



# **The Impact of the Palestinian Intifada on International Funding: Reality & Prospects**

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**Convened by the Development Studies Programme**

Ramallah – West Bank  
Palestine

## **The Impact of the Intifada on International Funding: Reality & Prospects**

Date: 22 November 2000  
Time: 10am-1pm  
Place: Al-Bireh Municipal Hall

### **Program**

#### **Session I:**

10-11:15am

#### **Opening Remarks**

Birzeit University  
Development Studies Programme

Carmela Armanios- Omary  
Nader Said

#### **International Organizations**

European Commission  
USAID  
The Ford Foundation  
UNDP  
Session Chair

Jean Breteche  
Larry Gerber  
Steven Lawry  
Sufian Mushasha  
Nader Said

#### **Session II: Palestinian Views**

11:30-1pm

Ministry of Planning (MOPIC)

Discussant

Session Chair

General Discussion

Responses from Penalists

Hisham Mustafa  
Ali Jirbawi  
Khalil Nakleh

## **Opening Presentations**

**Carmela Armanios- Omary**  
**Vice President for Administrative and Financial Affairs**  
**Acting Vice President for Specialized programs**

Good morning to all. We, at Birzeit University (BZU), appreciate you taking the time to participate in this meeting and the effort that you have exerted to overcome all roadblocks to be with us. I am very pleased to welcome everybody in the name of Birzeit University. I convey the warmest regards from Dr. Hanna Nasir, the President of the University. As most of us know, since the establishment of BZU, it has put emphasis on community service. To strengthen the tie between the academic and the community, every student has to do about 120 community work hours before he or she graduates. With that, the university has established several institutes and centers in areas such as media, community health, law, gender studies and others, in order to serve the community as a university should. That means supplying the Palestinian Authority, the NOG's, and the community with studies, research, and training. Such efforts must be based on scientific basis. This would enable the decision-makers to make well-informed decisions based on facts and scientific analysis. The projects that these institutes and centers have been carrying on had their impact. We keep on learning and we keep on evaluating the impact of these institutes and centers in order to be able to serve, given the dramatic political changes we are currently facing. At the same time, BZU being a liberal institution advocating for liberal education, we highly value freedom of expression. It is very important that we consider any topic as a topic for discussion; any topic is worthwhile even if we differ on it, even if we have different points of views, and this is only natural. But it is important to carry on a discussion about it in an open way based on reality, on facts and also based on listening and trying to understand the other point of view.

Based on that, the Developmental Studies Programme at Birzeit, headed by Dr. Nader Said, has been very active even at this very difficult time to raise not only very difficult questions, but maybe dangerous questions that we should think about. Even if we do not agree on one answer to them, it is very important that we all voice our point of view.

In Palestine, there are great needs for development in all areas. Just to make up for what we have lost during the Occupation that has not ended yet. And at the same time, it is vital to prepare the infrastructure, the human resources for the coming hoped-for state. And that is why international funding is greatly appreciated. But at the same time, international funding, if it is not evaluated from every now and then, could become from a blessing to a catastrophe. It is even very important at this very difficult time that we are going through, were people are killed, injured, houses demolished and the political situation is highly uncertain. I am sure, and I hope that during our discussion today we will raise tens of questions and we will try to answer some of them at least partially, because I do not think we can answer all of these questions in one meeting. For example, what has been the impact of international funding on Palestine during the last few years? As I said before, international funding is welcome in Palestine not because of the financial need only, but also as an

opportunity for partnership, for cooperation with international organizations. This would help us to open up to the world and to see and to feel and to learn from the top of the line experiences in the world, and to start from there rather than starting from Zero and being behind the whole time. That is why these international organizations are very important, when they are different. Some international organizations see themselves as partners in development and that shows in the way they deal with the funded projects. Some of them have political aims which should not be a negative word, it could be bonified, the question is always rising every time we look at a project, is it being motivated by the international organizations vision of what should be done in Palestine? Or has it been motivated from the actual needs of the Palestinians as they see them? It is very important, even at this time, to raise questions about international funding for the Israeli /Palestinian joint projects; are they between academic institutions? Or non-academic institutions? Have they reached to their aim? Did joint projects really help to dissolve the conflict? Was it wasted money, or did it have negative effects? I don't have answers to all these questions, but for sure I would like to hear some of the answers to them because, even at this time, it is very important to raise all these questions.

I would like to thank all of our friends, those who were able to be with us today, and some of them found it very difficult to get here. We have Mr. Larry Gerber (from USAID) who is on his way, as the situation on the roads is uncertain. I would like to thank Mr. Jean Breteche from the European Commission, Mr. Sufian Mshashah from the UNDP, we are sorry that the representative from the World Bank is not with us today. Many thanks to our friend Dr. Steven Lawry from the Ford Foundation, who has come a long way from Cairo to be with us, and I am sure that we would love to share his ideas with us. My last thanks is to Dr. Nader Said and his team for being able to organize this wonderful gathering, and I hope that we will all have a good learning experience from what we will listen to today. Thank you.

**Nader Said**  
**Director of the Development Studies Programme**  
**Birzeit University**

In my presentation, I would also like to raise a number of basic questions that were brought up during the last two weeks in consultations with the speakers who will be addressing us today. We have with us a diverse group of institutions, among them government institutions, NGOs, international agencies and UN agencies. Some of these institutions have a long history of work in the field of development in Palestine, while others have a shorter history or their role is more recent. Moreover, each institution has its own philosophy on the question of funding. Some institutions decide on the kind of project or intervention they will adopt in light of reports issued by local institutions, some other institutions estimate needs and determine the kind of development required according to their own studies and reports, while some others follow a diversity of methods.

The direct question we have to address today is the impact of the current Intifada on policies of international funding and mechanisms for implementation of the programmes linked to this funding. This question is as important today as it has always been. It is important from the perspective of development, it is important from the political perspective, and from the technical-executive perspective because there are real problems in this area as well. We have noted the reactions of different institutions. Some institutions have consolidated their presence on the ground by allocating additional funds for current emergency conditions. Others have adapted some of their programmes to be responsive to current needs as well. Some institutions have put their activities on hold for technical reasons, while others have held back certain kinds of funding pending the end of the Intifada and a change in the political scene. Meanwhile, international agencies were compelled to adapt their work mechanisms to cater to the determinants being faced, some related to conditions on the ground in Palestine, while others having to do with political pressures from the donor country or agency headquarters in the source country.

The direct question raised here today can't be addressed through one meeting like this one. This requires more specialized meetings to be held. Moreover, it can not be addressed in isolation from other more substantive questions, long-term questions that were raised during the past eight years. For example, what is the nature of the experience undergone by Palestinian society during the last seven years as far as funding is concerned? Did international funding, with its policies and mechanisms for disbursement, constitute a tool for development? Has such funding led to real development enabling Palestinian society to broaden its choices and determine its destiny on the political and economic levels? Has this kind of funding created excessive dependence on foreign sources of funding, thus reducing chances for Palestinians to be self-dependent in a balanced and reasonable manner? And what is the role of the PNA and the NGOs in leading the Palestinians to such a state of exposure and vulnerability, not only in the face of Israeli occupation but also before international agencies? Have these local

institutions been over-hasty in running ahead of events, over-looking the overall national context and focusing on issues of super-structure, such as social issues, and issues of political systems and democracy? All of these are issues of great importance for the process of development, but they can not be sustained in the absence of the very foundations upon, which a sovereign independent state is established.

The *second* set of questions is related to the political dimension of funding, and the dependence of funding on the peace process. Has the Intifada exposed, more than any time before, the real political positions of the different funding parties? And how can a balance be struck between the political dimension on one hand and the developmental dimension on the other hand. This is important so that any regression or breakdown in the peace process will not necessarily lead to the destruction of the structure of society as a whole, as it is the case to some extent, or to a large extent, at present. These are some of the questions that are long-standing, yet new. Long-standing because similar questions were raised during recent years, but were they raised with sufficient urgency? Have there been any answers presented? Is there clarity of vision in international agencies and in Palestinian local institutions, in PNA institutions and institutions of civil society? We believe that the discussion today, and in the presence of this very distinguished gathering, will be at the level of gravity and responsibility required and in a spirit of objective and constructive dialogue, based on practical considerations that place the service of the public interest as the target. The discussion will address substantive issues that are of concern to all, and not just to individual institutions.

In the first session four papers will be presented by representatives of international agencies present with us in this meeting. This will be followed by two interventions from the Palestinian perspective, governmental and non-governmental, by a representative of MOPIC, Dr. Hisham Mustafa, and Dr. Ali Jirbawi as a discussant. The second session will be chaired by Dr. Khalil Nakhleh, and time will be allocated for discussion and interventions by the participants.

# **Presentations**



**Jean Breteche**  
**Country Representative**  
**European Commission**

First of all, I would like to thank you Mr. Said for inviting me to participate in this discussion. I think it is important to see what kind of additions, what kind of help we can bring to the Palestinian society. Before starting, I would like to come back to one word you used during your presentation, which is the work partner. This is exactly the way we want to work with the Palestinians, the Palestinian Authority, Palestinian Association, NGOs and private or public sector. For us, it is a very important issue, we are not here to finance our projects. We are here to support your projects and your priorities. This has to be very clear from the beginning. I see in the room some friends with whom we work regularly and with whom we discuss about the priorities of the Palestinian economy, the Palestinian Universities, and the Palestinian Associations. I think it is very important to say that from the beginning, we have taken into account the projects priority that you decide through plans, studies, and meetings like this one

We are working here since many years, we started early seventies with some NGOs to support some educational health program, then later on; we worked directly with the PNA and some other Institutions in Palestine. I have been asked to make a short presentation of the influence of the Intifada on funding. I think there are two influences. The first one is very negative, which is the slow down of the implementation of projects, especially which need some movement from different cities some supply of material and some movement of people, as we know and we regret that very much. Many cities are still sealed completely, and it is almost impossible to bring some construction material into these cities. Gaza is a very specific case and a hard one. But also Nablus, Jenin, Tulkarem and most of the Palestinian cities. We are seeing now some slow down in our implementation of projects at a time when it is more important to create jobs for the unemployed people. Most of them do not have the capacity to go outside for work, to get salaries and to be able to sustain their families. We would like to accelerate this kind of projects for a reason you know better than me; it is quite a difficult time now. For example, the seaport we are supporting in Gaza, all the companies, which are supposed to start in the beginning of October, have left the place. It is almost impossible to bring the material and equipment to do the work. This is a vital project for the economy, building an independence Palestinian economy that able to export and import. We have also some activity in the storage facility in the airport. For example, there are strawberries and flowers, which could not be exported directly to Europe. We are not in a position to do the work, for the time being export is blocked again. It is equally difficult even for smaller projects. We should be very interested in those, because they give some opportunity of jobs. For example, the municipal programs, where we try to help the municipalities to build roads, schools, and water supply. Like all of my colleagues and donors, We try to do as much as we can, including finding some other positive projects and being more flexible. We try to discuss with the Palestinian Authority to be able to help the population by creating jobs and giving salaries. We are also pressing the Israeli to open the cities and to

allow some movement of goods and people from one place to another. There have been different demands of the Israeli, not only the emergency needs, which are obvious, but also the bringing of raw materials, goods, and foods that could be brought to the cities where it is needed.

In the meantime, we have been trying to help the adaptation of certain emergency situation that we are living now. The basic assistance we do is to try to continue our basic projects in education, health, infrastructure, and other sectors. On the other hand, to take into account the new needs which are coming now since five weeks. For example, as you know there is a blockage of transfer of money from Israel, which belongs to the Palestinians and comes from the VAT and from taxes (import taxes and others). This was a problem at the end of last month because of the needs to pay the salaries for civil employees, and we did transfer some money to solve this problem. We have been asked to take quick decisions in this emergency situation to solve the problem. We tried to help in solving this problem and to stop the blockage of money transfer from the Israeli. Trying to reduce tension, create better atmosphere and, at the end, go back to the negotiating table, which is the only way for solving the Palestinian and Israeli problems.

We are considering, and we have been financing some emergency Funds for medicines, ambulances and medical equipment. Also, we are considering helping UNRWA which is taking care of refugees, to give them some more help. On the other hand, regarding the other poorest part of the population, we also have some other projects coming up like the rehabilitation and construction of schools. We are not going to list all projects. The fact is that we are in this crisis situation, which pushed us to take quick decisions to get out of this situation. The problem is not only at the political level, but also to solve problems that the population is facing, and we know that these problems are very difficult.

In order to know the real needs of the population, we agreed to meet with all the NGOs that working with us at the end of this month, as they are in the villages, in the cities and in places where there are some problems. So, we will see what they tell us. We need also the civil society to tell us what are they needs; and we will certainly be very positive to check what we can do and how we can improve co-operation with them. As I said before, we should continue our projects. We are meeting regularly. We have to be able to help you to build a sound economy, to get the Citizens and the Universities to work. We work directly with the Universities; to have the public sector working, to have the private sector in a position to invest, to create jobs, to export and to improve the economic situation in the country and improve the standards of living in the society. We continue that as much as we can and we will see what are the current specific needs of the society.

We are pressing, and there was a declaration yesterday by all the ministers of foreign affairs in Europe, quite a strong declaration. A declaration is not enough. We have to act, maybe later on, by asking Israel to open the cities, to re-deploy the army to the situation where they were before Sept 28<sup>th</sup> 2000. We must ask Israel to transfer the money that is the property of the

Palestinian, normally about 240 million Shekels a month. So far, and since one month, the Israelis have transferred only 30 million. This would create a problem and we are trying to press Israel to come back to normal practice. There are some agreements, everybody has to respect them. That is where we are busy now, trying to find some solution to implement the projects and to respond to immediate needs.

## **Steven Lawry**

### **The Ford Foundation**

Thank you Nader for organizing this meeting. We all very grateful to the Development Studies Programme at Birzeit and to you and your staff for the very hard work in organizing this meeting in fairly short notice. Thank you for Dr. Karamella for convening the session today. These are very important issues and I think it's wonderful that we have a chance to have some kind of forum to discuss the response of the donor community to the current situation, the crises and the emergency. But, also to talk in more maybe some of the more systemic and fundamental issues affecting the relationship between the donor community and the Palestinian community, because some of the needs and opportunities that are arising now, of course, influence driven by this underlined fundamental relationship. I hope we have a chance to speak about the emergency and the response, and then, more generally about the relationship between the donors and Palestinian community.

First, I want to say a few words about the Ford Foundation as an institution. Because unlike governmental organizations and governmental donors, we are sort of a different organization. We are not a governmental organization. We are a private non-profit organization, and that places on the foundation certain additional degrees of freedom sometimes, some additional constraints, it influences its values in certain ways. It certainly has implications to its governance. In some ways, it has implications to how it can respond in certain situations. Then, I want to talk about how the Ford Foundation has been responding in a lot of current circumstances. Then, I want to say a few words about some of these underlined fundamental issues in the relationship. The Ford Foundation is a private, non-profit organization. It is an American institution, its registered in New York. It started in 1936 by Henry Ford. The Ford Foundation is really a phenomenon of the American philanthropic tradition in the 20<sup>th</sup> century, in which the US government basically said to people of wealth, that to keep your money away and undertake to set up an independent foundation dedicated to serving the public welfare. Then all of that money you give away will not be serviced to taxation. Some like Henry Ford who has a lot of money, more than what he needed, had advantages in doing that. So there was a tax incentive backed up by a public policy that said private endeavor, private funding had a lot to contribute to solving social problems. So in the United States you find literally thousands of foundations, a small number operate internationally, but many thousands operate locally. The Ford Foundation is one of the largest foundations in the United States, still about two thirds of its funding goes to projects in the United States. It is fundamentally an organization that addresses issues of poverty and human rights and injustice in the United States. It is also one of the very few

Foundations that works around the world. In fact maybe a handful, as a private institution it has no connections with the US government. It is governed by an independent board of trustees who nominate themselves and they serve secure terms. Increasingly this board of trustees is an international board of trustees. Only about half of the members are American, which is significant in terms of some of the values and priorities the Foundations has been setting in recent years. Increasingly, the professional staff of the Foundation is not Americans. In my office in Cairo 4 of the 6 professional staff are Arab nationals. This is a measure of the Foundation's philosophy. This gets the question of values, which is very important in any donor operation in its effects, the character of the kind of choices the leadership make and the staff make in the relationship with organizations which they fund. The Foundation philosophy that its really a resource for people who are working close to the problems, for innovative people who are working on some of the tougher social problems that any society is facing. We believe that people like yourselves who are at the front line, who are developing your own organizations, who are in a position to make the best possible judgments about the nature of your societies problems and how best to address them, these are the people that merit support. I mean the impact is going to be based on better judgments, better connections with the society that has been affective. The Foundation is not an implementing organization, it's strictly a funding organization. There is no such thing as a Ford Foundation project our role to support what you are doing on the ground. As a non-governmental organization itself we have a bias towards supporting the work of non-governmental organizations around the world. Other donors are much better suited to support work at the governmental level. Some donors, because they are governmental donor agencies really have a mandate to work in first instance with the host country government, and often you will find that in first instance the kind of program a governmental donor will have in a country, is governed by a framework agreement that's developed and negotiated between the donor and the government. In which the government of the host country plays a very active role in setting that agenda. This is appropriate, we are talking about state to state relations based upon diplomatic protocol. We are talking about objectives with respect with European Unions, USAID and others, which are very important, which are building strong state institutions, which is important, strong, stable, effective and efficient state institutions are very important goal. The Foundation doesn't work in that domain. We have some grants with the Palestinian National Authority (PNA) for instance, but our work is principally with non-governmental organizations.

We work in basically 5 fields in the region. Human rights, governance international cooperation, reproductive health, community development and arts and culture. Our principle goals in Palestine is that we developed in consolation with yourselves and with others, and as we reflected on how we can just contribute, are really two. One is to provide support to Palestinian leaders in civil society principally to advance the Palestinian agenda for a just and authentic peace in the region. Second is really born of recognition that this is a critical moment in Palestine's history. Some of the key relationships between state and society, around the independence of the judiciary, around the rule of law, around the kind of role that 9 governmental organizations will

play in addressing the societies problems. The legal environment within which people can freely associate to address people's problems. The strength of key university institution, another institutions in developing various democracies and fairness and human rights. These are the years, as you know and I think we agree when these relationships are taking shape. The Foundation can help leaders like yourselves get these relationships right or developed; to get them sort of framed in a way that there is equity and justice, and that people at all levels of society have a chance to contribute permanently to addressing the society problems. That could be a contribution that could endure for many years to come. In a sense we see tremendous opportunity in Palestinians society to support the kind of struggles and agenda that you are setting to develop good systems of governance, openness in society and a strong legal environment for participation and equity. Out of that sense we have been giving Palestine a very high priority in our regional programming. As you may know our work in Palestine is managed from our office in Cairo, which is an office for the Middle East and North Africa. Out of the overall pledged last year 40% of our funding went to Palestine. We have many choices, Egypt, Lebanon, Morocco, Tunisia, Sudan. But we feel this is important time in the history of this community, and if can be here to help in a significant way we should be.

How is the Ford Foundation responding in a lot of the current circumstance? I will come back to the basic principle that I just announced. Our view is that people who are living and working closest to the problems are in the best positions to make judgments about how funding should be used, and what the needs of the society are. And so what we try to do is really listen in a systematic way particularly to our current grantees, and we support around 80 organization in Palestine at this time. We asked them to let us know how we can help in terms of providing additional funding. We are not a big donor. As a private organization we don't have the kind of money that a governmental donor has. The Ford Foundation is the second largest Foundation in the United States that yields a budget by virtue of the size of our asset base of about 5 hundred million dollars a year for the world. This seems like a lot of money, but we allocate two thirds of that to work in the United States; we are left with 150 million dollars for the rest of the world. So you are talking about relatively modest amount of funding. Last year although 40% of the Foundations funding regionally was committed to Palestine, that amounted to 7 million dollars. Seven million dollars are serious money and when it is directed toward the non-profit organizations particularly, which I think operates sufficiently, and is often allocation of the greatest innovation in terms of addressing social problems, then one can the kind of impact that that might have. Once again, our basic philosophy is to respond to agenda set by people like yourselves who are working closest to the problem. We realize that we needed extra funds, we called New York and asked for an extra million dollars for emergency purposes, and colleagues in New York instantly responded with an affirmative response. And over the last few weeks my colleagues and I have been in touch the groups that we traditionally work with here and asked them to let us know how we could help when responding the emergency situation. So you can imagine the kinds of ideas that emerged from that response. Medical relief has been part of it, counseling for youth

and families has been part of it. Emergency economic relief has been a factor; human right monitoring in terms of trying to better account for injuries and human rights violations have been part of the response. So this is the emergency program, but I think that circumstance, it is very much a New World; the environment has changed in many respects fundamentally and people are thinking about what the implications are to those changes. And so we want to say to our colleagues and people we work with, let us know what you think the implications of these changes are, to what your organization will be doing in the coming year or two years. What does this mean for how you organize your work for the priorities that you set for yourselves. Once again, we are going to want to be responsive to that assessment and adjust our funding appropriately. That is our basic approach.

The relationship between donor and grantees or organizations in your community is complicated and frustrating. We like to think in the partnership idea mode as well. But that is a complicated idea itself. And there is an overlying and underlying issue of imbalances in the power relationship. We got the money you need it. Every institution is really serving a variety of constituencies, just not a recipient community. The nature of those constituencies and the kinds of influences they have on a funding decision or the kinds of priorities that are set are very complicated and they are not straightforward and not always transparent. There is virtue and value in desegregating and better understanding and packing those relationships.

Governmental donors face a different set of issues and constituencies than a private donor does. Government donors' agencies are aspects of any government foreign policy. And a foreign policy serves a number of agenda, part of the Oslo process has been one of using aid as an instrument for securing a wider peace in the region, and this is a goal that many of you have agreed with and support. Many of you have misgivings about some of the choices that donors might make in terms of what their understandings of the pathway to that peace should be. These are questions for discussion and debate. The point is it is a factor, and as an American citizen I know that the US political constituency for Aid to Palestine is a very fragile one. You are not getting a lot of votes by saying that you are supporting the Palestinian Authority. On the other hand, if you are supporting Israel, then you are going to get vote. We saw this played out recently in the election of the US. These are important factors that you are probably aware of and they certainly complicate the environment. I think private non-profit organizations are somewhat free from those constraints, but they also have their own values, their own agenda that are set by their governing bodies, by the board of trustees. Regrettably, there are very few American Foundations or private organizations. First of all, that work outside the United States, and second that work in the Middle East. Because also of political issues, in part, in the US. The Ford Foundation has to demonstrate that its work is not political in character. Funding is authentically for non-profit activities and we think that is the case in both counts. Some foundations would have some misgivings about coming into a region that is inherently politically complicated as this. The Ford Foundation is criticized by certain parts of the American community now about being here, and about the kind of projects we support. You have

to be willing to take the heat and our leadership have done that because we are able to make the case that what we do is consistent with the law and legitimate humanistic values.

**Larry Gerber**  
**Country Director**  
**USAID**

Thank you and I welcome this opportunity to be here and want to congratulate Birzeit and the Development Studies Programme for organizing this meeting. Obviously, there is a lot of interest in the subject matter.

Last week, I was in Washington for consultations with my colleagues both, in USAID and Department of State and the people who provide us with funding in the US Congress and others. There is a considerable appreciation, notwithstanding what has happened last couple of months for the importance of the USAID program in the West Bank and Gaza. This is one of the largest USAID programs worldwide. Probably the largest on a per capita basis of anywhere ... supporting stability in the region, hopefully the peace process and to improving the quality of life for the Palestinians whom live in the West Bank and Gaza. Which was original intentions for this program when it was set up in the post Oslo period. The premises still remain, support is still there, although, as Steve was just saying it's tenuous and clearly needs to be recognized that what people see in the United States does raise some political questions. But right now the focus is on: can we do what we have set out to do? I want to talk about what we set out to do and how the current situation is affecting our plans.

First of all, there is an inherent tension that we now face. We have set up our program as a long-term development program. And that was what we were trying to accomplish, and we are now facing requests, very legitimate requests from the Palestinian Authority and others to address some of the immediate needs that we face, in terms of those generated by the current situation. Initially issues relating to emergency medical relief, but also questions relating to job creation, employment generation and the like. We have to address that tension and again, we want to do it very much in the spirit that we have implementing our program today. Which is through consultations with the Palestinian Authority and with representative of the various civil society organizations with whom we interact. And that in part, is why I felt it was important for me to participate today, because this is an opportunity for us to hear how some issues regarding this tension that I mention should be addressed.

Since the violence broke out nearly two ago, we have tried to respond specifically to some of the needs through one our partners Care International. We provided emergency assistance package or funds to allow them to provide emergency assistance of close to quarter of a million dollars. The US government has also provided another 300 thousand dollars through the Department of State to UNRWA. This was in direct response to the emergency medical situation. We have also been trying to help facilitate the delivery of emergency medical supplies through monitoring what's going on. Our various employees are based in the West Bank and Gaza and report us and tell us what the problems are, and where we can be helpful we try to



facilitate the movement through the various checkpoints and borders that now exist.

In terms of existing program and what we are trying to maintain, we have been working in 7 broad areas. The first is focusing on developing and promoting economic opportunities in the West Bank and Gaza, particularly working with the private sector. The second has been looking at issues relating to democratic governance, including the role of civil society organizations, several of whom are very active and have been very active for many years. Third and by far the largest percentage in funding terms of our program has been devoted to the water sector. We have been focusing, both, on increasing the production, the availability of water in the West Bank and in dealing with wastewater issued in Gaza. This continues to be the largest portion of our program. We have several new activities that have just gotten underway, a couple that are what we call the mobilization phase, and that are obviously directly effected by some of the restrictions on travel and movement of goods that we see in place today.

Last year we initiated a pilot health program and we have plans to expand that to a much larger program dealing with maternal child health issues.

We also implemented last year a community services program, which is working in rural villages and smaller towns. It's one of the largest such programs that USAID has worldwide. We are implementing this through various private voluntary organizations and more recently, through UNDP. The total amount that we obligated in the last two years for this community services program is over 50 million dollars, and so it is designed to have a very immediate impact from small infrastructure projects in the most needy places in the West Bank and Gaza. The sixth area, focuses on higher education, both offering scholarships to Palestinian graduate students; and setting up a program that is designed to strengthen the Palestinian Universities through linkages, through support to the Universities themselves, this is the case with Birzeit; support to specific Faculties, as is the case with several of the law Faculties, the Accounting Faculties, and more recently, helping with the establishment of a Faculty of Agriculture at the University in Jenin. The last area been work on physical infrastructure issues, particularly last year focusing on some key roads that the Palestinian Authority has identified as priorities for them. One in particular where the design work is fairly well advanced is in Jenin-Nablus corridor.

We hope to be able to begin the actual construction during the next calendar year. Now is our program that was in place before October 1<sup>st</sup>, and we have not changed any aspects of it. But, what we are faced now is figuring out how to implement this program. We have to deal with the reality of the travel restrictions. It prevents many of our technical advisors from traveling to the West Bank and Gaza; to provide the technical assistance that we have contracted them; it prevents some of the goods from moving into the West Bank and Gaza that are needed, both for the small scale infrastructure projects. Although, those for the most part have been able to continue, but certainly for the larger infrastructure projects. And as I mentioned, we are

talking with two of our contractors, who were in the mobilization phase for various water projects about how we can implement those projects the machinery and equipment that they need to do the construction into the West Bank and Gaza, either from the ports or the border crossings at Allembly. We are looking at new modes for doing business; relying much more on information technology, advances, using virtual communication such as e-mail, teleconferencing. We also be relying much more on third country training, and using the current time to engage in the type of capacity building that we had intended much longer period to support to try to focus more of it right now.

Lastly, we realize that the current situation has had significant consequences, economic and others for the people living in the West Bank and Gaza. We are trying to figure out how we can use our program to address some of those concerns. We haven't come to any final decisions; but in response to the request from the Palestinian Authority for increased emphasis on job creation, we are looking at using community services project that is already in place, and refining it so that it addresses this issue in particular. We are looking and talking with our current grantees to see what they can do in this regard. But also plan on putting additional resources into these quick impact projects, not only focusing on the rural and small municipalities, but also the refugee camps and some of the urban and peri urban areas so that we can address the problems that are most significant at this point. We plan on probably being able to solicit proposals in this regard over the next couple of months and begin implementation during the next calendar year. The other area that we are looking at, in direct response to the current situation is support for Palestinian organizations that provide physical and psycho-social rehabilitation services. We hope to both, respond to some of the proposals that we have received, and also to solicit additional proposals through the various mechanisms that we have. I want to stress this program is seen as a high priority for the US Government. It reflects some critical interests that the US Government has in this region. And we intend on making every effort we can to implement the program, notwithstanding the restrictions or constraints that we face. But we need to review carefully how we can best make sure that the money we have identified for these efforts it's best used and is not wasted as a result of the current situation. We look forward to talking to various people in this room. This forum provides a welcome opportunity for us to hear from some of you about priorities and how we can deal with these tensions.

## **Sufian Mushasha**

### **UNDP**

I would like to thank Birzeit for organizing this workshop. I would like to start by clarifying what UNDP is all about. We are not a donor agency, we are an implementing agency. Last year, we dispersed a total of about 58 million dollars, out of which, only 2 million were from our core resources. What we attempt to do is to match Palestinian needs, both, government and non-government with donor governments and donor donations.

We are very much affected by the current Intifada. We feel that we were not ready to deal with it promptly. It took us, like many other organizations, a week or two to start adapting or having a clear vision on how to go on. But, I think, to some extent, we were very quick to adapt. To date, we managed to solicit and organize, also to put from our own core resources, about 9 million dollars from the beginning of the Intifada to today to deal with the current situation. The type of funding when in the beginning mainly directed toward medical relief. We managed to solicit about half a million from the Japanese government, which is our main donor that was transferred promptly to the Ministry of Health to cover the cost of medical supplies. Then, we took a look at our current ongoing projects to try and modify them and to utilize money that was not programmed yet to redirect them to meet urgent needs. We managed to allocate around 300 thousand dollars that went toward quick employment generation activities. About 30% of which were directed to the olive picking season.

We managed to create some sort of mechanism, mainly in the refugee camps in Bethlehem and Hebron area, and more specifically, refugee camps, like Aida, El Azza that were affected by the Israeli shelling. Where we give certain amount of money for the creation of employment for those whom were left unemployed as a result of their inability to go to Israel. Currently, we are finalizing an agreement with the Japanese government to allocate around 6 million dollars. The 6 million dollars will go toward employment generation and labor intensive infrastructure activities that would be implemented directly with village councils and municipalities. Those are meant to enable us to actually implement on the ground, because we have noticed in other projects that the inability's that we are with large contractors that themselves have constraints in their own movements. So, we opted to go to this mode of dealing directly with the village councils and small townships and municipalities in order to ensure that the money is quickly dispersed and hence provide urgent assistance to those whom unemployed.

We have only yesterday provided the Ministry of Finance a contribution to support covering the salaries of the civil servant due to the fact that VAT payments are not being transferred to the Palestinian Authority. 1.2 million dollars were put into that fund. About one week everyone read in the newspaper of the initiative that the UNDP and the Ministry of Finance and Ministry of Planning initiated in creating employment generation fund. One million dollar of our own core resources were matched with about 2 million dollars from the Authority to create this fund, which aims to provide a

mechanism for donor countries and mainly the Arab donations to be channeled promptly and quickly and creating opportunities to urgently meet the needs.

As far as the impact of the Intifada on the implementation, I would agree with our colleagues that Gaza is more affected than the West Bank; mainly due to the fact of the inability of the contractors. The Palestinian Authority, and well as UNDP, is unable to secure raw material entry into the Gaza Strip. So, the activities that were affected not only the seaport that is funded by the EU, but also less complex activities of paving roads were also affected as a result of this Intifada. Whereas in the West Bank, we feel that implication or the delay is less felt, and to give to cite an example, one of our activities that is completely funded by the EU, which is the local rural development program is all the activities is going on without delays. I am sure you have noticed an increase in the number of tenders in the newspapers, which was an attempt for us to accelerate the process of implementation.

Currently, we are taking a look at all our activities and I think we will be, if successful, pioneering a new practice, which is taking all the activities that were ongoing suffering from certain delays, redesigning these activity into labor intensive activities. Most of the infrastructure activities at a certain point relied very much on heavy machinery and dealing with contractors and undermined the labor-intensive activities that we were accustomed to deal with in the 1993/1994 period. So, we are revisiting all the activities and redesigning them to absorb at the largest number of employees that we could under these projects.

**Hisham Mustafa**  
**Director-General of Department of Relations with Western Europe/MOPIC**

I will attempt to make my contribution, alongside with my brothers and friends. I believe, we are trying to pinpoint today what exactly it is that we are confronting. Firstly, conditions are bad, and they will no doubt be deteriorating further. The aggressive offensive waged by Barak and his government against the Palestinian people is building up into new levels, and we are all witnessing the escalation. Each stage is a military-economic battle aimed at imposing new conditions on the Palestinian people. They are elaborating this in their speeches and newspapers. The conditions they are trying to impose are conditions the Palestinian people can not accept, for they are not compatible with the aspirations of the Palestinian people to freedom, independence, sovereignty and to live in dignity. It is a fact that had this confrontation been directed against a powerful state, the military might of Israel should not be underestimated, but this is a case of an occupying power. The conditions that Israel is demanding, even if it tried to impose them on one single village, the village would not accept to halt its struggle to achieve freedom and independence. These conditions can not be acceptable, even to the smallest Palestinian community. If such are the conditions, where does development stand today? If these are the conditions as we face Barak today, will they be better when we face Barak and Sharon together in the near future? They will be much worse. With or without Barak and Sharon, we are facing a clique of people who have lost their senses and want to turn the clock backwards ten years. It is true that conditions could go for the worse for a period of time, but the Palestinian people and its leadership will not allow the clock to be turned backwards. We all feel that we are gaining strength in the face of this campaign, and we feel we are stronger than them. It is true that from a material perspective our losses are growing, but we feel that our brothers in the Arab countries and Islamic countries and our friends in the world, including Europe, will stand with us. For this is a campaign of destruction and it is not of our making. What we did was to set the rules for what the future of the Middle East could be like, and the Israeli government should not be allowed to destroy these efforts single-handedly. These efforts were the result of international, Arab and Palestinian efforts, and also Israeli efforts, of parties that contributed to making a future where peace would prevail, a future for development, for respect. They should never think that by waging such an offensive they will drive us after ten years to give in and accept what is less than independence, less than freedom, less than sovereignty.

At such times, the development process faces major difficulties. We are in the process of examining our options with our colleagues in the different Ministries of the Palestinian National Authority (PNA), and with our friends in the donor community. In this context, I would like to make a few remarks. We have not met with any let-downs or retractions from the donor countries on their commitments. On the contrary, there has been an increase in commitments for development projects, on the part of both European states and the EU, or other countries from outside that specific context, such as Norway and other countries. They have demonstrated their desire to continue, in a rational way, and we have started to work out together some principles

and guidelines for how to conduct crisis-management under such conditions. Crisis management would require of us to set out a period, let us say from here till the end of the calendar year, where things will remain at their present levels. The first principle is that programmes agreed to with the donor countries, programmes to which they have already made their commitments, will continue, and this is a position upheld by them and by us. There could be some delays due to the circumstances, but it does not mean in any case abandoning or altering any of these projects. Assistance for humanitarian and health purposes are additional, and are distinct from the cooperation programmes on which we are working continuously with these countries. Projects in this critical period are in Area (A), in cities and towns, or outside them. Any project, such as construction of Schooling facilities, involving investment and job creation, should be speeded up, developed and increased. If it involves institution-building, then this is the time to move it ahead. We built our administration in peace-time for it to serve also during crisis situations, and this period could be described as a test for the Palestinian administration, to see how it performs under crisis conditions. We will find some shortcomings, and we will try to address them. For this is the hour of truth, when the real needs of our people will surface, and we have to run things in a manner that will maintain the bases and the structure we set up for our people. The second level is that of projects outside Area (A), Israel has waged a war and conditions are most difficult here, and we have started to ask donor countries to use their influence with Israeli Authorities. If it is a water purification project, and the Israelis can be pressured to let it go through, then we should carry it out. If not, then we can postpone it for a short period, till the end of the year, and conduct a re-assessment of the subject, but in the meantime the budget should be maintained. At present, PNA Ministries are holding meetings to find creative ideas on how to administer their functions. We have to keep in mind that providing possibilities for development should not be centered in the big towns alone. Remember Salfit, a small Municipality that has held out. These are bastions of steadfastness. We are working with our brothers from the Ministry of Local Government. Some Ministries have been badly hit. The Ministry of Local Government, which happened to be close to the Israeli checkpoint, was targeted by their shelling. This weakened its performance and effectiveness, which requires concerted efforts from all of us to support the steadfastness of smaller Municipalities and village councils. If possible, projects with a social purpose, job creation, should be implemented. You can not deal with matters and make plans as though there is no crisis and everything is normal. In planning, the current developments should be taken into account. Thus, these areas should be given even more today than under peace-time conditions, so that the village councils and civil society will continue to stand on their feet. At such times when the Central Authority comes under threat, in fact its very being is being threatened, as all life-lines are being severed (nothing is allowed in or out - and any state is established on the movement of society - material resources are cut off). Then the intention is to create chaos in the ranks of the Central Authority, and its functionaries are not able to deliver. On the other hand, a policy of terrorization is being directed against civil society, so that it will in turn apply pressures on the Central Authority. But we say it with certainty. Their plans have been thwarted. We are making efforts as to the

question of development, we are working on some principles and ideas. We are pleased with the good news from the donor countries. We have received visiting delegations from Germany, programmes with Spain are being looked into, Belgium has signed agreements with us, France has a major programme for civil society. We have received a Swedish delegation, and were pleased to hear the statement issued by the European Foreign Ministers. All this demonstrates that we have friends and they have made commitments with us. Our message is clear: once respect for our rights and our sovereignty is there, we have no problems with any party. As for occupation and domination, we do have a problem with them, and the occupation must be ended.

**Ali Jirbawi**  
**Professor of Political Science**  
**Birzeit University**

The discussion revolves around how far the current Intifada has impacted international funding policies in Palestine, and what changes were introduced in the philosophy and programmes of foreign donors in Palestine. The Palestinian side believes that an emergency situation has emerged, and that the change in the situation must lead to an appropriate change in the funding process. This axiom should be tested against a number of questions: What is new and urgent in the relation between donors and the Palestinians? Is what the Palestinians consider to be urgent becomes (directly and necessarily) the same for the donors? Can we assume that the reaction of the donors should be in step with the Palestinian reaction in the face of new developments? And, in reality, does the donor-recipient relationship undergo change under emergency conditions?

These are a number of questions that are worth taking up as we explore the core issues that we are discussing here today. Not representing in this gathering any body or organization, I can be free of the fetters of politesse or of the appearance of naïveté as I address the subject.

The question of funding is one that involves interests, not emotions and good intentions. Therefore, it is a complex issue that has its reasons and objectives. It does not merely stem from the need of one party, and the humanitarian urges of the other party to meet those needs. As we analyze the subject of funding, we have to take into consideration a number of axioms that govern the funding relationship.

1. There is a difference between development and growth. Achieving growth could be misleading, and the figures could be seen to imply that development has been achieved. But in fact, the positive change in quantitative indicators points to growth, and not necessarily to development, being achieved. Development is a process involving the proper bases, context, planning and mechanisms for implementation. We can detect how far this process has been successful from the outcomes linked to its mechanisms of implementation, which will have to include indicators that are broader than mere quantitative statistics.

2. The donors have goals and interests: We should note the fact that not one single dollar is moved from one place to another, under the guise of grants or assistance, unless there is a purpose behind that move and, more specifically, a political purpose. The donor does not distribute a portion of his resources to others unless he has goals and purposes in doing so. Therefore, the process of funding is definitely not a neutral process.
3. We can not separate politics from economics, and economics is employed in the service of political aims. Thus funding operations conceal behind them political objectives.
4. To draw up policies, or to participate in the drawing up of policies, is an act of political significance, even when the claim is otherwise. Therefore, the claim of certain donors denying the existence of a political agenda linked to their funding operations is a suspect claim. The claims made by these same parties denying any interference on their part in forging certain policies in countries where they fund projects, is also a suspect claim. The mere act of choosing one project over another, and the choosing of certain partners to work with on these projects, is part and parcel of the process of determining policies and drawing up agendas. If choosing among different options is not at the core of drawing up policies, then what is it that constitutes the core of that process?
5. Donor countries are the main players on the international arena. We can not overlook their important and central role in interfering in the affairs of other countries by means of providing assistance. Of course, donor countries express their vital interests by setting up specialized governmental agencies to control their foreign assistance to other countries and societies. It should be noted that international funding agencies also fall under the influence of the interests of the powerful and rich countries that dominate their funding, and subsequently, their agenda for disbursing assistance. As for non-governmental organizations and institutions around the world, they are relatively more free than governmental and international agencies in pursuing their own agenda for funding. Nevertheless, they are affected by the policies and orientations of their governments in their decisions as to foreign assistance. In brief, governments are the most influential when it comes to decision-making on donor operations and foreign assistance.
6. Donor assistance is not given to the recipient party in order to achieve development and consolidate the independence of the recipient party, but in order to nurture a dependent and selective relationship that sustains the link between the recipient and the donor. The donor has his objectives and interests that he nurtures through providing grants and assistance and controlling their renewal and quantities.
7. The request made by the recipient parties to the different donor parties, asking them to coordinate amongst themselves to avoid duplication in providing grants and assistance to the recipient, is an illogical and unrealistic request. Such a request not only places an unnecessary burden on the shoulders of the donor parties, but goes way beyond the purpose for which the assistance and funding is being handed out in the first place, which is to safeguard the interests of the donor parties. As long as political objectives and interests are what motivate funding, then these donor



parties will conflict and compete amongst themselves over the breakthroughs that each party can achieve in the ranks of the recipients, as best suits its specific interests. Therefore the request coming from the recipient, asking that the donors coordinate amongst themselves as to the assistance they provide can only be described as a naïve request. The donor parties will have to confront each other and compete with each other as they draw up their funding priorities, because therein lie the basic interests of each of these parties.

8. The so-called partnership between the donor and the recipient can not be equitable, even if both the donors and the recipients continue to describe them as such for promotional purposes. The relationship between the donor and the recipient is an intrinsically inequitable one, and that is why it can not produce a partnership between the two sides. The recipient presents the donor with requests, the donor examines the requests and only approves what it wishes of them. How can an equitable partnership develop between the two parties, and the decision is exclusively in the hands of only one of them? And how can the agenda for "development" be the recipient's domestic agenda as long as it is the donor who specifies what it is he will fund, with how much and for how long? Thus, when the donors tell us that they have responded to our emergency conditions (or if some parties did not receive any assistance in the past and now under emergency conditions they have gained priority on the local level), is it the donors who have changed their priorities in light of the emergency needs of the recipients, or does assistance keep to its old pattern with an increase in quantity?
9. Just as politics corrupts, money seduces. The recipient parties, and not only the donors, develop their own vested interests and objectives -always coated with a layer of national interests and necessities. One of the most important of these interests is to guarantee continued donor assistance. Thus the process of funding and development becomes a floating space in and of itself alienated from its purport, and work in the field of development evolves into a profession with new benefits and profits.

It should also be noted that the process of foreign funding in Palestine comes within the context of the political peace process. It aims at creating a suitable environment in which the economy will provide support for the political orientations and encourage those Palestinian groups and forces that are influential in keeping the peace process going. Therefore, the donors encourage those who they believe have a positive influence on the political process by giving them assistance, whereas such assistance is withheld from other more skeptical parties or parties opposed to the political process. This is why the process of assistance and funding will continue to be a selective process, with donor interference in core issues and in determining the agenda as long as the recipient is willing. And it looks like the recipient in our country is not only willing, but is eagerly requesting such assistance.

In light of the above, we arrive at the following basic conclusion:  
Numerous and painstaking questions have to be raised as to the issue of foreign funding. They must be addressed to us and not only to the donors, who have their own interests and goals. This is fair enough as long as the

assistance provided is coming from their own tax money. Questions that must be raised include the following:

- Do we have a clear and specific development plan, agreed on by all the parties active in the area of development?
- Are local contacts with the donor parties conducted following internal coordination among the parties presenting their requests for assistance, or are we asking of the donor parties to carry out the task (of coordination) that we have failed to perform?
- If the general Palestinian approach to funding is one of supplication, and knowing that money is seductive, how can we make sure that we are not being manipulated? What mechanisms for accountability does the Palestinian side follow to ensure that the whole issue of assistance is subject to the highest degrees of transparency?

And as the answers to all these questions are well known to all of us, the whole issue can be summed up in the following central question:  
Which party should we be blaming: The donors or ourselves?

## **General Discussion (Selected Interventions)<sup>1</sup>**

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1. We failed to record some interventions; we apologize for that.

### **Dr. Sae'b Bamia -- Ministry of Economy and Trade**

I would like to address the issue of economic conditions under the current situation. *First*, if we go back to the period before the Intifada flared up, the Palestinian economy was worse off at that period than it was prior to the Oslo agreement. As for the process of economic development that we always talk about, it must be emphasized that the peace process, with its determinants and ramifications on the ground, from Oslo and to date, has in practice resulted in a decline of the Palestinian economy. No foundations have been erected for economic development. Secondly, the events of 1996, the effects of which are being remedied to this very day. We did not draw the lessons that should have been drawn from those events. It took us two whole years 1997/1998 to get back in 1999 to a balance in stability, and only at the surface level. There was growth in 2000, growth and not development. Then, the events of the second Intifada took place, and what we hear today is a replica of the approaches that were taken up after the events of 1996, and with the same mentality. An emergency plan, superficial job creation. Here a million dollars, there one-hundred thousand dollars. Even if the situation were to revert to peaceful tomorrow, we are still in need of a policy of damage control. If stability is re-established, and if we work correctly within a different vision and strategy, it will take 3-4 years to achieve that. We have to face the facts and stop deluding ourselves. When we look at the events on a day-to-day basis, we have to deal with humanitarian issues, and questions related to how to survive, how the Palestinian household will get its loaf of bread in the end of the day. But, when we take a strategic vision, we have to inform all our brothers and friends that the roots of the problems have to be addressed. We need a different vision that will be reflected in a different strategy. The first lesson learned from the events of 1996 is that maintaining economic dependency on Israel will not achieve economic stability, therefore, there can be no Palestinian economic development. This is the first thing we want to achieve and soon.

The decision for a Palestinian state will be arrived at very soon. We have to possess a clear vision and a clear strategy on how to build the Palestinian economy. How do we start to register a Palestinian economic regime, Palestinian trade regime? How do we address Palestinian economic and trade policies? We are only pretending before the world when we say we have policies and that all is in order. Up till this day, there is no regime in place, there is no comprehensive legal framework, and that is why we can not draw up the main issues and address all parties by saying. "These are our needs, and these needs have requirements and prerequisites. If they are not made available, then the peace process as a whole will collapse".

Assistance is based on the peace process, and the condition for the peace process to succeed is prosperity and economic development. At least, that was what we were told. Our ambitions now are to achieve economic stability, and the precondition for stability is that it be achieved under Palestinian sovereignty. The Palestinian border crossings should be under Palestinian sovereignty. Geographically, there should be continuity between the West Bank and Gaza Strip. Which means a corridor between the two, under Palestinian sovereignty. Economic and trade relations must be conducted

within the concept of regional cooperation. We can not remain mainly dependent on the Israeli partner. Therefore, we realize that a free trade area is an illusion, when taken outside the context of Palestinian interests. We have to deal with Israel as one partner among many others, and when Israel offers us a step forward we will reciprocate with a step in return.

### **Mr. Sari Hanafi -- Muwatin Institute**

When we speak of donors and international agencies, we have to divide them into three categories. The *first* category is comprised of solidarity groups. The *second* are the humanitarian organizations (such as *Medecins Sans Frontiers*), and these are institutions that make their interventions regardless of how international relations stand between states or on certain issues. The *third* category is that of government-funded agencies. What is required of all three categories is to play not only a role in providing research or development assistance, but also the duty of bearing testimony. To take a stand, and especially when they are operating in a country under occupation. Here there is a major problem, as an observer when work is on a project involving the relationship of ?? countries with Russian Jews, with Palestinian Jews. I have noted that during the Intifada there is a certain role for international agencies, the role of testimony bearer. I have a question for Steven Lawry, who is the only person with us today who represents an international popular organization. How far can his organization play a role in bearing testimony. The second point is related to that of development agencies. I believe there is a very strong dilemma within the development agencies as to how these ?? in their countries, how can they avoid the schizophrenic condition that many development agencies are living under in Palestine. Let us take the example of USAID. Some people are shocked to hear declarations from them saying they will halt assistance in the event a Palestinian state is declared. After all, this is a prerogative of the Palestinian people. And today we are to hear the representative of USAID speak of "violence". These massacres that have been simply abbreviated by the word "violence". Why should we avoid the facts? There is a schizophrenic relationship. When I see Palestinian NGOs and donor agencies sit together, it seems like both parties talk past each other. The Palestinian NGOs refer to the agenda. We know that the agenda on health is an Israeli agenda. USAID says that it drew up conceptual papers for both sides, and what made you decide on the agenda. This schizophrenic relationship constitutes a major problem in the relationship between Palestinian NGOs and donor agencies.

### **Walid al-Husseini**

My question is addressed to the donors, and to their beneficiaries. We are confronting problems under Israeli occupation, which are structural in nature. Power cuts, water supply cuts, cut-off agricultural fields. All this obstructs the movement of Palestinian economy. We are not in control. What is the role of the donors countries and of their beneficiaries in determining these grants. If separation is implemented, it will mean separation in areas such as the water and electricity supplies, and communications. There are substantial funds, but all of our institutions only operate upon the decision upon which these funds are conditioned, which means the benefits to us are nil. Are we taking these facts into consideration as we talk here today?

### **Mahmoud Ziadeh – Adalah for Workers' Rights**

A question to the donor countries and representatives. Whether they can help us, and in this they would not be paying out of their pockets, but in demanding of Israel, and pressuring Israel into paying what amounts to two billion dollars in deductions on the rights of Palestinian workers working inside Israel from the 1970s and till today. This would provide us with the funds necessary to set up the Palestinian social security fund. At present we have some 300,000 unemployed workers. So if you want to help, you could help us in setting up the Palestinian social security fund.

### **Sami Khader - MAAN Center**

As Dr. Nader and Dr. Ali have pointed out, it is important that we absorb the lessons from our earlier experiences. There is no economic assistance or what is termed “development assistance” without links to political objectives. All the assistance that poured in after Oslo and till this day is basically linked to the creation of a political environment that is in the interest of a settlement with Israel. Therefore, assistance that came in this context was meant to entrench this *fait accompli*. If we examine the figures, and I was hoping Mr. Hisham would interpret for us the figures of funds that came in from the donor countries to develop a clearer understanding of the overall picture. Statistics provided by MOPIC indicate that most of the assistance that came in from the donor countries was politically linked, and was conditional on the development of the situation on the ground, i.e., if we scored well by complying with Israeli conditions or with certain political postulates, then assistance would pour in. If we stood by our goals, funds would be halted. Secondly, even though it is claimed that donor assistance aims at assisting the Palestinian people to go through the interim period and establish the infrastructure it needs for sustainable development, it is clear that none of this has materialized. The assistance that has come in so far, which is about \$2.5 billion, does not even compare with the size of the immense losses inflicted as a result of the closures imposed by Israel, and as a result of the unceasing acts of destruction. Israeli acts of destruction have systematically targeted the Palestinian economy and infrastructure. As long as there are certain political positions and considerations involved, then let there be in the very least support for our right to life, support for our right to continue being. This is the support we demand, and not mere economic assistance to propagate certain policies. The assistance that has come in does not even compare with the losses we have sustained during the last two months, thus it is very misleading to talk of sustainable development. There is no sustainable development while Israel maintains an absolute control over all our economic system. This is a fundamental question that should be realized by all parties. Therefore what we ask the donor countries, and the many countries that have expressed their sympathies with the struggle of the Palestinian people is to adopt a political position in which economic assistance is included, and not economic assistance as a bribe to make us overlook our rights and our objectives. We are in need of political support, support to put an end to the massacres and to the attempts to jeopardize our economy and we will be in need of at least five years before we catch up with all the destruction inflicted.

Another issue is the sectoral question. Even if conditions were to revert to where they stood before September 28, it is worth conducting a re-examination of the priorities. Who sets the priorities? There have been extensive discussions conducted in the past on the subject of priorities. On the fact that there are priorities, even in the absence of a comprehensive development plan. However, there are clear priorities for Palestinian society that the donor countries have not addressed so far. I can not understand having \$124 million disbursed under the heading of “*human rights and democracy*”, at a time when these rights are being violated on a daily basis by the occupation. The agricultural sector has only had \$65 million earmarked, which is less than 0.81% of the amounts of donor assistance from all different sources. What sustainable development are we talking about here, unless we plan for development that would promote self-sufficiency, consolidate Palestinian independence, and assist the Palestinian people to stay on their land. The tourism sector has not received anything higher than \$65 million, and the same applies to the industrial sector. Where have the \$2.5 billion gone? We also have something to say as to the form of assistance provided, and not only its sectoral distribution. This assistance has not taken into consideration Palestinian priorities, and has not taken into consideration the real productive sectors. None of the productive sectors in Palestine were the beneficiaries of donor assistance, and this applies to the agricultural and industrial sectors, as well as to sectors that are somewhat self-sufficient, such as the tourism sector. All the assistance was spent on matters such as coverage of salaries of the police force, issues related to current expenditures, human rights, democracy and education, and so on. At the same time, over 17% of donor assistance was spent on technical assistance which means funds that went back where they came from. In general, some 25% was spent on other areas having to do with the donors themselves. So we did not receive all of the \$2.5 billion. We ask not only at the donor level, but also at the Palestinian level, that we should not only deal with these funds as being conditional, but also they are supposed to be part of the benefits of the political stage. These are not a hand-out, charity or mere humanitarian assistance, but we should deal with these funds as linked to the political benefits expected, just as the donors on their part consider them to be.

### **Zakaria Odeh – Poverty Project (MOPIC)**

The *first* point I would like to make is related to development, and the second is related to the political question. On development, I would like to ask the participants or the donors, how much was spent on the Palestinian productive sector? According to the Full Report published by MOPIC, the Palestinian productive sector only got a very small portion of the assistance, and this applies to the agricultural sector, which is the most important sector, and to big plans, and applies to the industrial sector and any other productive sectors. I find it unacceptable to say that the objective of the donors is to support Palestinian development or the construction of a sound Palestinian economy. Most of the funding is spent on issues of civil society, training, human rights, all these are important issues, but they are not the priority. What concerns me is not merely quantities, but quality. What are the pledges made by the donor countries, and what in reality reaches the Palestinian people. There is a gap here. Plus the fact that a large portion of the

assistance goes to ministries that have a more technical role, and these funds are usually conditional on having an American expert, who usually costs 20 times what a Palestinian expert would cost. In fact, there are qualified Palestinians, and they could be resorted to. And this applies to the European countries, the EU, as well as to USAID, or others. The fact is that the kind of assistance provided does not aim at building a Palestinian economy or at social and economic development for the Palestinians that would lead ultimately to independence. The *second* point. Why are we gathered here today? To discuss emergency conditions? Emergency conditions as a result of the Israeli measures?? I think all the representatives with us here today, from USAID or the EU or others, are all aware of the Israeli measures that are taking place on a daily basis. Destroying our crops, destroying Palestinian production, the restrictions imposed on transporting fuel, gas and gasoline, electricity. As I see it, we do not need another 100 or 50 million dollars from the EU or from the others. These countries, the EU, and USAID that represents the largest country that supports the offensive waged against us, and the nature of US-Israeli relations, let them apply pressures on Israel to stop these measures, we are not in need of development or whatever, we can hold out. This is the basic issue, and it is more important than emergency measures, and emergency assistance. What we need is for them to apply political pressure on Israel to stop these measures.

### **Ismail Douiq- Agricultural Relief Committees**

I hope we will not take too long on the question of the relations between citizens and donors, for this is a complex issue on the world level, and not only on the Palestinian level. We are expected to respond to many issues on the local level. I have heard much talk, but nothing has materialized. I wish we would address issues on the ground that could be set straight. Secondly, we have gone back to the donors and divisions into Areas (A), (B) and (C ). There should be a decision taken on the part of the Palestinians to refuse any project that differentiates on the basis of these divisions, as any agency that upholds these divisions would be supporting Israel politically. Thirdly, we should also refuse any projects that require Israeli approval for its implementation, be they projects of the UN or of other agencies. We should only implement projects we are convinced of. Israel will not give its approval to a project that is of real benefit to us. I believe at present the agricultural sector has much potential to absorb economic activities. There is the possibility to absorb some 50,000 workers for a period of up to 5 years coming, according to calculations carried out by Agricultural Relief. We are opposed to absorption on social grounds, "take 30 NIS a day and stay at home". We should help people to take part in productive work, and thus choose the projects we want people to get used to. By disbursing 30 or 40 NIS a day, we are in fact creating a social and productive problem for Palestinians. We are in need of up-grading the efficiency of Palestinian activities, and specially PNA activities. So far, PNA ministries and other organs are not performing at the level needed. The same applies to many of the NGOs. We are in need of up-grading the efficiency of our work, before turning to others for help. The Palestinian figures disseminated on losses incurred are often exaggerated. Our figures have to be more unified and more realistic.



## **Speakers' Final Comments**

**Dr. Hisham Mustafa:**

I would like to remind you of a basic issue. Setting the priorities for a development plan is no easy task. It requires experience and clarity of vision. The ideas are there, the challenge is in how to draw up your programme to achieve the objective. The challenge is to liberate and establish Palestine. There is no real development under occupation. All of you are aware of the political conditions and of how it was that we entered this process. Not agreeing to it [the peace process] is another matter, but we have to address issues within the context given. Let us address the issue rationally and logically. You have to choose between saying *we stand alone in this battle* or *we have allies*. I will say that we do not stand alone, and we are not alone in this battle. We have friends and we have allies. And I appeal to you to be careful in choosing your words when you speak of the nature of the battle being waged by our people. The hour of truth has come: Full independence or we die. And we are not alone in this battle. To those who assist us with 20%, we say thank you, and we work to get the assistance up to 40%. As for saying assistance to the PNA came with political strings attached, I will not go into many specific examples of countries or projects, but where were the political strings in the Gaza water purification plant, that cost 140 million deutsche marks? The Bireh purification plant, where are the political strings there? We have to be balanced in the remarks we make. Some of the observations made are true, during the procedures and arrangements made in the pre-implementation stages. The choice of local experts to work alongside any foreign experts. On this I agree with you, and I blame the PNA on this issue. Sometimes a project is only an agreement on a title. The donor country then goes ahead and makes its arrangements. I agree that foreign experts are very costly. This is our duty in the PNA, if there are local experts we should insist that they participate. We have already succeeded in this with many countries, through a process of dialogue and persuasion. But if we do not have the needed expertise, we have no choice but to resort to the water purification expert from Germany, or the country that is providing the project. Just as we have our laws, they have their laws. Let us not generalize. On certain issues dialogue has been initiated on the national level, such as NGOs, civil society and the rule of law. Let us not confuse matters when it comes to NGOs. If we generalize we will be hurting ourselves or some of our organizations. We will be dumping the good and the bad in one basket. I am for attaining a certain level of performance, to develop efficiency and effectiveness, not only in the PNA but also in civil society. The challenges of partnership are real challenges. I can not ask donor countries to hand over their funds to us, and then to leave us alone. There have to be joint programmes in which we decide together, and according to our interests. This is the basis. If there are some faults and shortcomings with certain countries, we are aware of this, and if we are unaware, then please draw our attention in the media and elsewhere to these shortcomings in the spirit of constructive criticism so that we will move towards partnership. Partnership is what we aspire to, and not the relationship of donor-beneficiary in which one party will always have the upper hand.

### **Larry Gerber**

One personal comment. I think that development professionals all over the world always have a sense of schizophrenia about their activities where they work, and certainly, it's probably multiplies here. Certainly, on my behalf and on behalf of our staff at USAID, there is no doubt in absolute commitment to supporting development in the West Bank and Gaza for the Palestinian people. In that sense, the schizophrenia is overcome. In terms of priorities, just to reinforce of what, both, Hisham and Jean said we are looking to work with the Palestinian Authority, with the various organizations within the region to identify what those priorities are. We realize that at this point they are maybe changing. We want to hear, in this context and others, how we can responsive to them. Clearly having Palestinian institutions that are able to do the analysis and to interact as partners is very helpful and we look forward to having that relationship. In terms of economic issues, I think I do need to distinguish between the economic issues that have to be negotiated one way or another, however they come out, is part of the Peace Process. And those issues that we can be supportive of in terms of being able to provide donor support right now in the context of the current situation. We all want to see the economic issues resolved it allows all of us to be able to do our work more effectively. But we feel we still can be doing useful interactivities even without the clarity of the Peace Process or we wouldn't be here. That brings me to the last point, which is a response to the comment about donor priorities, and again, maybe some donors did begin moving resources to other parts of the world, but at least on behalf of USAID this remain the priority for the last 7 years, it is still a priority for the US government, it still is the largest program that we have on a per capita basis, and probably one of the three largest overall.

### **Steven Lawry**

I thank Dr. Ali, he introduced properly some important political another concept considerations into the debate, which are actually characteristic of this counter relationships around the world and not only in Palestine. But they are particular dimensions in Palestine. One of the comments relates to how donor strategies are bound up with the peace process. I think it is important, and they are, that Oslo was meant to provide a framework where there would be a progressive movement towards settlement of the outstanding issues and a peace would be secured, that was the intention. Donor funding was put behind that, to support that process in terms of providing some economic stabilization, developing the infrastructure capacity of the PNA, governing institutions, all of these things which a new state, which was everyone's expectations to amount from this process would need. The problem is not so much the character or even the fact of the donor support, but the fact that the Peace Process is stale. That the problem and remains the larger context within which all of this discussion takes place, and making progress on that front, these are matters for you and your leadership and your community in terms of how you plan your strategy, resistance and engagements at this point. I really think the donor issues are secondary, which leads me to my second point, which is that, I don't believe that sustainable development in the conventional sense is possible as long as the occupation, yes, much can be done in terms of alleviating suffering. Much can be done in terms of

monitoring and supporting the right of people whose rights have been abused. In terms of providing infrastructure projects and support for the social infrastructure. But I don't think the kind of sustainable development where you got an economy that is maturing, where you got investment internally and externally into a key sectors where you got a government tax pays. We know it's a big issue here, there is no tax pays. Who are you going to tax. This gets to the heart of the dependency issue. There is no economy to tax. That's not going to be the case as long as you got a context of conflict, where people can't direct their energies toward normal economic endeavor. Your energies are elsewhere in many respects, apart from relieving suffering, responding to day to day to the economic needs of people. Sustainable development suggest investment in economies, good tax pace, a strong government that can really collect taxes, can invest in schools, universities, health care. That is sustainable development. In this context, this is a trouble for you to realize that. In this relation to priority setting that Sami and other have brought up this point, this is at the crux of the political process that any society goes through. Sami has his priorities, they are going to be different. Another people are going to have their priorities, someone who is in jail is going to be money going to want to be seeing money going to the human rights network. A farmer who has problems with olive production is going to support sustainable agricultural development. What is important is that you have a framework within which to compete for resources and for the attention of the society in terms of what is important. All of these are priorities, all of them deserve attention including support from donor organizations. A lot is going to depend upon how strategic effective any organization or any community is in advancing its point. This is a complex pluralistic society in many ways. The political system provides a vehicle for working towards to those priorities, and this is why achieving a an open, democratic political system is essential to the society, over the long term getting all the priorities on the table and having a fair chance to talk about them. I think governments are stronger or weaker in how they engage with donors about priorities. The Egyptian government, which has been receiving a billion dollars a year from USAID for the last 20 years is very effective in that engagement, in term of the terms of the engagements, what the priorities are. That is based on lot of things that are obvious. It is a strong government, been around for a long time.

### **Jean Breteche**

What I meant – concerning the peace process – is that sooner or later we have to go back to the negotiating table. I meant as prerequisite for the development. I didn't mean to go back to the same format because we have seen that this format did not deliver us, what I mean, anyway, will hopefully as soon as possible to be the reality in this part of the world, and that is a prerequisite for the life of your people and for the stability of the region. We are concerned as Europeans by this aspect. I would like another thing, we are listening about Ideologies from the donors. I have been hearing that for many years in different other countries. We do not have any Ideologies in that when we finance a hospital, a school, a road, emergency needs and many things. The agenda we have is to subject relations within the framework of the managerial and policy we have within Barcelona, which is to create relations between us, which allow support to development and the peaceful

atmosphere in the region. We don't have a hidden agenda. To be very frank, if you are considering it as a threat when we give, it's a grant – 100 or 200 million dollars a year to Palestine, which is the most – As for USAID, my colleague was saying that also – the country that received the maximum money from the EU. If you consider it as a threat, it's simple, just refuse it. There is no Ideology as far as I know, and I should know if there was one. In the cooperation project we have. Another point, I have been criticized some time, we work very closely with Hisham Mustafa, with other people in the different ministries, we are very open to discuss with them. We are partners as I said from the beginning, we listen to their priorities, their priorities that feed the Palestinian population. We do not decide ourselves what we want to do in Palestine, that's your problem. But I would say lets be pragmatic, let's say it very clearly, you should tell us that's our priority. We are not the one to decide for you. We are the ones to support your policies, policies you decide for yourselves, you discuss yourselves, you tell us, our priorities are these. In addition, health, infrastructure, private sector, then we come in. That's for you to decide, but you should express it maybe more clearly and more transparently. To come back to the presentation by Dr. Ali, I was very pleased to go back to the university atmosphere, but I heard another criticism, but I am waiting for the second part of the intervention which would have been proposal. It's very easy to criticize, nobody is perfect, let's be practical together. We have some means that we give you without conditions, let's make the best use of it for your future. But let's be practical, we were talking about how the donors are interacting with the situation here. We try to do our best, we are going, for example, to commit in two months more than we commit the whole year to respond to this situation we find now. We have been criticized a lot, I would like to see some recommendation, to say that's the way to do, let's talk together, let's arrive at something realistic and practical.

### **Ali Jarbawi**

Very briefly. A reply to Mr. Hisham. On the first point, there is no development under occupation. We were always saying this, but there were those who said development under occupation is possible. I am surprised here. We were not the ones to sugarcoat matters! On the contrary, matters were sugarcoated for us. We have always lived here and we know how things stand and we talk about that. But, contrary to how we saw matters, there were those who accepted Oslo, advocated Oslo and developed links to Oslo. And now they can turn their positions upside down, as though nothing has happened. We do not hold ourselves to account! The second point, it is important not to generalize. I agree to this point, but we should also not over-simplify matters. When we refer to political strings attached, we are not saying so on a project by project basis. We are referring to the package. One would have to be totally off on a limb to think that funds are moved from one place to another just like that, without any interests being behind such moves. On the question of partnership, I agree we should not be passive recipients. But if we all sit together and come up with a list of priorities and funds needed and present the result, do we expect our list to be approved in the form presented, or will they argue over issues with us? I am not against the effort, but we should be aware of the issue as a whole. The last point, I was not trying to make an academic presentation. I am very touchy when I am told this and when told:

*Let us go into details and see what the priorities are for now.* I want to have agreement on the framework to start with, to be aware of what it is we will be working on. I am a realist, I am not against the donor having interests involved, but against the donor telling me that *I* have an interest in this or that. I agree that the donor has his interests, but I want to have the ability to say *I do not want this*. Both sides have interests. It is not a case of having no choice but to accept (No need for pleasantries on this! ), the choice should be there. Realistically, we know that there are those who are ready to support for diverse reasons, and those who want to receive. I think the recipient should be aware of what he is getting involved in, and the donor should be presenting his assistance in clear terms, without any sugarcoating. To say there is an agenda, or there is no agenda! Both sides have an agenda, and let this be clear to both. In the end, we either accept or we don't. The donor either gives us the funds, or he does not. As to starting the discussion by going straight into the details, in order to discuss how to adapt under emergency conditions now, this means the details will be at us in every stage. I believe we should first agree on the basis, and after that things will fall into place.

### **Sufian Mushasha**

Our shortcomings as international or donor agencies are many, and I believe they are also a reflection of the shortcomings of Palestinian society and its institutions. I believe we are living through a stage where we lack the flexibility to address the current situation and resolve its problems. I believe the stage is one where we can only try to halt the deterioration, and not a development stage. In 1995/1996 we were discussing whether there was a potential for development? Whether there was a vision for development? There is no development in Palestine, and we do not have a Palestinian vision for development. And I believe current conditions will put off our arrival at a development vision for another five years. I believe efforts should be shifted now to halting the deterioration and creating safety networks.