following the death of President Arafat and the appointment of President Abbas (and his subsequent election to President) a smoother relation developed again between the donor community and the Palestinian government. Disagreement about reforms narrowed, but the reform agenda as a whole moved to the backburner as attention and efforts were geared towards the Gaza withdrawal.

6. In the subsequent phase following the victory of Hamas’ “Change and Reform” party in Palestinian elections in January 2006, signs of an abrupt change in donor policy began to emerge. The Middle East “Quartet” adopted three principles for engaging with the newly elected government, but concluded that these principles were not met. The result was a strict policy of all major donors not providing financial support to or via the Palestinian government. As mentioned earlier, support was rerouted to humanitarian purposes, to NGOs and to the Office of the President. In full contrast to earlier policies this time the President was strengthened vis-à-vis the government. The government was also deprived of financial transfers of duties and customs collected on its behalf by Israel and was thus unable to pay regular salaries. Government functions in many areas almost collapsed and many well-educated and trained civil servants left the government for the private sector, for abroad or to work with donor agencies. The tension between the President’s party – Fatah - and the Prime Minister’s party – Hamas – eventually culminated in a bloody civil war in Gaza in mid-June 2007.

7. Finally, in the current phase, donors are strongly aligning with President Abbas and the government of Prime Minister Fayyad appointed by him. Budget support has
Donor Politics in the Occupied Palestinian Territory

multiplied, capacity development and institution-building has resumed in the West Bank, and donors aim at aligning with the PNA’s “Palestinian Reform and Development Plan”. The Gaza Strip, however, remains largely isolated and dependent on humanitarian aid as Israel has closed all border crossings for the past two years - except for narrowly defined humanitarian goods - and as donors do not engage directly with the de facto authorities in the coastal strip.

As the overview of aid delivery since the start of the Oslo process indicates, aid to the OPT is highly volatile. There were times when donor engagement overlapped more with priorities expressed by the PNA, while at other times there was little congruence or even a clear contradiction of goals.

The Types of Donor Aid

Although there was a steady increase in the volume of aid delivered to the occupied Palestinian territory, this does not mean that aid necessarily contributed to development. Let’s have a quick look at the types of aid that flows to the occupied Palestinian territory:

First: In times of crisis – such as during the second intifada or during the time when Israel stopped the transfer of Palestinian revenues and taxes to the PNA or even nowadays in the Gaza Strip – a considerable portion of aid has to be utilized to cover short-term humanitarian requirements and recovery activities.

Second: Aid has been allocated towards meeting recurrent and operational costs of the Palestinian National Authority.
This has covered salaries, fuel, social allowances, health costs, etc. While this type of support is not new, it currently accounts by far for the biggest share of aid. This does imply that support to recurrent costs does not contribute to longer-term development. On the contrary, it can provide the necessary basis for enabling state institutions to develop, to consolidate and to deliver their services if combined with a government-driven reform agenda aimed at reducing dependency on recurrent external support. But it is probably unrealistic to expect from the PNA a balanced budget as long as it does not have control over its borders, over its territory and over its natural resources.

Third: Program and project aid in various forms and sectors has been provided to support the PNA, civil society and the private sector.

While Palestinians could always depend on humanitarian support from donors, budget support and program and project aid have been less predictable: Budget support fluctuated with the political support for the respective Palestinian governments and increased considerably in order to bolster the government of Prime Minister Fayyad. Similarly, the channels for budget support changed equally throughout various periods: before the elections in 2006 most of the budget support from OECD donors was provided through a World Bank Trust Fund with clear benchmarks for public finance management reform. Subsequent to the parliamentary elections and the appointment of a Hamas-led government, OECD donors established the Temporary International Mechanism (TIM), managed by the European Commission. While the expenditures covered under the TIM were de facto budget support, the mechanism circumvented the Palestinian government and thus the Ministry
Donor Politics in the Occupied Palestinian Territory

of Finance. Direct support to the Hamas-led government was not compatible with anti-terror regulations. The interim evaluation of the TIM concluded that “this approach resulted in a number of institutional paradoxes, by which, for example, the support to institutional functions was carried out without official involvement of relevant institutional counterparts, …” In addition it states “A ‘de-development process’ would be among the consequences of bypassing PA institutions and the implicit acceptance of unaccounted channels of resource transfer, thus causing a reversal in the progress attained over a decade of reform and capacity-building.” 6 Nevertheless the interim evaluation also clearly recognizes that this type of budget support has prevented the collapse of the PNA and thus a socio-economic collapse, and has maintained basic services provided through the PNA. Following the appointment of the interim government under Prime Minister Fayyad political support shored up and went hand in hand with financial support – mainly in the form of increased direct budget support. Close to USD 1.8 billion in budget support were disbursed in 2008, a substantial portion directly and bilaterally to the PNA – even by the US government, which otherwise cannot engage in direct financial support to the PNA in its programs and projects.

For the development of Palestinian institutions, program and project aid plays a major role. While this form of aid is not the most significant one in terms of its financial volume, it is the typical channel for technical assistance – be it long or short-term. Based on concrete programs and projects, donors commit themselves to support particular processes or institutions within the Palestinian National Authority. The shift of donor policies following the election victory of the Hamas-led “Change and Reform”

---

party has particularly affected this type of aid and thus capacity development of the Palestinian National Authority. Technical assistance was abruptly suspended and international advisers had to withdraw. This of course impacted the long-term institutional development of the PNA negatively. Following the re-engagement with the government headed by Prime Minister Fayyad donors had to reassess the institutions and their capacities in order to restart institutional development. This process is still ongoing in some sectors, while capacity development and institutional development has resumed slowly in other sectors.

What are the Objectives of Donor Engagement?

The objectives of donor engagement are clearly defined since 2003 by the Middle East “Road-Map”, namely the “vision of a region where two States, Israel and Palestine, live side by side within secure and recognized borders” 7. The “Road-Map”, which was endorsed by the Middle East Quartet, comprising the European Union, Russia, the United Nations and the United States, as well as by UN Security Council resolution 1515, calls for the “establishment of an independent, democratic and viable Palestinian state”. To realize this vision the following activities need to be pursued according to the “Road-Map”:

- Security sector reform aimed “at confronting all those engaged in terror and dismantlement of terrorist capabilities and infrastructure”
- Palestinian institution building and reforms aimed at establishing a democratically legitimized leadership and political reform - mainly referring to accountability and transparency

7 UNSC Resolution 1515 from 2003 and “A Performance-Based Road-Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict”
Achievements and Impact

Thus donor aid is meant to be geared at building the foundations for Palestinian statehood. The reforms in the security sector and in public administration were to a significant extent donor-driven at the time the “Road Map” was endorsed. Security sector reform was seen as being driven by Israeli security needs, rather than addressing genuine Palestinian security needs such as protection against occupation-related violence or settler violence, for example. The same was very much true for political reforms, which were prescribed in quite some detail in the “Road Map”: the PNA had to appoint an empowered prime minister as President Arafat was not trusted any longer. In addition the PNA was asked to accept “judicial, administrative, and economic benchmarks, as established by the International Task Force on Palestinian Reform”.

It is of little surprise that achievements at that point of time were limited. The overlap between PNA interests and donor interests in the governance and security sphere was only partial when the second intifada subsided and thus reforms as defined by the donor community lacked genuine interest and commitment from the Palestinian side. Public finance management reform was probably one of the few areas where considerable progress was achieved during that period, as donor interests correlated with the interests of then Finance Minister Salam Fayyad.

The political and financial commitment of donors to support the PNA continued however unabated, despite the fact that reforms were not implemented based on benchmarks established by the
donor community. Under the umbrella of the World Bank’s Public Finance Management Reform Trust Fund donors channeled financial support to the PNA in order to sustain its recurrent and operational costs. Even in a situation where a fiscally unsustainable situation became more unsustainable by increased public hiring and wage increases in the run-up to the 2005 presidential elections, donors to the trust fund continued to disburse money until spring 2006 in order to prevent the collapse of the PNA.

This situation of political uncertainty continued until January 2006 when the parliamentary elections produced a clear result: the Hamas election platform “Change and Reform” had won the elections. In reaction to this result the Middle East “Quartet” imposed three conditions on the new government for continued financial support to the PNA: “[accepting the] principles of nonviolence, recognition of Israel, and acceptance of previous agreements and obligations, including the ‘Road Map’”. The “Quartet” concluded that these three conditions were not met by the new government and the donor community thus severed its ties with the newly-elected Palestinian government.

Due to the high aid dependency of the occupied Palestinian territory the effects of the changed donor engagement were considerable, especially since they coincided with Israel’s refusal to transfer Palestinian revenues and taxes collected on behalf of the PNA. While a widespread humanitarian disaster was avoided, a complex emergency situation arose in the West Bank and even more so in the Gaza Strip. This period of the boycott of the elected Palestinian government was actually the period when donors spent more money in the OPT than any time before. The funds were however consumed by short-term humanitarian needs resulting from a

8 Middle East Quartet Statement, 30 January 2006
steep rise in poverty levels and political instability.

For Palestinian institution building the effects were extremely negative:

- Institution-building and public administration reform came to a halt
- While previous reforms had strengthened the Prime Minister versus the President, the new donor policies again strengthened the President versus the Prime Minister
- In addition many qualified civil servants left the PNA when the government was not able to pay their salaries

Donor engagement took another dramatic shift following the events in June 2007, when the Fatah dominated security forces were defeated in the Gaza Strip and Hamas took full control over the coastal strip. As a reaction President Abbas appointed an interim government headed by Salam Fayyad – which in the end has turned out to be the longest serving government in the history of the PNA. As a consequence donors have since resumed full cooperation with the Ramallah-based government, but have effectively boycotted the *de facto* government in the Gaza Strip.

A new aid coordination structure was adopted in December 2005. This new structure shifted from a previously donor-driven agenda, where donor-chaired taskforces defined reform priorities, to a partnership approach, which put the PNA and donors on equal footing and strengthened ownership by the Palestinian National Authority. This structure, however, was paralyzed during the time when donors circumvented the Hamas-dominated government. It was only gradually put into action from July 2007 onwards – after the appointment of Salam Fayyad as Prime Minister.
The aid coordination structure aims at enhanced dialogue at the strategic and policy level and at aligning donor support with Palestinian priorities. The Paris Declaration for Aid Effectiveness lies at the center of the aid coordination structure. The key objectives of the Paris Declaration are: ownership of counterpart governments of the planning and implementation process; aligning donor support with national priorities and with national public finance management procedures; harmonizing the delivery of aid; better management for results; and improved mutual accountability.

At the center of the aid coordination structure lies the Palestinian Reform and Development Plan (PRDP) 2008 – 2010 which defines governmental priorities across the various sectors. The plan was presented to the donor community in December 2007 and the programs outlined in this plan form the basis for donor engagement.

The budgetary performance of the PNA in 2008, coupled with comprehensive transparency in government operations, has boosted donor confidence in the PNA’s financial management and contributed to the mobilization of a record-level of external budget support of USD 1.763 billion in order to sustain the operations of the PNA and the payment of salaries to its employees in the West Bank and the Gaza Strip.

Conclusions

The perspectives for development or de-development are essentially dependent on political processes at three levels:

- the reconciliation between Fatah and Hamas in order to re-establish a fully constitutional basis for politics in Palestine
Donor Politics in the Occupied Palestinian Territory

- the Israeli-Palestinian conflict – including its regional dimension
- international interest in resolving the Israeli-Palestinian conflict

We need to be explicit about the fact that international aid to the occupied Palestinian territory is an integral part of international politics in the intra-Palestinian and the Israeli-Palestinian conflict. To reduce aid to a merely technical dimension cannot explain the huge shifts that have occurred in the delivery of aid over the past decade.

Whether aid contributes toward building strong and legitimate institutions in Palestine, or whether it contributes toward weakening such institutions through changing aid patterns, depends above all on the convergence of PNA interests with leading donors’ interests. A strong overlap of interests – as currently experienced with regard to the institutions in the West Bank – can have a meaningful positive impact on Palestinian institutions, on the Palestinian economy and on Palestinian livelihood. This development process can certainly not serve as a substitute for a political solution, but it can support it. On the other hand, at times when donor interests and PNA interests did not converge, aid has been shifted away from long-term institution building requirements towards short-term and non-sustainable humanitarian needs. Such moves have a particularly strong impact on the development of governmental institutions that are as aid-dependent as the Palestinian ones operating under occupation. In such circumstances results of previous development investments are not only suspended, but effectively reversed. Development thus risks shifting towards de-development, as national institutions are weakened and sustainable service delivery is jeopardized.

The Gaza Strip merits special attention. More than 1.5 million peo-
People are locked into this coastal strip that is smaller than Vienna. For two years the already impoverished population has experienced a complex emergency situation characterized by a blockade of all crossings – with very minor exceptions. Beyond the material needs and the complete dependency on donor handouts, the long-term nature of this crisis incubates depression and radicalization. The idea of pressuring the civilian population in order to make them exert pressure on their government has backfired for the past 9 years and is likely to backfire in the future as well. In line with the efforts of the US administration, the EU, and the other members of the “Quartet,” advocacy is vital towards normalizing commercial transactions to and from the Gaza Strip and towards enabling people to enter and leave the territory according to their own free will. Without an opening of the Gaza Strip the people in Gaza will continue to vegetate and remain dependent on humanitarian aid. At the same time the donors, through budget support, will need to foot the bill for the PNA’s substantial fiscal revenue losses caused by the Gaza blockade.
Gender Differentials in the Palestinian Labour Market and the Role of the International Community – a Critical Assessment

Samia al-Botmeh

1. Introduction

The experience of development activity in the occupied Palestinian territory (OPT) over the past 16 years teaches us two basic lessons:

The first relates to the importance of diagnosing and addressing reality on the ground within its political context. The constraints on development in the West Bank and Gaza Strip stem primarily from Israel’s occupation, which manifests itself through various measures, including: continued confiscation of land, illegal utilization of Palestinian resources, building of Israeli settlements and the separation wall, imposition of movement restrictions and control of external borders, all in violation of international law. This longest post-Second World War colonial occupation cannot be ignored or underestimated as an overriding determinant when considering sustainable development issues in the OPT. As has been repeatedly pointed out by various development agencies, including the World Bank, the constraints governing life in the OPT are political in their orientation, externally determined, and overwhelmingly adverse.

The second lesson relates to the manner in which the international community perceives and deals with Israel’s occupation in the West Bank and Gaza Strip. The international community predominantly ignores the nature of the structural relationship of dominance between Israel, the occupying power, and the Palestinians, the occupied, and chooses to deal only with the repercussions of this relationship. In other words, the international community deals with the situation in the West Bank and Gaza as if these territories were struck by a natural disaster. Over the past 16 years, the Palestinians have engaged in various creative mechanisms to cope with and survive Israel’s occupation, while the role of the international community has been to alleviate the impact of Israel’s occupation on the Palestinian population. This course of action can never lead to sustainable development, if anything; the absence of political pressure on Israel to comply with international law has led to prolonging the occupation with grave repercussions for Palestinian lives, as evident from the past war on Gaza.

This paper argues that as long as the international community does not act responsibly and push for a political resolution to this highly political problem through the implementation of international law -- which should bring about the end of Israel’s occupation --, the Palestinians will remain engaged in a vicious circle of survival, and the international community will remain engaged in aiding this survival process. In the meantime, both human and physical resources are direly at stake.

To illustrate this point, the current paper looks briefly at one aspect of the Palestinian economy over the past 16 years -- the labour market. It highlights the developments within this market along gender lines and shows how these developments are leading to grave social problems. The paper then points out the role played by the international community in alleviating the impact of Israel’s
occupation and how these policies are economically unviable for long-term development prospects. Without an end to Israel's occupation in sight, this paper suggests alternative policies to better alleviate the impact of Israel's occupation, in the sense of causing less harm to the economic and social fabric in the occupied Palestinian territory.

2. The Palestinian Labour Market in the Post-Oslo Period

The shifting pattern of male and female participation in the labour market of the occupied Palestinian territory reveals the scope of the economic crisis created and intensified by the continuing Israeli occupation and the nature of the development challenge facing the Palestinian society. The labour market, which is largely shaped by the nature of Israel's occupation and its evolution since 1967, has been further severely affected by Israeli restrictions imposed on access and movement within and around the OPT since 1996. This section highlights the impact of Israel's policies, particularly movement restrictions within the West Bank and the siege on Gaza on labour market outcomes for men and women.

2.1 Labour Market Participation Rates

According to the Palestinian Central Bureau of Statistics Labour Force Survey of 2007, the labour force participation rate in the WBGS stood at 41.9% of the population aged 15 and over. Male participation rates are much higher (67.7%) than the female participation rate (15.7%). However, over time male and female participation rates have fluctuated as a result of Israeli restrictions. Participation rates increased until 2000, when these rates experienced a significant decline until 2002. Since then, the recovery from the drop in labour force participation was faster for women than for
men. Female labour force participation rates managed to surpass their pre-intifada levels, while men’s are still well below their pre-intifada levels. The fact that the loss of employment in Israel was not compensated for by job creation within the local economy, has led to men dropping out of the labour force; this is particularly true in the Gaza Strip.

Male and female labour force participation rates (1996-2007)

These low participation rates mean that nearly 60% of working-age Palestinians were neither participating in any type of recorded economic activity, paid or unpaid, nor were they searching for work. This percentage is much higher than in OECD countries (around 30%) and surpasses the rates in many other Middle Eastern countries. The large percentage of working age adults outside

---


---
Gender Differentials in the Palestinian Labour Market

the labour force creates long-term problems for the Palestinian economy associated with the under-utilization of labour: loss of productivity and non-capitalization on talent and skills, in addition to grave social problems.

Examining the data on the reasons behind staying outside the labour force reveals some interesting insights. As the figures below indicate, there are major differences in the reasons men and women remain outside the labour market.

Reasons for remaining outside the labour force in the OPT


4 In the PCBS household labour force surveys, persons outside the labour force were those who selected one of the following five answers in response to: Why did you not look for a job last week? PW16.1: I am studying/ training – this answer would be selected by the individual who is temporarily unavailable for a job because she/he started attending an educational institution instead. PW16.2 I am a housekeeper – this answer would be selected by the individual who is unavailable for a job because she/he engages in unpaid household duties. PW16.3 I am too old or ill – this answer would be selected by the individual who is unavailable for a job because she/he is too old or ill. PW16.11: I am not looking for a job because I have another income source – this answer would be selected by the individual who is unavailable for a job because she/he has another source of income. PW16.12: Others – this answer would be selected by the individual who is unavailable for a job for a reason other than the ones provided above.
For men, the predominant reason for remaining outside the labour force is studying, while for women, the prime reason is home-keeping. However, in both cases, the percentage of men and women staying outside the labour market for purposes of education is increasing over time, while home-keeping for women is on the decline.

This means that men and women, especially those below 25 years of age, are trying to improve their competitive edge in the labour market by seeking further education. Turning to education in the face of continued destruction of their physical assets and displacement has been one of the Palestinians’ prime coping mechanisms since the nakba (the “catastrophe”) in 1948. This increasing commitment to education is evident in PCBS education data which shows that in the West Bank, male and female attendance at every stage of the educational cycle has continued to rise since 2000. For males, the greatest jump can be seen at the upper secondary level, where the attendance rate for 16-17 year olds jumped from 63.6% to 78.2% between 2000 and 2002 and remained steady at 78% in 2006—an overall 15% rise in only 6 years. Attendance at secondary and post-secondary levels shows a similar growth among girls—but one that ultimately outstrips boys’ attendance levels. For females, the jump in secondary school attendance is also the most dramatic between 2000 and 2004, rising from 71.4% to 83.8%; and then, in 2006, it reaches 90.3%, representing a 12% greater attendance rate at the secondary level for girls than for boys.

---

In addition, there has been evidence that young people are staying longer in educational frameworks, both at the school and post-school levels, in order to improve their chances of immigration.  

2.2 Employment and Unemployment

During the Oslo years (1996-2000), male and female unemployment rates were steadily decreasing, as shown in the figure below. The percentage of unemployed male workers declined from a high of 20% in 1996 to 10% by the end of the year 2000, while the percentage of unemployed female workers declined from 18% to 8% during the same period. However, the start of the intifada at the end of September 2000 disrupted this trend, whereby Israeli violence and restrictions pushed unemployment rates up substantially. Overnight, between 2000-2001 the number of the unemployed jumped from 99,000 to 170,000 persons: a 70% rise.

As Israel imposed closures and severe movement restrictions both within and between the West Bank and Gaza, male unemployment rose substantially. In the West Bank, male unemployment rates rose from 9% in 1999 to 23.3% in 2001. In the Gaza Strip, male unemployment increased even more drastically; from 19% in 1999 to 35.5% in 2001. These increases came about as a result of the combined effect of the closure of the Israeli labour market to the Palestinians and the contraction of the Palestinian private sector under the effects of the movement restrictions. Despite the sudden rise in male unemployment following Israeli violence and restrictions in the years 2001/2002, these rates started to level-off.

---


in 2003. By 2007, male unemployment rates were similar to their levels in 1996.

Unemployment rates for men and women in the OPT (%)


In contrast, for women, unemployment rates rose in 2000 and have continued to rise until 2007. This indicates that women are facing huge difficulties in attaining employment and now have to compete with a large pool of men, who before used to be employed in Israel and now seem to be taking priority in the job market compared to women.

These trends are further complicated by the fact that unemployment rates are highest amongst the youngest age groups (15-29 years old), and for women, amongst the highest educated (those with 13 years of schooling and more). Unemployment rates are worst amongst these groups for a number of reasons, including: (1) the incapacity of the demand-side of the labour market to generate further employment because of continued Israeli restrictions; (2) less older age cohorts, particularly married women, are withdrawing from the labour market upon the birth of their first child, as used to be the case, which creates less replacement positions; and (3) the negative impact of high segregation of the labour market along gender lines, which leaves women with a fewer sectoral
Gender Differentials in the Palestinian Labour Market

options compared to men.\(^9\)

### 2.3 Sectoral Employment

The sectoral patterns of male and female employment reveal that the degree of employment in the productive sectors – manufacturing and construction – has declined drastically. The decline in the share of manufacturing employment is most significant for women in the Gaza Strip. Manufacturing, which accounted for 15% of women’s employment in Gaza in 1996, plummeted to 2% in 2007.

The decline of the manufacturing sector in Gaza, particularly in terms of the employment of women, is a consequence of the restructuring of the Israeli manufacturing industry which relied for a while on subcontracting activities to women in Gaza. The decline of the textile industry in Israel has had severe implications for the employment of Gazan women in this sector.

As for men in the Gaza Strip, there is a visible decline after 2000, that is, as a result of Israeli measures; before this date the share of employment in manufacturing was declining, but at a visibly lower rate. In total, the share of manufacturing in men’s employment declined from 15% in 1996 to 7% in 2007. The decline in the share of manufacturing employment both in the West Bank and Gaza Strip is indicative of the decline of the private sector as a whole, the rise in uncertainty as a result of closures and movement restrictions, as well as the sharp rise in transaction costs.\(^10\)

---


Share of employment in the manufacturing sector, 1996-2007

Source: PCBS, Labour Force Survey (various years).

2.4 Informalization of the Labour Market

Men’s employment in trade and agriculture-related occupations has been declining while their participation in service and market activities has been rising. This is a reflection of the impact of movement restrictions, which rendered skilled agricultural work and trade less profitable sources of employment.

Share of employment in market activities

Source: PCBS, Labour Force Survey (various years).
For women, the share of their employment in agriculture as well as the number of market workers have been rising, while their share in professional occupations has been on the decline. Agricultural work tends to be based in small plots of land, subsistence in nature and mostly unpaid. Market workers rely on small vending activities. Since these are characteristics of unprotected and informal forms of work, this rise can be understood as a further informalization of women’s work in the West Bank and Gaza Strip. This becomes further apparent when looking at the share of women wage earners and men employers.

Employment share of men employers and women wage earners

Source: PCBS, Labour Force Survey (various years).
2.5 Wages

Available data indicate that while domestic employment fell by 15% between 1999 and 2002, wages decreased by 5% only. This suggests discrepancies between supply and demand for workers as a result of closures. It also reflects the differential wage scales applied in the West Bank and the Gaza Strip. The differential wage scales are a function of labour shortages in certain areas as a result of closures. They are also influenced by the size of the expatriate donor community and the wages they pay.

Real daily wages for men have declined, while wages for women have kept pace with inflation. This is because the loss of male employment in Israel has meant huge losses in wages, since the average wage in Israel is higher than that in either the West Bank or Gaza. It is also due to the fact that waged women are mainly concentrated in the service sector in the government and international organization, which has meant that many women have kept their jobs.

Average real daily wages for women and men in the OPT

Source: PCBS, Labour Force Survey (various years).
Gender Differentials in the Palestinian Labour Market

3. Social Impact of Economic Deterioration – Gender Relations

The overall destruction of economic life in the OPT, particularly the rise in discouraged workers, high unemployment rates, further informalization of the labour market, the decline of the share of employment in the productive sectors, the decline in men’s wages – all these have strained the typically strong social support networks and have altered gender relations.

Gender relations have been altered with a visible rise in domestic violence. PCBS data shows a rise in domestic abuse of all types in households where husbands lost their jobs in 2005 “because of the occupation,” as worded in the questionnaire. A higher 30.5% of women in these households experiences physical abuse at least once, as opposed to 21.4% whose husbands had not lost their jobs.

A similar pattern was found for psychological and sexual abuse. And although one has to be careful in isolating one factor, such as male unemployment, while addressing the complex nature of domestic violence, nevertheless it provides some indication.

Participants in interviews conducted by the Birzeit University Institute of Women Studies both in the West Bank and Gaza affirmed that tension and violence in the family are rising due to “pressure on men” from long-term unemployment and a severe drop in family living standards. As a result, gender roles have altered to overburden women who are now required to fend for their families under dire conditions. Mohanna and Kleibo (2008) note

---

11 This includes life-threatening violence.
with regard to gender division of roles in the Gaza Strip:

‘Men stay awake all night to guard the family from the Israeli incursions or any other form of military threat, particularly in the border areas, and sleep during the day. Men’s preference to sleep during the day consciously or unconsciously reflects their intention to escape from the daily family/children’s demands…. Women in contrast, have to intensify their daily work and have to deal with their children’s demands calmly and deliberately. Husbands in most cases help their wives in home-based production, but they do not consider these tasks as their recognized and valued type of work. Both men and women are forced because of their families’ livelihood crisis to do tasks that are not constituent of their social value. The changing of men and women’s daily routine is not optional but coercive, to respond to necessity.’

Given these dire circumstances, women have ventured out of their houses in large numbers, particularly in the Gaza Strip, to seek assistance for their families. The patriarchal nature of the society means that it is less shameful for women to seek help compared to men, who are viewed as the main ‘breadwinners’. The fact that the harsh economic situation is forcing more women to venture out of their homes for survival, is not a sign of improved gender equality or social progress; if anything, women view these developments as oppressive and humiliating.

Accordingly, techniques of borrowing for survival have recently changed and become part of women’s responsibility. Women borrow in very small amounts from neighbours, friends or relatives and they try to repay it in a very short period whenever they receive money. This is a technique used by women to create trust among

---

neighbours or friends and thus to be able to borrow another time in the future. However, in many cases, women in debt socially isolate themselves to avoid embarrassment for not being able to repay.

Israel’s occupation measures, through their impact on the labour market and standards of living, have also weakened typically strong social support networks. A woman teacher from the Gaza Strip notes:

‘I wish I was not employed in the current situation. My husband, my brothers and brothers-in-law are all unemployed and I feel socially obliged to support them. How much is the income to suffice! I don’t really enjoy the money I earn…’. 15

4. Role of International Organizations

Micro credit

The main donor response to supporting women’s employment has been in the form of providing microfinance services. International organizations and NGOs have been the main sources of microfinance services in the West Bank and Gaza Strip in the last decades. Nine of the major institutions have established the Palestinian Network for Small and Microfinance (PNSMF), which provides an umbrella for associations like Palestinian Businesswomen’s Association (ASALA), Palestinian Agricultural Relief Committee (PARC), United Nations Relief and Works Agency (UNRWA), Palestine for Credit and Development (FATEN) and others.

In their 2006 newsletter, PNSMF stated that the cumulative amounts disbursed by all nine institutions that constitute the network amounted to US$ 256,776,108 for a total of 140,937 clients, of which 101,982 (72%) were women. Figures on the expansion of the number of clients taking out loans indicates that far more women than men have turned to this framework as a way to cope with the severity of the economic crisis.  

A number of studies on micro-finance reported on women’s experiences. A significant proportion of women felt that micro-credit is economically non-viable; its main criterion for a good borrower is the ability and regularity of repayment. Creditors’ policies do not reflect or accommodate the political and economic insecurities and instability of the Palestinian market. In addition, policies are not gender sensitive, nor do they reflect gender-specific concerns.

The following are some remarks from women in Gaza and the West Bank who had a loan from UNRWA and others:

‘For UNRWA to secure its financial stability, it follows a rigid policy of guarantors. The guarantor has to be an UNRWA employee. UNRWA employees have become very reluctant to guarantee women borrowers because they know that women get loans to repay debt or to meet their families’ basic needs, but not to generate income. Other women who tried to get a loan for the first time during the intifada mentioned that they failed to receive loans because of the unavailability of guarantors. Some women who succeeded to receive loans put their guarantors in economic trouble when unable to repay.’  

---


Most women who are still indebted to micro-credit institutions believe that loans are a disaster and claim that they will never consider taking a loan again. In their opinion credit institutions are concerned more with repayment of loans than with investigating reasons for business investment or supporting women. The organization reschedules payments if necessary, but a large number of women repay on time to avoid creating problems for their guarantors. Women have hence used micro-credit sporadically as a survival mechanism to provide for the essential needs of the household when no other alternatives were available. 18

Women’s experience with loans in Gaza, in the context of the collapse of the local market, has led to a massive rejection of micro-credit programs. Men and women alike share similar views about the uncertainty of the economic situation, and perceive investment as a threat, rather than a promise of a better future. This confirms the view that micro-projects cannot work in an economic crisis, even as a survival mechanism. One man in Gaza noted:

‘There are many projects supporting youth to do their own business. I think these projects purposefully ignore the reality in Gaza. I believe that they are a waste of money.’ 19

Employment generation projects
For a great proportion of Palestinian men the only source of income has been temporary jobs from employment-generation schemes offered by various international organisations. Payments are minimal and men are allowed to take part only 22 days per

cycle, each cycle is 3 months. Most of the men that benefit from these schemes are unskilled labourers, since the tasks given are on a low level; skilled men find it shameful to enroll in any of these schemes.

These schemes make a minimal contribution to the community in terms of value added, do not generate forms of productive employment, and projects are usually highly disrupted by Israel’s closures and sieges. More importantly, since such projects are recognized by their participants as unproductive, those taking part in such projects usually feel a sense of humiliation. This has had grave repercussions for society, for while possibly alleviating some of the immediate-term financial difficulties; it places psychological pressure on the family unit through engagement in activities that are viewed as economically meaningless. 20

5. Alternative Mechanisms to Alleviate the Impact of Israel’s Occupation on the Palestinian Labour Market

This paper contends that as long as Israel occupies the West Bank and Gaza Strip, considering sustainable development within these territories is a futile exercise, as the experience of the past 40 years has proven, and as evidenced most strongly in the past 16 years. Any economic policy carried out within the context of Israel’s occupation would, at its best, only alleviate some of the impact of this occupation, since the basic conditions for any meaningful economic development are absent. Under these circumstances, and in

Gender Differentials in the Palestinian Labour Market

...view of its refusal to take seriously its responsibilities under inter-
national law by applying substantial political pressure on Israel to end its illegal occupation, the role remaining for the international community consists in attempting to alleviate the impact of Israel’s policies. Within this context it is essential that when fulfilling this role, the international community does its utmost to minimize the harm to the Palestinian economy and society.

The international community currently focuses its efforts on pov-
erty-alleviation activities including food aid, micro-credit, employ-
ment generation schemes, etc. These policies have no economic returns, and what’s more, as we have seen, they further weaken the economic and social fabric of the Palestinian population. If, as this paper argues, all investments are and will remain economically unviable as long as Israel’s occupation remains in place, the international community should in the meantime redirect its funding to projects in the sectors of infrastructure, education and health, and thereby genuinely contribute to the welfare of Palestinian society. Supporting the budget of the PA, which has been expanding its employment in an attempt to compensate for the loss of employment in Israel, particularly for those in the Gaza Strip, is also essen-
tial. 21

Although these measures will not initiate a process of sustainable development, they could nevertheless help promote a much-need-
ed sense of economic and social stability for the Palestinians living under the severe conditions of occupation.

21 The public sector in the Gaza Strip is one of the largest in the world, as it accounts for 45% of the employed.
Palestinian Civil Society Beyond International Development Policy?  
A Palestinian Perspective from the Society of Ina’sh al-Usra

Farida Amad (President of the Society of Ina’sh al-Usra), presented by Afaf Aqel Hamayel

Excellencies, Distinguished Guests, Ladies and Gentlemen,

Greetings
First, allow me to apologize on behalf of the President of the Society of Ina’sh al-Usra, Mrs. Farida Amad, who could not join in this meeting due to compelling circumstances. On behalf of all the members of the board of the Society, I wish to extend our deep gratitude to our hosts for inviting us to this conference and for giving us the opportunity to present the history of the Society, its current projects, future goals and aspirations.

Mission
The Society of Ina’sh al-Usra was established in 1965 by a group of women volunteers with the following missions forming the basis of its foundation and operational framework:

• First: Empower the Palestinian women by upgrading their educational status and consequently their financial status so that they become income earners, active participants and decision makers within their community.
• Second: Provide high quality care and education for pre-school children.
• Third: Study and preserve our Palestinian folklore, culture and heritage.
Fourth: Offer humanitarian aid to those in need within the community.

The Political, Economical and Social Environment Affecting the Ina’sh’s Mission

The two Israeli-Arab wars of 1948 and 1967 resulted in more than a million and a half Palestinians being evicted from their homeland to face extreme financial, economical and political hardships. The situation for the Palestinian population continued to deteriorate with the ongoing Israeli occupation of the West Bank and Gaza Strip after the 1967 war. The Palestinians faced continuous and relentless Israeli efforts of annexation, confiscation of land, and limiting water supplies required for both agricultural and living purposes. The Israeli occupation authority continued since 1967 to build Israeli settlements on Palestinian land, killing hundreds of civilians, demolishing Palestinian houses on a massive scale, imprisoning people behind checkpoints, roadblocks, ditches, razor wire, electronic fences, and concrete walls. The Israeli forces never hesitated to imprison even Palestinian national leaders and to destroy the Palestinian security forces and the governing infrastructure, including the destruction of census records, land registry records, and school records.

A United Nations report released on June 3, 2008 and published in the Israeli newspaper Ha’aretz cited the following pessimistic status of conditions in the occupied Palestinian territories as of the end of 2007:

- The number of fixed physical barriers in the West Bank reached 563 in 2007, restricting the movement of people and goods, choking the Palestinian economy and negatively affecting the quality of life in the occupied territories.
- 49 percent of Palestinian households in the West
Bank and 79 percent in the Gaza Strip live in poverty.

• 34 percent of Palestinians face “food insecurity” (which is defined as households with income and consumption of $1.6 (or less) per person per day).

• The water supply dropped last year to 75 liters per person a day in the Gaza Strip and to 80.5 liters in the West Bank, approximately half the international standard of 150 liters per person per day.

• Some 10,000 Palestinians who live in enclaves west of the West Bank fence are cut off from vital health and education services and from family and social networks.

These direct consequences of the Israeli occupation played a major factor in shaping the role and responsibilities of the Society after the 1967 war, particularly in the absence of a national Palestinian authority or government. The society members of Ina’sh al-Usra understood that it is imperative that we partake alongside other relief and social organizations to attempt to address the tremendous economic, social and financial hardships faced by the Palestinian people as a direct result of the occupation.

Projects Currently Being Carried Out in the Occupied Territories:

(A) Humanitarian Aid Projects

One of our earliest projects was to provide emergency humanitarian aid to victims of the three villages Yalo, Imwas, and Beit Nuba. In 1967, tens of thousands of Palestinians were forcibly expelled from these villages by the Israeli military; their inhabitants fled to the Ramallah area. Within a year after the expulsion, the military completely destroyed the villages including hundreds of
homes, schools, places of worship, and farmland. Our aid focused on children, to alleviate the effects of the severe trauma they faced with their homes and schools destroyed, and with being displaced overnight from their surroundings and communities. We opened a kindergarten, providing these children with nutritional needs and medical care, because we firmly believed that if children are given the proper care, education, security and hope, they are enabled to participate in the development of a Palestine state. This daycare center continues to operate to date.

In the years to follow our relief work expanded, but remained focused on easing the burden of families who were displaced from their homeland, victimized by the Israeli occupation, or traumatized by the loss of their bread winner by death, imprisonment, disability and unemployment. We launched several programs to ease the financial burden and enable Palestinians families to remain unwavering and steadfast in their land. Our humanitarian programs include:

1. **Child Sponsorship Program** – this program offers financial aid to thousands of families and children across Palestine. The program also serves as a means of connecting with people all over the world to raise awareness of the Palestinian issue and the hardships caused by the continued Israeli occupation. We currently have 1480 children that directly benefit from this program.

2. **Residence for Children in Need** – this residence is a safe haven offering orphans and deprived children not only a shelter, but food, clothing and schooling.

3. **Scholarships Program** – this program offers financial assistance to students pursuing university studies at local universities. We currently have 100 students supported by this program.
Palestinian Civil Society Beyond Int. Development Policy?

(B) Projects Targeting the Advancement of Palestinian Women

The Society launched several educational and vocational programs that are recognized by the respective ministries of the PNA, to improve the educational and qualification level of the Palestinian woman and enhance her financial earning power, so that she is well equipped to be an equal partner in building a Palestinian state. These projects include the following:

1. **College for Medical Professions** that includes three schools: Nursing, Medical Secretaries, and Physical Therapy.

2. **Educational and Vocational Centers** including: (a) Child Education program, (b) Secretarial and Administrative skills, (c) Beauty School (d) Sewing School (traditional and by machine).

In addition, the Society has a library of 15,000 books, and offers a number of activities to enhance the cultural development of women through monthly lectures, workshops, conferences, folklore dancing courses (“Dabka”) and a choir.

(C) Projects for the Preservation of Palestinian Folklore, Culture and Heritage

The continuation of the Palestinian traditions and cultures since 1948 has provided strong reinforcement for the sense of a Palestinian national identity. In 1972, the Society established a “Palestinian Heritage and Folklore Center”, with the aim of safeguarding the Palestinian folklore and heritage from loss and oblivion due to the Palestinian dispersion and the Israeli occupation’s tireless attempts to conceal the Palestinian identity by suppressing the heritage or appropriating it and claiming it as their own. Also, there is concern that heritage might be lost as the memories of the elderly
generation fade, especially in view of the rapid social changes taking place. The center includes:

1. Research, Archive and Documentation Center -- the center has published 18 books on the subject and issues a yearly magazine titled: “The Culture and Heritage of the Palestinian People”.

   In addition, as part of the center’s mission to raise awareness, the center hosts festivals and seminars concerning the Palestinian culture and heritage.

(D) New Projects in Process

We have two projects that we would like to complete in the coming year.

1. In the absence of a comprehensive social system within the PNA, the Society recognized the grave need of a day-care center for the elderly in the Palestinian Territory. The Arab Fund in Kuwait contributed part of the amount required for this project and this enabled us to take initial steps; however, we are now seeking other donors to help us bring this project to completion.

2. The second project is the expansion of the existing Women’s Hostel. Building additional rooms in this project not only serves the dire need for Palestinian women studying or working away from home, but is a good source of income for the Society in its goal towards financial self-sufficiency.

In addition to the projects just described, the Society also has several income-generating sections that will be presented below.
Financial Situation
Despite the economic and political hardships we face on a daily basis as a result of the continued occupation, the Society to date was able to partially fulfill its aims and goals, thanks to the solidarity of the community around us, the continued commitment of our supporters and the dedication of the women volunteers working at the al-Ina’sh today. The various venues that exist today that can aid in our financial support include:

- individual donations.
- our income-generating centers.


Accordingly, our yearly budget is covered from the following sources (budget of 2007-2008):

- income-generating centers cover 30% of our yearly budget
- fees from students of the college and vocational centers -- 15%
- contributions to sponsorship program -- 12%
- donations from individuals and institutions -- 22%
- yearly deficit -- 20%

Our strategy is to increase our income from our income-generating centers and to reduce our dependence on donations which may fluctuate from year to year.
Role of Donors in Past Fifteen Years
The Society has observed the role of western donors in the Occupied Territories over the last 15 years. While donors’ money has been a vital lifeline for the survival of most Palestinians under the Israeli occupation, it could not, due to the Israeli restrictions, alleviate people’s economic plight nor could it bring the Palestinians nearer toward achieving their political goals of liberation and self-determination. The Palestinians are today the largest per capita recipients of foreign aid in the world. But according to the 2004 World Bank report, they are suffering ‘the worst economic depression in modern history.” Some donors have in certain cases embroiled themselves in internal Palestinian political crises and have withheld their aid as a collective punishment until recipients met certain conditions and demands that are in accordance with the donors’ political agenda, thereby creating a general sense of frustration resulting from the extent of international donors’ interference in Palestinian affairs. In other cases, donors imposed procurement rules that required a disproportionate percentage of the aid money to be spent in donors’ countries to acquire consulting services, raw materials or tools, rather than in support of the local Palestinian economy.
In view of this situation it is the Society’s goal to limit or gradually reduce its dependence on outside donors and to ultimately achieve financial self-sufficiency that will enable it to fulfill its financial obligations while continuing to grow and expand its projects. With this goal in mind, the Society embarked on establishing income-generating projects including:

- **Catering Service** – The catering service is focused on the preparation and sale of ready made food through grocery stores and the preparation of food that is catered to special functions and events, on customers’ request.
- **Clothes Manufacturing Center** – This center
Palestinian Civil Society Beyond Int. Development Policy?

manufactures basic clothing items for school children and members of the society including pajamas, school uniforms, shirts, etc.

- Embroidery Center – for the preparation and sale of Palestinian embroidery items that are sold directly to the public or through special venues (i.e. annual sale events).
- Beauty Parlor – offering aesthetic services to women.
- Hostel for Women – offering a residence for women who live away from home due to business or studies.

Perspectives and Dimensions for an Egalitarian Cooperation in the Future

As mentioned above, the Society has been able to partially fulfill its aims and goals; the factors enabling us to so have also been detailed. The need to reach a situation of self-sufficiency has been explained as well. In the meantime, however, in view of the absence of a constant income from the Palestinian Ministry of Social Affairs, the financial support from our supporters, both from within the occupied territories and from abroad continues to be a cornerstone for our continued survival.

Ladies and Gentlemen, the Society of Inašh al-Usra has faced many difficulties in its long journey. Its late president Ms. Sameeha Khalil was frequently arrested, imprisoned, placed under town arrest, and forbidden to travel abroad for several years. In 1987, the Society was closed by the military occupation authorities for 18 months. Yet the determination and dedication of its volunteers and staff and the great support from the community and international solidarity movements and friends have enabled it to defy all obstacles and to grow in stature and service. We are confident that
with this continued support, we will be able expand and enhance our services and programs in order to participate in building a free and dignified future for our people.

Closing
In closing, I would like to extend our thanks to all those donors and friends who have made it possible for us to continue our mission, respecting our priorities and never attempting to impose their own priorities or agendas upon us. We look forward to forging strong partnerships with them, based on the same principles of mutual respect and understanding.
Palestinian Civil Society Beyond International Development Policy?
A Palestinian Perspective from al-Khansa Women’s Association

Maysoon Ahmed al-Ramahi

In the Name of God, the Most Merciful

Introduction

My childhood, the period when I was still in the process of shaping and building the characteristics of my personality, should have been filled with childhood dreams and innocence, like those of the rest of the world’s children. Because of the Israeli occupation, however, neither I nor all the subsequent generations of the Palestinian children until this day have had this opportunity.

I still remember the last words of my father as he was leaving this world and passing away to the other world, with tears flowing on his cheeks, asking us to bury him in his village from which he was forced to flee in 1948. Since that time our life has never been normal; our days pass heavily and we have never led a good life.

My graduation from the university and my transition to work in Dubai formed another turning point in my life, in the direction of a greater sense of responsibility towards our people. I became engaged not only in taking care of our children, but also in providing all segments of the Palestinian society with a decent living, through activities such as making parks and entertainment places available to the public and enabling academic education, and more.

My awareness of the urgent need for a positive initiative towards our people was strengthened by the childhood I had experienced and by that comparison, which I often conduct in my memory,
with other children in the world. So when I returned home I started to crystallize my dreams, having all these accumulative events in my background and holding many hopes for the future.

1. As said, my past is one of an abused childhood, something I share with all Palestinian children because of the Israeli occupation.

2. My hopes are to provide our children and our people with the same life available to the children and people of the free and civilized world, away from the droning of the aircrafts, the bombings of the field guns and the suffering associated with the daily lives of the Palestinian People. Our lives lack the basic elements of decent human existence and dignity due to factors created by the Israeli occupation: the confiscation of land for building the settlements, the construction of the Apartheid separation wall, the detention policy, the division of the West Bank and Gaza into a small ghettos and isolated cantons, and the separation of the West Bank from the Gaza Strip.

In addition to the above mentioned I would like to point out one of the most important reasons for establishing the al-Khansa Society -- the absence of women committed to the Islamic system as a resource for them in their field activities, because their life`s activity is limited to the role of maternity. This lack of participation as an active member of society resulted from the confusion and clash between two exalted ideals: on the one hand, the inherited Islamic way of life, the “shari`a”, which teaches that women should dedicate their lives to fulfilling their eternal and basic mission of raising up generations (the “Maternity Mission”, which is one of the greatest blessings that God granted women); and on the other hand, the idea of women making a productive contribution to build the community and to share with the men in decision--making, as was the case at the beginning of the Islamic religion, in the
Palestinian Civil Society beyond Int. Development Policy?

era of the Islamic Prophet. At that time women assumed advanced positions in all fields, social, economic, political and even military and advocacy, and were also involved in laying strategies for many issues. This confusion of roles points to the urgent need to introduce an actual change and to effect a qualitative shift in which the adherence to tradition co-exists with the acceptance of the legitimacy of women’s complete participation in modern life.

Therefore I established in 1997 with a group of Palestinian women in the city of al-Bireh the al-Khansa Women’s Association with permission from the Palestinian Authority. It is an active and a successful society.

Al-Khansa Women’s Society – Dreams, Ambitions, Projects and Achievements in the Occupied Palestine Territories (OPT)

The al-Khansa Women’s Society is a dream that I and my colleagues have dreamed, as well as an ambition we wished to achieve, and a song we have sung, accompanied by a sustained effort of hard work (with little sleep!), sincerity and prayers to God to help us to contribute in building our Palestinian society. We hoped to achieve at least a small fraction of our dream, which included all national sectors, but concentrating especially on children and women.

Thanks to God, during the ten years since the establishment of our Society we have managed to achieve many things, but there is still a long journey ahead of us; however, we never felt languor and we shall never give up our activities until we achieve all our ambitions.

I am trying here to shed light on al-Khansa’s experience in receiving financial support and how we did manage to achieve some of our goals and projects. If God is willing, I hope that I will be able
to meet you and share with you all the necessary information, or at least deliver to you my paper, attaching to it a part of the suffering of our national people, in order to draw your attention to the situation over here. **I will introduce the topics according to the stages through which the society has passed:**

**Al-Khansa’s Projects and Financial Support for the Period 1997-2000**

When we established the Society we were unable to get any financial support from any donor, despite the fact that we had prepared a lot of proposals for two types of projects, one of which had relief and the other development goals.

At the beginning I remember we addressed a foreign institution operating in the country in order to gain support for our activities, but our request was turned down because we were dressed in the traditional Islamic “uniform”, meaning that our heads were covered. However, covering our heads does not mean that our brains are turned off, and so we submitted our proposals to many Arab, Islamic and even international institutions, but none of them was interested in supporting us.

Therefore we went looking for new methods to persuade others of our capabilities and achievements. We started taking loans from the husbands of the founders of the Society and began operating two productive projects, which were food production and the embroidery heritage. By marketing our products we managed to buy a piece of land in al-Bireh City in the year 2000, where we started preparing plans for our largest and most important project, the construction of an edifice that would house a unique center for academic teaching, in order to supply our students with all the means of a modern education.
Palestinian Civil Society beyond Int. Development Policy? 87

The Stage Extending from 2001-2004

During this period -- and also afterwards -- we made a great media effort to highlight the achievements and progress of our projects, through the preparation of many bulletins and magazines with information about the institution and its mission, its objectives and goals.

We started once again to address many donors to support our projects, with both relief and development targets. This attempt proved successful, especially after the al-Aqsa intifada (“uprising”), with gains such as:

1. Support for the Youth Leadership Project, which aimed at building the capacity of young women to enable them to become decision-makers in their communities, consistent with the Islamic tradition and its vision for the role of women, which is not limited to reproduction, but also encourages them to become engaged in building all sectors of society.

2. Finding external markets for the marketing of the Society’s products, including embroideries and other products, through participation in trade fairs in several Arab countries; this activity helped to provide employment opportunities for significant segments of the Palestinian female population, many of whom became experts in this profession.

3. Providing the necessary support for workshops and teaching for the advancement of Palestinian women and the development of their social, religious and political awareness related to their legitimate rights, and to enhance their role in community-participation and decision-making at various levels.
Through the revenues we received by marketing our products, especially the embroidery in the foreign markets, we started to implement the most vital project on our agenda, the building of a kindergarten and a school in which our high-quality pedagogical methods would be applied. Unfortunately the project was stopped upon completing only 10% of construction. Our aim in this project was to provide educational and employment opportunities for a sizable number of young people, despite the difficulties faced by the Palestinian National Authority in creating jobs, and without the participation of the private sector and the non-governmental organizations.

**Developments Related to Donor Support**

During the period of Israeli military incursions into the Palestinian cities (in the second intifada), considerable sympathy was shown by the international community towards the Palestinians, but unfortunately, all donors, Arab, Islamic and international, focused on relief projects and did not pay attention to development projects. For us, as a religiously motivated association, development projects embody religious principles and beliefs, as we believe that work is like worship and a human necessity, and that it is the government’s duty to provide employment opportunities for all persons capable of working.

The relief projects, while necessary in particular situations, at the same time impact negatively on the recipients for the following reasons:

1. they strengthen the culture of begging among a significant section of the Palestinian people
2. they deprive the community of many important development projects
3. they weaken the productive and creative spirit of
the people

4. since relief activity is coordinated with the occupation authorities, the linkage of the Palestinian economy to the Israeli economy is tightened, thus making the former totally dependent on the Israeli economy

Another development that had a negative impact on the support provided to the Palestinian people was the disaster of September 11th and the emergence of the alliance to “combat terrorism”. Under this pretext a large number of Islamic, Arab and international organizations which were providing assistance to the Palestinians were classified as illegal and as aiding terrorism. As a result, Palestinian institutions receiving support from these organizations were closed down by the occupation authorities, regardless of the nature of the projects carried out by them. This was and remains the case, even if the work of the institutions actually supports the infrastructure in the occupied territories – such as in the education and health sectors, where a significant number of institutions, both in the West Bank and Gaza Strip, were subject to systematic destruction by the occupation authorities.

The Years 2005-2007

During this time, we made contact with many donor institutions in the Arab countries, including in the United Arab Emirates. Thanks to our connection with the UAE Sheikh Mohammed Bin Rashid al-Maktoum Institution for humanitarian and relief projects, we were able to promote our prime project to build a modern school that matches the standards of this institution. This was to a great extent due to the fact that my husband and I served in the education sector of this generous country for nine years, where we became known for our professionalism, objectivity and transpar-
ency. This respectable reputation created the appropriate basis for fund-raising, and, placing our faith in God, we managed to obtain support equaling 55% of the total costs of the entire project. Thus we managed to take our first steps towards completion of this vital flagship project by inaugurating a kindergarten and a school for the first six grades, although after completing the project we were in debt of US $250 thousand.

The Years 2007-2009

There is no doubt that the unfortunate events which took place in the Gaza Strip in this period have cast their shadow on a considerable number of the non-governmental organizations. During this period our Society has also suffered, having been attacked with burning bombs by unknown parties and being subjected to raids by the Israeli army, which confiscated a number of the Society’s files, especially the financial ones, in addition to a number of computers and other documents; they also arrested my husband under the pretext that he built a school belonging to al-Khansa – presumably a “terrorist society”.

It was only after ten months that the Israeli judiciary decided that the al-Khansa Society was not a “terrorist organization”. My husband was declared innocent and released from jail but only after experiencing arbitrary imprisonment under unfair and inhuman conditions. After his release we managed to resolve our entire legal situation.

Our Society was fortunate, considering that some institutions in the West Bank and Jerusalem were closed indefinitely.

Following I shall outline all al-Khansa’s projects since its establishment until today:

1. Ideological projects promoting cultural awareness
Palestinian Civil Society beyond Int. Development Policy?

from an Islamic perspective, especially for women

2. Human development projects fostering the self-development of young people, preparing them for leadership and facilitating access to decision-making positions

3. Relief projects, both ongoing and ad hoc, to meet the needs of Palestinian society

4. Development projects, both of a permanent nature addressing aspects such as infrastructure, and with more limited production goals

5. Educational, recreational and psychological programs for children

Support Provided to the Palestinian People in the Occupied Territories after the Oslo Agreement

There is no doubt that the Oslo Agreement between Israel and the Palestinian Liberation Organization not only created new facts and conditions, but also brought about a dramatic shift in the nature of the Arab-Israeli conflict, most decisively through the establishment of the Palestinian National Authority.

For our purposes this development meant that the Israeli occupation gave up its legal obligations towards the Palestinian people, who were not given the right to establish a sovereign state, but instead were authorized to set up an incomplete entity unable to meet the minimum aspirations of its people; in no way did it correspond to or make amends for the extent of the sacrifice and the suffering that the Palestinian People have passed through since the beginning of the last century. Additionally, as a result of these accords, the Palestinian economy was linked to the Israeli economy and became subservient to it.

What effect then did the Oslo Agreements have on the Palestinian
non-governmental organizations?
A number of such organizations emerged shortly after the occupation of the West Bank and Gaza Strip in 1967. Their main objectives were working towards solving the humanitarian, economic, social, health and educational problems of our people; at the same time they sought to assist and support the prisoners and detainees. Such institutions were subject to severe pressure by the Israeli occupation authority.

Some of these national organizations have performed a national role in securing, in periods of crisis, the bare necessities of life, for instance and particularly during the first intifada (uprising) from 1987-1992; they did the same during the second uprising (2000-2004) and during the siege on the Gaza Strip.

Their growth, however, shows to what extent the Palestinian Authority failed – and/or was unable -- to meet the needs of the population and how the reliance on these organizations increased: At the beginning of 1999 there were approximately 480 non-governmental organizations in the West Bank, and in 2000 there were 227 institutions in the Gaza Strip. According to the Palestinian Central Bureau of Statistics, however, within a year’s time the number of NGOs mushroomed to around 3800 local organizations, financially supported – in most cases -- by foreign donors.

The detrimental effects of these developments express(ed) themselves in two main areas: First, the non-governmental organizations have played a parallel, not complementary role to the government’s activities, especially in the social and cultural sectors. This situation had – and has still – a negative influence on the political processes of strategy-building and decision-making.

Second, a considerable number of these organizations have obliged themselves to carrying out (foreign) agendas that seek to impose on Palestinian society intellectual, political and cultural views that undermine the orientation of the local population, its religion, morality and civilization.
Palestinian Civil Society beyond Int. Development Policy?

As an example, I remember that some organizations started promoting a “personal status law”, which is not consistent with the spirit of Islamic legitimacy and social culture. Huge budgets have been allocated to this project by the European Union, which unfortunately were not directed to the neediest segments of the Palestinian community, mainly the children, nor employed in the rehabilitation of the infrastructure or in building sustainable development projects.

On the basis of my experience I can evaluate the quality of support and point to the problematic aspects of the aid provided to the Palestinian People and the Palestinian National Authority by the donor countries since the signing of the Oslo Accords and until today, as follows:

**In Terms of Donors**

1. Governmental Support
2. Non-Governmental Support
3. UNRWA “United Nations” Support

**In Terms of the Funded Projects**

1. Relief Projects
2. Development Projects
3. Ideological, Cultural and Secondary Projects.

**In Terms of Requirements and Conditions**

For the sake of our analysis the donors can be classified in two categories:

1. **“Conditioned” Support -- Governmental, Non-Governmental and International** (including the “Quartet”)

   The donors set forth requirements determining the distribution
of the funds for the various projects. In terms of the obligations incurred by the acceptance of this aid – it was/is linked to a cessation of activities supporting the Palestinian resistance to the occupation; even among the groups who were formally entitled to benefit from this support, families of the Martyrs and Detainees were excluded. As a result, a number of civil institutions of the Palestinian NGO’s Network have committed themselves to a position refusing such “conditional” support and remain opposed to the normalization of ties with Israeli institutions as long as the right of the Palestinian People to self-determination and to an independent state of their own is not recognized.

2. “Unconditional” Support -- Governmental, Non-Governmental and International

The prime, but not the only example in this category, is UNRWA, which, as an independent relief organization, has provided unconditional humanitarian support based on solidarity with the sense of injustice and suffering imposed on the Palestinian People by the Israeli occupation since 1948.

Therefore, the role that has been played by the donors in the Palestinian territories can be compared to that of a double-edged sword, with both positive and negative aspects:

The positive side was represented through the donor countries and institutions that provided unconditional support for the relief and development projects, and covered the salaries of the government employees through the Palestinian National Authority, thus contributing significantly to the alleviation of suffering and strengthening the steadfastness of the Palestinian People.
The negative side was represented through the following:

1. The need to rely on this support promoted a policy of begging among the ranks of the Palestinian people and their political leadership; furthermore, the donors focused almost exclusively on relief programs and neglected development projects which could help to establish a firm foundation for growth.

2. The support of cultural, intellectual, political and social projects informed by Western agendas with out serious regard for the civilization and culture of the Palestinian people, contributed to the dis integration of the social fabric and encouraged divisive forces in Palestinian society. Such projects aim to consolidate a political settlement in accordance with the Israeli perspective, such as the abolition of the right to return, the Judaization of East Jerusalem and other issues.

3. This foreign assistance helped to create a privileged position for certain Palestinian parties that neither act in accordance with the genuine interests of the Palestinians nor enjoy the support of a sizable segment within that society. This situation was clearly demonstrated by the results of the last elections of the Palestinian Legislative Council (2006): The extremely popular civil society institutions - especially the left-oriented groups among them - were able to obtain only seven of the 132 seats in the parliament. Such results stand in contradiction to the public benefit and interests of Palestinian society and indicate a clear intention of certain donor countries to establish a new Palestinian leadership through the agency of non-governmen-
4. Support for institutions whose activities serve to promote an atmosphere of normalization and the acceptance of the occupation, laying another obstacle on the road towards achieving the Palestinian dream of establishing a sovereign, independent state within pre-June 1967 borders.

On the other hand, the local non-governmental organizations, which are not associated with external agendas, are playing a pioneer role in Palestine by:

1. strengthening the steadfastness of the Palestinian people on their land.
2. strengthening the steadfastness of the Palestinian National Authority, through development projects which provide long-range employment opportunities, and through relief projects for the marginalized and for those unable to work.
3. increasing the awareness of the importance of women’s involvement in social life in Palestine, without contradiction with the morals, values and religion held by a majority of the society.
4. working for the benefit of the overall society and not in the service of limited special-interest groups.
5. promoting the appreciation of those who work in a professional, fair and transparent manner and do not give priority to their personal interests. This factor contributes directly to the enhancement of the political scenery among the Palestinians.
Suggestions Regarding the Nature of Future Support for the Palestinians:

In view of the donor-recipient relations as described above, I deem it necessary to begin a new phase of professional, humanitarian support which takes the following points into account:

1) Assistance should be based on a spirit of cooperation and genuine partnership, which is devoid of ulterior intentions and which rejects in principle any attempt to exploit the urgent needs of the Palestinian People. Respecting the dignity of the recipients is not less important than rendering them material assistance and should be given the highest priority.

2) An awareness that the Palestinians are living under occupation with its exceptional circumstances should accompany and inform these relations.

3) An awareness on the part of the international community of its inability to significantly reduce the excesses of the occupation, which are in blatant violation of international law.

4) Support strategy should be based on systematic study of the needs of the society and the effectiveness of the organizations to carry out the programs.

5) Specifying criteria by the donor is legitimate, on the condition that it adheres to the above-mentioned principles and contributes to positive, democratic developments, operating without regard to the religion, color, sex or social-standing of those involved.

Especially problematic in this context is the Islam-phobic policy of the international donor community (of both the governmental and
non-governmental institutions), which, with few exceptions, excludes Islam-oriented organizations from their support programs and even refuses to take their point of view into account, thereby ignoring a major component of the Palestinian society (and again expressing a discriminating and prejudiced position, in contradiction to the basic principles of cooperation mentioned above).

Suggestions Pertaining to the Support Criteria and Implementation Mechanisms

Having laid down what I consider the basic principles of the donor-recipient relationship, I suggest applying the following criteria when selecting recipient organizations:

1. Before entering into an agreement with a specific organization the potential donor would be well-advised to carry out a field study regarding the overall situation of the organizations operating in the Palestinian territories, collecting information about their histories and their community accomplishments; this survey could be done through an expert from the donor country or a local delegate.

2. The goals and the activities of the recipient organization should coincide with the technical and financial policies of the donor country, based on the general principles of partnership mentioned above.

3. The recipient institution should have a recognized legal status and an impressive record of accomplishments under professional leadership free of conflicts of interests.

4. The internal system of the institution should be completely transparent in regard to the financial
details of its activities, thus enabling the donor to determine the extent of public benefit. Concretely, this review process should include the submission of reports, accompanied by the necessary financial and other documents, which clearly define the professionalism and credibility of the recipient. Once selected, the recipient must obligate itself to accept control and accountability mechanisms as required by the donor country, in accordance with accepted standards and along the guidelines of good partnership.

5. The institution or the organization should be actively involved in projects and/or services which benefit a significant segment of society. Potential recipient-organizations should be asked to submit proposals and feasibility studies; later, at various stages of execution, the donor should investigate the extent of congruence between the project-proposals submitted and approved, and the actual work being implemented.

Proposals for Activities and Projects -- Priorities

Apart from relief programs which are aimed at meeting immediate humanitarian needs, the priorities of Palestinian government (National Authority) and Palestinian society should focus on projects that contribute to a sustainable development process and provide employment opportunities for as many segments of society as possible.

Implementing these priorities is strongly connected to the strengthening and rehabilitation of the Palestinian infrastructure in the
fields of health and education:

**Health:** This sector includes hospitals, maternity-care centers, support-centers for the disabled, and the like.

**Education:** The main areas of activity should be as follows:

1) programs for children and youngsters, especially for the orphans among them (whose number is un proportionally large due to the effects of the occupation), paying attention to both their physical and psychological needs and development.

2) the establishment of additional academic institutions giving a major emphasis to scientific and scholarly research of the Palestinian reality in all its aspects. An effective and fruitful partnership with the donors in this area could significantly contribute toward promoting the principles of civil society, democracy, human rights and social justice in Palestinian society. An additional educational priority is the carrying out of programs and workshops aimed at: 1) imparting technical skills and professional competences; and 2) fostering leadership qualities – especially among young people and women -- as the vanguard of a generation of productive and dedicated citizens.

**My Message to the Donors**

In closing, I would like to send out a message to those governments and organizations which have a sincere interest in assisting the Palestinian People. I hope that present and potential donors will show a willingness to understand the Palestinian internal re-
ality and to accept the desires of its public, which have been expressed in accordance with the concept of true democracy. We Palestinians view the reactions of the European countries (where the main donor community is based) to the results of the Palestinian national elections of 2006 as an abuse and implementation of double standards: on the one hand, the rejection of the democratic decision of the Palestinians, followed by measures of severe punishment and exclusion; and on the other hand, the acceptance of and acquiescence to the results of the Israeli elections of 2009, considering their democratic choice as an “internal matter” -- regardless of which party or kind of coalition came into power.

Furthermore, it is essential for a forthright, principled donor-recipient relationship that donors understand that we Palestinians cannot accept support that aims at implementing policies which are not in harmony with the culture of Palestinian society, which is overwhelmingly Moslem. I would expect that those who profess an obligation to and sponsor human rights, freedom and social justice, as Western civilization claims to do, would not agree to the imposition of policies which violate the humanity and dignity of those who are in need of their support.
Palestinian Civil Society Beyond International Development Policy?  A Palestinian Perspective*

Ghassan Taha Amayra

Introduction
It gives me great pleasure to address this conference on “Perspectives Beyond War and Crisis II: Food Aid, Poverty Administration and Donor Politics in the Israeli-Palestinian Conflict”. I am especially grateful to the Vienna Institute for International Dialogue and Cooperation for organizing this conference and inviting the Welfare Association to participate.

Ladies and gentlemen,
Allow me first to give you some information about the Welfare Association (WA). The Welfare Association is a philanthropic, non-profit foundation established in Geneva in 1983 to support the Palestinian society in sustainable development. WA works by strengthening local organizations and assisting them in improving their services to the community and in promoting Palestinian culture, heritage and identity. Its scope of activities covers the West Bank, Gaza, the Galilee and the Naqab, and Palestinian refugee camps in Lebanon.

The WA’s General Assembly has over 100 Arab and Palestinian members and associates. The Assembly meets annually. The Board of Trustees (BOT), elected by the General Assembly every three

* The view expressed here represents those of the author only and not those of the Welfare Association
years, meets bi-annually to formulate policies and strategies and to review its performance. The Board oversees the Association’s activities through an elected Management Committee and several specialized committees. The committees are composed of Board members, executive and management staff and outside experts. The WA also has a staff of 110 professionals responsible for implementing programs and projects and who report to the BOT and its various committees.

The WA has established an Endowment Fund of over $70 million through earmarked donations from members and the community. Investment earnings are used to cover most of WA’s management and administration costs and some program expenses. The WA also manages donor funds from governments, international and multinational agencies and international NGOs earmarked for specific programs. In addition to members’ fees and donations, different local fundraising initiatives from Palestinians in their respective communities abroad provide additional funds for projects.

The WA assists Palestinian development efforts through the main program tracks of Culture and Identity, Human Resource Development, and Capacity-Building, and a special relief program of Humanitarian Assistance to the Palestinian refugee camp community in Lebanon. Children and youth, the poor, students, and special needs individuals are particularly targeted through both small and large-scale projects. Externally-funded, semi-autonomous programs within these tracks are the Old City of Jerusalem Revitalization Program, the Information Technology for Youth Project and the PNGO Project, Youth Employment Services Program, and Bringing Back Humanity to the Lives of Palestinian Orphan Children in Gaza, among others.
Donors’ Support to the Occupied Palestinian Territories (OPT) Within the Last 15 Years

The involvement of more than 40 donors, multilateral organizations, UN agencies and hundreds of local and international organizations in the development efforts in Palestine has various implications on the development of the Palestinian Community under the prolonged Israeli colonization of Palestine.

Since the start of the peace process and the inception of the Palestinian Authority (PA) in 1993, donors have been committed to support the PA as part of the peace process and have focused on infrastructure, capacity-building and budget support. According to the statistics of the PA Ministry of Planning, the total donor commitments to the PA since its inception reached US $13,909,518,896, while the total disbursed amount is only $11,801,079,277. This support constitutes more than 20% of the Palestinian GDP.

Since the start of the second (al-Aqsa) intifada, most of the donor support has been diverted to humanitarian and budget support to the PA. This support is considered very critical to the Palestinian economy in general, and to institution-building and budget support in particular.

However, the support of the international community has not been consistent but rather has been influenced to a large extent by the political situation. Also, the flow of donor aid was and still is subject to the prevalence of political instability. Moreover, donors were and currently are forced to divert funds in response to changes in the political situation and to Israeli measures such as closures, destruction of infrastructure, etc. Therefore, the large bulk of this support was and still is diverted to humanitarian and budget support to PA, and to temporary job-creation programs.
More importantly, the attention of donors and the Palestinian policy-makers during the last decade has remained focused on emergency and recovery needs rather than on sustainable development and building state institutions. In other words, it was a short-term rather than long-term focus.

Besides the donors’ support to the PA, the local and international organizations which are receiving financial support from local and international sources are playing an additional role in the development process in OPT. The donors’ support to these NGOs increased in the past few years to constitute more than 60 per cent of their total revenues.

Studies show that there are approximately 1,800 NGOs registered as working in Palestine but that only 1,400 are active organizations; these depend on the following three main sources for funding:
- external sources (60% of Palestinian NGOs’ budgets)
- self-funding activities (approx. 22% of “ “ “)
- funding provided by the local community and other sources (approx. 10%)

The rise in the percentage of external funding reflects an international trend to encourage and increase the participation of NGOs in the development process, as well as to play a key role in the political peace process. For this reason, some international donors impose in certain projects conditions on the Palestinian NGOs, including partnership with Israeli NGOs. This kind of “conditional support” seeks mainly to build connections and to create some sort of dialogue between Palestinians and Israelis at the expense of the Palestinian development process and at the expense of aid that should be provided solely to the OPT.
Conclusion
The donors’ development efforts have had only a limited impact on the development in the OPT. The Palestinian economy continues to show the same weaknesses inherited from the Israeli colonization of the pre-Oslo era. The humanitarian aid alone is not an applicable solution for building a viable state of Palestine; too little attention has been given to the private sector, which should be the engine of growth, especially in addressing the biggest challenge -- the high rate of unemployment especially among young people and fresh graduates. Therefore, the allocation of international aid should be directed to productive sectors and the “trade, not aid” model should be followed. Finally, an effective coordination among the donors, among the NGOs themselves and between donors and NGOs to channel the aid, is crucial.