



House of Commons
International Development
Committee

**Development
Assistance and the
Occupied Palestinian
Territories**

Second Report of Session 2003–04

Volume I



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Report, together with formal minutes

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Footnotes

In the footnotes of this Report, references to oral evidence are indicated by 'Q' followed by the question number. References to written evidence are indicated by the page number as in 'Ev 12'. All evidence for this inquiry is printed in Volume II.

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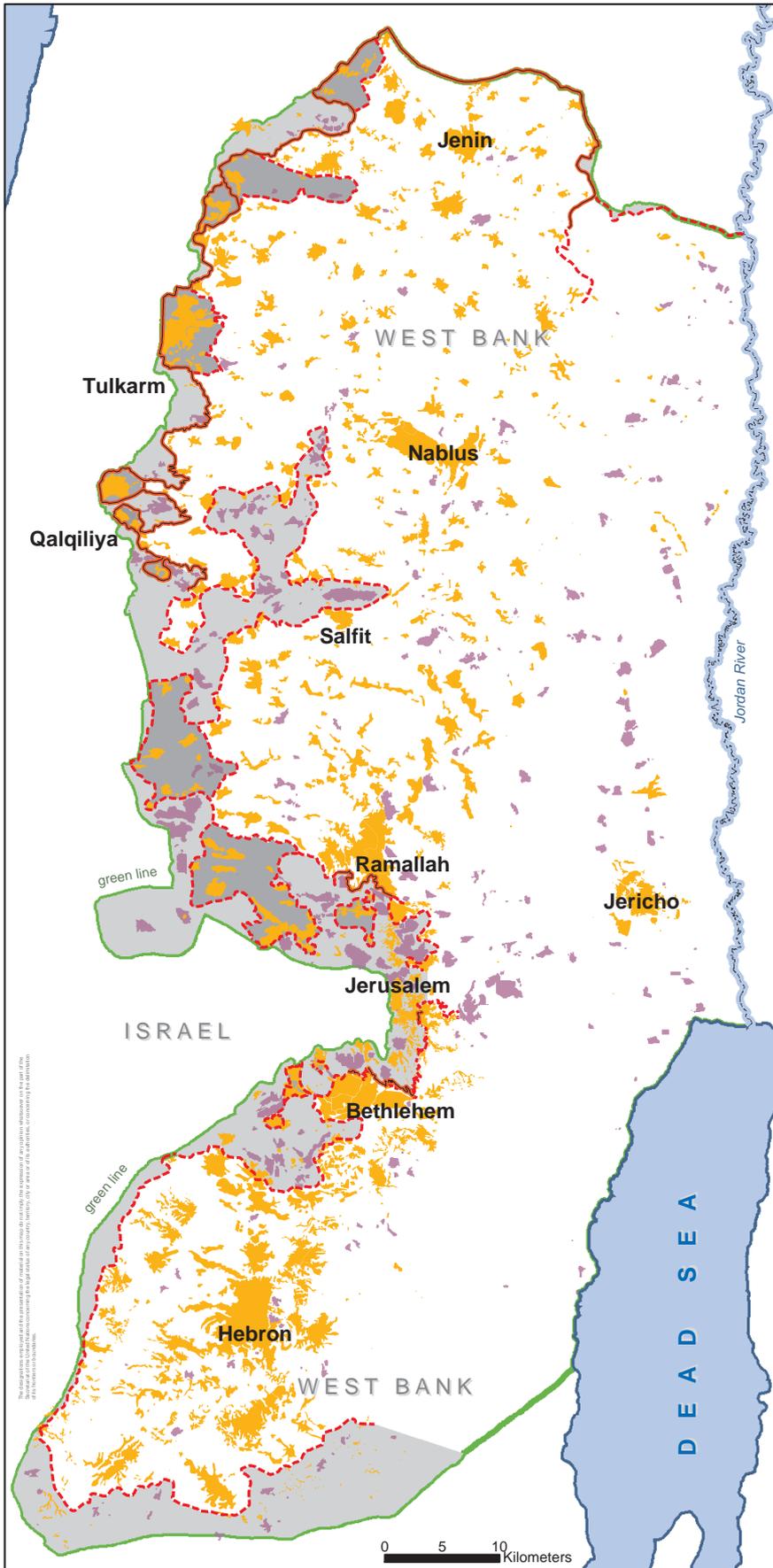
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Map 1



Enclaves and Closed Areas between the Wall and the Green Line



United Nations Office for the Coordination of Humanitarian Affairs
8 November 2003

Preliminary statistics on the Palestinian lands between the Wall and the Green Line (excluding Jerusalem)

Total area between the Wall and the Green Line: 210,000 acres

Enclave area: 57,000 acres
Closed area: 153,000 acres

14.5% of West Bank land

Total length of the Wall: 687 km

Completed: 180 km (including Jerusalem)
Planned: 507 km (including Jerusalem)

11% of the Wall follows the Green Line
Length of the Green Line: 315 km

Total population in Enclaves and Closed Areas

Palestinians: 274,000
(122 communities)

Israeli settlers: 142,000
(54 Israeli settlements)

Total population in Enclaves

Palestinians: 257,000
(58 communities)

Israeli settlers: 1600
(4 Israeli settlements)

Total population in Closed Areas

Palestinians: 17,000
(64 communities)

Israeli settlers: 140,400
(50 Israeli settlements)

PRELIMINARY STATISTICS OF LANDS AND PEOPLE AFFECTED
*ALL FIGURES ARE ESTIMATES AND ARE SUBJECT TO VALIDATION

- Completed Wall
- - - - - Planned Wall
- Enclave: Area surrounded by the Wall
- Closed Area: Area enclosed by the Wall and the Green Line
- Palestinian Community
- Israeli Settlement

Wall path based on Israeli Government (Ministry of Defence - Seam Zone Authority) Maps, published 23 Oct 2003

OCHA Cartography and Barrier Themes: OCHA-oPt Humanitarian Information Centre - 8 November 2003
Base data: MoPIC (2002) updates OCHA (2003)

The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the United Nations Secretariat concerning the legal status of any territory, city or area or of its authorities, or concerning the extent of its frontiers or boundaries.

Map 3: West Bank Separation Barrier -- Qalqiliya and Environs



Summary

This report looks at the context in which development can take place in the Occupied Palestinian Territories. We set out the challenges which donors face, commenting on how these have shaped the way in which donors operate. We examine how DFID works towards its humanitarian objective of alleviating suffering in the short term and, in the longer term, its political objective of laying the basis for a viable Palestinian state.

The operating environment in the OPT is one of conflict. Israel's security measures: curfews; movement restrictions; the security barrier and the network of settlements; are preventing Palestinians from accessing services, as well as inhibiting humanitarian and development work. Above all, they are destroying the Palestinian economy and creating widespread poverty. The security barrier has raised fears that its real objective is *de facto* to create new borders between Israel and an eventual Palestinian state.

The Palestinian Authority, created by the Oslo Accords, is the sole institution of Palestinian government and representation. We examine its structure and role as the foundation of a future Palestinian state, and comment on the reforms which it needs to make in order to further Palestinian development and prepare for statehood. We discuss at some length the Palestinian economy, its inherent weaknesses and vulnerability stemming from structural dependence on Israel. We argue that it is not acceptable for Israel to inhibit the ability of the Palestinians to take advantage of their trade agreements with the European Union, whilst simultaneously benefiting from its own preferential European trade terms. The EU should not shy away from using economic pressure to gain political leverage with Israel.

We examine in detail the main challenges to development in the OPT. The impact of these has been so severe as to bring about a situation which is best described as de-development. The destruction of physical infrastructure and movement restrictions, which are faced by international staff, as well as Palestinians, hinder humanitarian relief and development work. Investment in human and institutional capacity building has proved to be an effective method of development assistance; part of this involves support to the Palestinian Authority.

Development assistance to the Palestinian Authority must be monitored closely to ensure it is used for the purposes intended. In addition to bilateral aid, DFID also provides support through the EU and UNRWA. Budget support from the EU has been vital in providing both emergency relief and targeted aid. It has kept the Palestinian Authority afloat and helped drive the reform agenda. Technical assistance from DFID is an effective way of working towards DFID's objective of building the foundations of a future Palestinian state. Development assistance could be more effective if donor strategies and activities were harmonised: Palestinian-led development should become the catalyst for greater harmonisation. We discuss UNRWA's continuing role and the

co-ordination of service delivery to people within the OPTs.

International law provides the framework for humanitarian assistance under occupation. The obstruction of humanitarian and development work is neither acceptable nor legal. But there is little systematic monitoring of the breaches that occur and Palestinians themselves have no means of redress. A respected international interlocutor is needed to negotiate with the Israelis and monitor the occupation, thereby ensuring it is as humane as can possibly be. UNSCO's role in this area must be strengthened, but it may also be necessary to appoint a further UN Humanitarian Envoy or Special Representative to ensure effective international scrutiny.

In the final parts of our report we discuss wider issues of donor involvement. These include the role for advocacy of the Palestinian case, and the extent to which donor involvement in the OPT is, in effect, supporting the occupation. The appalling situation in the OPT is not the result of a natural disaster; it is man-made and as such it requires a political solution. Increasing donor assistance will not solve the problems in the OPT.

1 Introduction

1. The Occupied Palestinian Territory (OPT) has considerable economic potential, but the conflict with Israel over more than 50 years has severely constrained its development. The period following the Oslo Accords brought relative peace and prosperity. But these did not last; a cycle of violence, *intifada* (resistance), and Israeli closures since September 2000 has almost destroyed the Palestinian economy and led to a dramatic increase in poverty. The Department for International Development (DFID) and other donors have responded with emergency measures to prevent a humanitarian catastrophe. Our report sets out to examine the constraints under which development work has to operate and seeks to answer the question—what development is possible in such a situation?

2. This report is not an analysis of the peace process, nor is it a discussion of the legitimacy of Israeli or Palestinian statehood. We realise that political progress is necessary for genuine development to take place. At the time we visited the OPT in October 2003, peace negotiations had broken down, and the Roadmap appeared at best to be stalled. Politicians have a deep belief in “process”. The belief that “process” plus participation by politicians, plus time will result in a benign solution. The Middle East Roadmap is such a process. The intention is that if the parties follow the “process” laid out in the Roadmap over time, it will lead to a solution to the benefit of all the parties. The danger is that politicians can cling on to the hope of a “process” succeeding, even when the reality of that “process” has long since vanished. The reality is that at the present moment there is no “peace process” in the Middle East. The Roadmap still exists as a statement of intent, but from all that we heard nothing meaningful is being done to implement its provisions.

3. It is time for politicians in Europe and the United States to recognise the realities on the ground. There are, within Israel and the OPT, two groups of people—the “occupiers” and the “occupied”. From the Israeli perspective, they have offered a peaceful way forward on numerous occasions in recent years, starting with the Oslo process. From their perspective, at no time have the Palestinians been willing to take forward anything that has been agreed. In particular, they have totally lost confidence in Yasser Arafat’s ability either to take forward a peace process, or to curb the terrorist activities of Hamas, Islamic Jihad and other groups. Israel has suffered over a hundred suicide bombings with tragic loss of life and there have continued to be attacks on settlers. It is clear that the Government of Israel (GOI) is no longer prepared in any way to negotiate with Yasser Arafat. Nor are they prepared to negotiate with any Palestinians who themselves are in contact with Yasser Arafat. In other words, the GOI is only prepared to negotiate with a Palestinian leadership that is clearly and unequivocally independent of Yasser Arafat. Such leadership is unlikely to emerge for the foreseeable future, for a number of reasons.

4. Ironically, the repeated attacks by Israeli Defence Forces (IDF) on Palestinian communities in Gaza and the West Bank, the demolition of houses and flats and the building of the security fence, have all tended to reinforce the image of Arafat seemingly in the eyes of the huge majority of Palestinians as being the “Father of the Nation”. Moreover, it is difficult to see how a new Palestinian leadership could emerge without democratic elections to a new “Authority.” The GOI have made it clear that they are not willing to help facilitate such elections which would necessitate some freedom of movement between the various occupied enclaves of the West Bank and Gaza. It is therefore difficult to see how

any alternative, democratically-valid Palestinian leadership is going to be able to emerge for the foreseeable future.

5. The Palestinian Authority (PA) has got itself into the worst of all possible worlds. It neither *de facto*, nor *de jure*, controls any territory whatsoever. It is incapable of delivering any meaningful public services. A large part of its income is dependent upon donor contributions. A large number of the Palestinians in the West Bank and Gaza look to UNRWA for humanitarian food relief and medical support. The PA has clearly failed in preventing Hamas and other Palestinian terrorist groups from continuing to perpetrate terrorist actions against Israelis. The IDF have deliberately destroyed every PA police station and prison so even if the PA were unequivocally willing and able to identify and arrest members of terrorist groups, they have no means of processing or holding such detainees.

6. From the perspective of the Palestinians, life under occupation is becoming increasingly oppressive and increasingly inhuman. **Rates of malnutrition in Gaza and parts of the West Bank is as bad as anywhere one would find in sub-Saharan Africa.¹ The Palestinian economy has all but collapsed. Unemployment rates are in the region of 60-70% and many of those who are employed are dependent upon NGOs or international relief organisations for employment.**

7. From the Israeli perspective, whilst the suicide bombings and attacks on settlers continue, they are understandably determined to prevent any such further attacks, loss of life and suffering on Israelis. It is clear that the GOI, and many Israelis, now see every Palestinian as a potential “suicide bomber”. The objective of the occupiers is to ensure the minimum possible freedom of movement by Palestinians and are thus hoping to reduce, as far as is humanly possible, the risk of “suicide bombers” leaving Gaza for the West Bank to perpetrate acts of murder in Israel. The lack of freedom of movement clearly has the most serious impact on the day to day lives of Palestinians, their ability to earn an income, and their quality of life. It is not only their inability to leave Gaza or the West Bank, but the fact that for sometimes days on end they are subjected to 24-hour curfews where they live, so that their lives, freedom of movement, ability to work, go to school, farm their land, or undertake any usual human activities are all subject to the wishes and controls of the IDF.

8. The GOI, and doubtless the overwhelming majority of people in Israel, clearly feel that the Palestinians have failed to agree a settlement peacefully. From their perspective, some Palestinians are continuing to perpetrate acts of terror and violence, which in addition to resulting in death and injuries to innocent Israelis, inevitably has had an impact on tourism and other economic activity in Israel. They are content, therefore, for the IDF to bear down upon the Palestinian population with all the force that they consider necessary in the hope that in this way the Palestinians will unequivocally renounce violence and seek a peaceful settlement. Whilst it is clear that the overwhelming majority of Palestinians simply want to get on with their lives like any other human beings in the world, and that many Palestinians wish to see a peacefully negotiated settlement, it is still tragically the case that for a number of Palestinians, the harder the IDF bear down on them, the more they feel obliged to resist by force of arms with a continuing downward spiral of violence for all concerned.

9. Informal meetings have been held in Geneva, the result of which was a “Geneva Accord”, signed at the beginning of December 2003.² The Accord has attracted wide support outside the region, and may act as a catalyst for further negotiations. But nearer to the heart of the conflict, the Accord is seen as suggesting solutions that neither leadership will accept. The challenge for Palestinians remains to achieve a just settlement through the peace process and with it the creation of a viable, democratic Palestinian state. Without peace, there can be no prospect of economic growth and an improved quality of life.

10. Development and politics in the OPT are inseparably intertwined. But there are key development issues and questions. These include: the humanitarian situation and its causes; how to deliver humanitarian relief; how obstacles to development have shaped the provision of development assistance; how donors can support the peace process through institution building; donor harmonisation; and Palestinian-led development. At the same time, **there has to be a sense of realism about what development assistance can achieve. The World Bank told us that removing the "access controls" imposed by the Israelis would have increased real GDP by 21%, whereas a doubling of development assistance—without easing closure—would only reduce the number of people living in poverty by 7% by the end of 2004.**³ The situation in the OPT, in other words, is not one which donor assistance can resolve. There is not a food shortage in the OPT, but people are suffering from malnutrition as a result of the difficulties in obtaining food. Movement restrictions adversely affect both the suppliers and buyers of food and economic deterioration and unemployment arising from closure mean that people do not have the money with which to buy food.

11. Our remit is to monitor and scrutinise DFID’s work. In the OPT this includes the assistance which DFID provides through the United Nations Relief and Works Agency for Palestinian refugees (UNRWA) and the UK’s contribution to the European Union’s (EU) support to the PA. Since the start of the Oslo peace process in 1994, DFID’s bilateral programme has grown from £3 million to £20 million per annum.⁴ In 2002/03 DFID gave £15 million in bilateral aid to support Palestinian civil society and the PA.⁵ In the same period DFID provided £18.8 million multilaterally to UNRWA.⁶ Between 1994 and 2002 the UK provided £190 million through the European Commission (UK share 19%) and between 1993 and 2002 the UK provided £12 million through the World Bank (UK share 5%).⁷ To put this in some context DFID’s programme in the OPT, including UNRWA contributions, is the UK’s 15th largest bilateral aid programme. In 2003, total assistance amounted to £73 million. DFID’s aid programme to the OPT is aimed at reducing poverty amongst Palestinians and building institutional capacity during the process towards statehood.⁸

2 The Geneva Accord is an unofficial blueprint for peace. The basic framework includes proposals on the right of return of refugees, settlements and the division of Jerusalem.

3 *Twenty Seven Months - Intifada, Closures and Palestinian Economic Crisis, An Assessment*, World Bank, May 2003

4 Ev 51

5 Ev 58

6 Ev 58

7 Ev 59

8 Ev 51

12. We are grateful to all those 19 individuals and 39 organisations who submitted written evidence to the inquiry.⁹ At Westminster, we took oral evidence from: DFID and the Secretary of State for International Development, the Rt Hon Hilary Benn MP, the European Commission, Christian Aid, Oxfam, Save the Children Fund, the Welfare Association, the Israeli Committee Against House Demolitions, the Parents' Circle, the Simon Wiesenthal Centre and Ilka Schröder MEP. Seven Members of the Committee visited the West Bank and Israel in October 2003. During the visit we met the Palestinian Authority and Israeli government officials, UNRWA and other UN agencies, as well as NGOs and countless ordinary Palestinian people. No amount of evidence taking at Westminster can equal the impact of experiencing the situation in the OPTs at first hand. Finally, we would like to thank our specialist advisers: Youssef Hajjar of the Arab Resource Collective and Karma Nabulsi of Nuffield College, Oxford.

13. The report begins by describing the development context in some detail. The reality on the ground affects the type of development which can be carried out and the way in which donors can operate. Setting out the impact of Israeli security measures on Palestinians and their access to services illuminates the general nature of the development challenges, the specific challenges to DFID's development objectives and the level at which donor assistance is needed. We then discuss the Palestinian Authority and how donors can work best with it. We describe the Palestinian economy and the reasons why it has been so vulnerable to the impact of Israeli occupation and security measures. In the later chapters we discuss in detail the specific challenges to development and how donors should work to meet them.

Background

14. The Occupied Palestinian Territories of East Jerusalem, the West Bank, and Gaza Strip cover an area the size of Cumbria (see MAP 1), and have a population of around 3.5 million.¹⁰ Ninety-seven per cent of the Palestinian population are Muslim and three per cent are Christian.¹¹ Half of the population is under the age of eighteen.¹² The OPT would, under normal circumstances, be categorised as middle rather than low income.¹³ Palestinian society is well-educated with a sizeable middle class, and a tradition of a strong and vibrant civil society.¹⁴ In the past three years an escalation in the level of violence has developed into an *intifada* by the Palestinian population against Israeli occupation. Militant groups have sent suicide bombers to kill civilians inside Israel, and in the OPT many Palestinian civilians have been killed by the IDF. The security measures imposed by Israel have brought about economic collapse and soaring poverty levels in the OPT.

9 A full list of those who submitted evidence is available in Volume II of this report (HC 230-II)

10 FCO, Country Profile, October 2003

11 *Ibid.*

12 Ev 241

13 A middle-income country is defined as one with a per capita income of between \$761 and \$9,360. However, middle income does not necessarily mean without poverty: there are over half a billion people living in poverty (on below \$2 a day) in middle-income countries. See: *Eliminating Global Poverty: The Middle-Income Countries*, Department for International Development, November 2001

14 Ev 250, Q 94

Key actors

15. From the start of the Israeli occupation in 1967, the Israeli Authorities assumed responsibility for the provision of basic health, education and other municipal services. These responsibilities were then handed over to the PA as part of the implementation of the Oslo Accords in 1993. Before the creation of the PA, there was no functioning Palestinian administration or institution of government. As a consequence, civil society developed to fill the gap in service provision and local organisation. There has also been a proliferation of international donors and NGOs in the OPT. The USA and the EU are key donors. The United States Agency for International Development's (USAID) funding for the West Bank and Gaza between 1993 and 2002 totalled approximately \$1 billion, making it one of the main bilateral donors.¹⁵ Between 1994 and 2000 the EU provided approximately €1 billion in grants and a further €500 million in contributions to UNRWA.¹⁶ The International Financial Institutions (IFIs) play a prominent role. The World Bank's analysis of the Palestinian economy has shaped PA economic policy.¹⁷ The IMF is also closely involved with monitoring and guiding the PA's fiscal reforms.¹⁸

Status of the Occupied Palestinian Territories in international law

16. International law provides the legal framework for the roles and responsibilities of the two sides and the international community. Early in 2002 Israel reoccupied those areas which had previously been under PA control. The situation in the OPT has now resumed its character of pre-Oslo military occupation and is thus framed in terms of international humanitarian law, and in particular the application of the Geneva Conventions of 1949.¹⁹ Israel has specific responsibilities and obligations to the Palestinian population under the 4th Geneva Convention.

17. The GOI rejects this interpretation. It argues that prior to its assumption of the role of occupying power in 1967 the territories were legally under occupation by Egypt and Jordan. It maintains that the 4th Geneva Convention applies to sovereign territories only and not therefore to the West Bank and Gaza. As Alan Seatter, of the Directorate General for External Relations, European Commission, told us:

“We believe that under the Geneva Conventions it is the responsibility of the occupying power to look after the civilian population in areas they are occupying. Israel does not agree with this interpretation. As colleagues from DFID said, and there have been many representations to Israel about this at many different levels, they do not accept they are subject to these provisions”.²⁰

Israel's refusal to accept its responsibilities under the Geneva Convention does not, however, relieve the international community from the constraints and conditions of its

15 <http://www.usaid.gov/wbg/budget.htm>

16 Ev 117

17 World Bank, *Op. Cit.* May 2003

18 *West Bank and Gaza: Economic Performance and Reform under Conflict Conditions*, International Monetary Fund, September 2003

19 For example: Ev 80, Ev 89, Ev 126, Ev 135, Ev 145, Ev 166, Ev 240

20 Q 61

application in dealings with Israel as an occupying power. All High Contracting Parties, signatories of the Convention, of which the UK is one, have obligations to respect and ensure respect of the Convention as it applies to the OPT, and are bound by its regulations.

Israel's commitments

18. Although Israel does not accept the applicability of the Geneva Conventions, it has signed an agreement to facilitate the activities of international organisations. The agreement followed a visit from the UN Secretary General's Personal Humanitarian Envoy, Catherine Bertini and set a minimum standard on humanitarian provision in the OPT, which included commitments on health, water and access for humanitarian workers.²¹ These "Bertini Commitments" serve as a useful additional framework for negotiations with the Israeli authorities on the delivery of basic humanitarian services. However, **we agree with the UK Government that the Geneva Conventions apply to the Israeli occupation. The 4th Geneva Convention should remain the standard by which the GOI should perform in the OPT. The UK Government has its own obligations to uphold the Convention, and monitor breaches of the rules of the Convention as regards to the civilian population.**

21 See OCHA, Humanitarian Monitoring Report, Commitments made by the Government of Israel to Ms Catherine Bertini, Personal Envoy to the Middle East for the Secretary General, April 2003 (www.reliefweb.int). See also Personal Humanitarian Envoy of the Secretary General (Catherine Bertini)—Mission Report, August 2002, United Nations (copy placed in the library)

2 The development context: closure, settlements and the barrier

19. Any conflict creates difficulties for development activity and the delivery of humanitarian relief. The threat to its security is used by the GOI as its justification for measures which have a profound impact on development, or perhaps what is better described as “de-development”, in the OPT. It is necessary therefore briefly to indicate how the conflict, which both sides have faced during the last three years, affects daily life and hinders not just development, but also the delivery of emergency assistance. We identify how access to such basic services as the provision of food, water, education and healthcare have been affected by the policy of closure, by the barrier²² and by settlements, in order to show the level at which development assistance has to operate and the constraints it faces.

20. Any and all loss of human life is insufferable and intolerable. Between September 2000 and June 2003, 747 Israelis died in the renewed hostilities which comprised the second Palestinian *intifada* and Israel’s military re-occupation of the Palestinian territories.²³ Although the conflict has involved losses on both sides, the Palestinians have suffered most. In the period mentioned above 2494 Palestinians are estimated to have been killed.²⁴ Suicide bombings have had a devastating impact on Israeli public opinion and the Israeli Government has reacted with a security policy of strict closure measures and the military re-occupation of the West Bank and Gaza. A two-week period in October 2003 saw a horrific suicide bombing in Haifa in which 21 Israeli civilians were killed, in addition to three settlers killed in Gaza. In the same two weeks, we were told that 18 Palestinians were killed, 121 were wounded, 200 houses were destroyed and 1700 Palestinians made homeless in Rafah in the Gaza Strip.

Closure

21. Closures restrict the movement of people and goods. The restrictions not only apply to *external* movement between the OPT and Israel, or even between the West Bank and Gaza, but also to *internal* movement within the OPT. As part of the IDF Operation “Defensive Shield”, the Israelis introduced a system of permits for movement within the West Bank. Numerous military checkpoints were established. Many West Bank towns became restricted military zones, with inhabitants kept under a sustained 24-hour curfew. Such curfews mean that people are unable to leave their homes to go to work or children attend school. The Israeli Authorities continue to hold the OPT in a state of either *severe* or *partial* closure. During severe closure, the movement of pedestrians and vehicles is restricted to Israeli military personnel, settlers and non-Palestinians. The restrictions under partial closure are less draconian, but nevertheless, Palestinians face delays and harassment and often have to use indirect routes over fields or unpaved roads.²⁵

22 The barrier is known to Israelis as a fence and to Palestinians as a wall. We refer to it as a barrier.

23 AFP news agency

24 It is estimated that by October 2003 these figures will have risen to 824 Israelis and 3,379 Palestinians. Sources: AFP news agency. We were told in a meeting with the Israeli Defence Force that in March 2002 alone, 135 Israelis were killed by suicide bombings (Tel Aviv, 23 October 2003)

25 World Bank, *Op. Cit.* May 2003, page 1

22. Closures, coupled with the separation barrier, have fragmented the OPT into areas between which movement has become difficult, if not impossible. Checkpoints may be manned, permanent structures, or “flying” temporary checkpoints in which Israeli military vehicles are used to block roads and restrict Palestinian movement. Other obstacles to movement include concrete blocks placed across roads, trenches dug in the ground and mounds of rubble piled across roads to prevent vehicular access. In July 2002 the Palestinian Ministry of Planning reported 133 permanent checkpoints in the West Bank. The “safe passage” route which, in the post-Oslo period, allowed Palestinians to move through Israel between the West Bank and Gaza has been closed since October 2000.²⁶ The following information was provided to us by the UN Office for the Co-ordination of Humanitarian Affairs (OCHA) for roughly the period of our inquiry spanning 1 June 2003 to 4 November 2003:

Total number of “closure” barriers (preventing or restricting Palestinian access) in West Bank:

Type of physical barrier	No.
Manned military checkpoint	73
Ditches/trenches preventing vehicular access	58
Concrete blocks preventing vehicular access	95
Earth mounds preventing vehicular access	464
Gates at entrance to roads (opening/closing times of these gates are controlled by the Israeli military)	34
Gates in “Wall” for use by Palestinians (opening/closing times of these gates are controlled by the Israeli military)	33
TOTAL	757

Israeli settlements

23. Closure is not the only challenge to development in the OPT. The network of settlements and their segregated access roads also contribute to the fragmentation of the OPT. By 2002 the settler population numbered 217,000, or 6.5% of the population of the OPTs.²⁷ Settlements and their associated infrastructure have a major impact on Palestinians. A network of “by-pass” roads is arranged to provide access between settlements and links to Israel. Palestinians cannot use them. The by-pass roads add to the sense among Palestinian communities of being penned into enclaves, movement between which is at the discretion of the IDF.²⁸ Land is confiscated without compensation on which to build settlements, their access roads and infrastructure. Palestinian infrastructure is often destroyed in the process and Palestinian agricultural lands are cut through.²⁹ The settlements also enjoy privileged access to natural resources. Water consumption by

²⁶ *Ibid.* page 3

²⁷ Ev 101

²⁸ Ev 107

²⁹ Ev 133, Ev 146, Ev 274, Ev 289

settlers in the Gaza and the West Bank is four to five times that of Palestinian villagers.³⁰ The security arrangements which protect settlements, restrict Palestinian movement, and increase the presence of Israeli military in the OPT. Written submissions highlighted many examples—to take just one:

“On 26 January 2003, bulldozers from Neve Daniel, an Israeli settlement, near Bethlehem, entered the land of Daoud Nassar, a Palestinian farmer, and uprooted more than 150 newly-planted olive trees in order to break ground for a new bypass road. The bulldozers were “protected” by armed settlers from Neve Daniel. Most of these trees had been planted through the Olive Tree Campaign on 25 December 2002”.³¹

24. Settlements are the frontline of friction in this conflict. Adam Leach of Oxfam told us of a village near Nablus where, “villagers working with Oxfam staff have been interfered with, shot at by settlers and ultimately the water infrastructure has been semi-permanently damaged”.³² We ourselves heard a group of farmers near Hebron describe their harassment by settlers. Submissions to this inquiry cited reports of harassment of local Palestinian communities by settlers, which included sabotage of Palestinian irrigation systems and attacks on workers harvesting or carrying out repairs.³³ Allegations are made that settlers have deliberately polluted Palestinian water sources.³⁴ **Settlement activity, with its associated road building, threatens Palestinian territorial contiguity in the West Bank and the viability of a future Palestinian State. Freezing settlement activity and removing outposts would boost Palestinian confidence in the peace process.**

25. The UK government regards settlements in the OPT as illegal and as an obstacle to peace. The UK and the rest of the EU have called on Israel to freeze settlement activity, including “natural growth”. Phase I of the Roadmap required that: “GOI immediately dismantles settlement outposts erected since March 2001” and “Consistent with the Mitchell Report, GOI freezes all settlement activity (including natural growth of settlements)”.³⁵ On 23 June 2003 the Quartet³⁶ reiterated its position on settlements:

“The Quartet recalls its position that settlement activity must stop. In this context, it welcomes the undertaking made by Prime Minister Sharon at Aqaba, and first steps taken by Israel on the ground, to remove unauthorized outposts”.³⁷

26. Although there is an official freeze on the creation of new settlement outposts, the GOI have helped found new settlements in the West Bank, and settlers are continuing to consolidate what they have.³⁸ Under the Roadmap, the GOI committed itself to remove all outposts established since March 2001. Yet Peace Now, a DFID-funded Israeli NGO which

30 Q 92, Ev 105

31 Ev 289

32 Q 82

33 Ev 104, Ev 194, Visit to south West Bank, 24 October 2003

34 Ev 256

35 ‘A Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict’, www.un.org

36 EU, UN, USA, Russian Federation

37 Statement by the Quartet, Dead Sea (Jordan), 22 June 2003

38 With no new outposts going up, settlers strengthen existing ones, 17 November 2003, www.haaretzdaily.com

monitors settlements, estimates that more than 60 outposts have been established in the West Bank since March 2001. The majority of these have not been removed, but have grown and condensed. In addition, since the Aqaba summit, five new outposts have been established (two of these manned).³⁹ The actions of the settlers in the past few months are based on reinforcing and expanding the existing outposts.⁴⁰ The GOI continues to encourage movement to the OPT with subsidised housing, tax breaks and offers of free university tuition.⁴¹ In light of recent press reports there are clearly mixed messages being sent out about GOI's intentions in this area.

The separation barrier/fence

27. Israel's security measures have also involved the building of a barrier known as a security fence to Israelis and a separation wall to Palestinians. The GOI points to the success of the security fence around Gaza as evidence of the effectiveness of such barriers.⁴² Restricting the freedom of movement by Palestinians will, the Israelis hope, reduce the risk of suicide bombers leaving Gaza or the West Bank to commit murder in Israel. The lack of freedom of movement this has created has had a serious impact on the quality of life of Palestinians, their ability to earn an income, and the destruction and confiscation of their land. Some of the evidence we received suggests other motivations behind Israeli policies, which reflect the ideological orientation of the current Israeli Government. These include land appropriation, pre-judgement of final status negotiations and collective punishment.⁴³ Jews for Justice for Palestinians have noted:

“The manifold economic and movement difficulties created by the Separation Wall and the settlement infrastructure could easily make conditions for Palestinians so difficult that they move out of the West Bank all together. This has been referred to in Israeli political circles for some time as ‘quiet transfer’”.⁴⁴

28. In June 2002 IDF began to build a barrier along the northern edge of the West Bank, west of the town of Jenin. In most places the barrier is an electrified fence, fitted with motion detectors. A military patrol road runs alongside and on either side are deep trenches and barbed wire barricades. For a shorter length the barrier is a wall, eight metres high, made of concrete and punctuated by watchtowers. But it would be misleading to imagine the barrier as tracing the 1967 border between Israel and the West Bank. The route of the barrier, as it has been constructed so far, and according to plans published by the Israeli Authorities, goes well beyond 1967 borders.⁴⁵ At points it reaches up to 20 km east of the 1967 “Green Line”, reaching into Palestinian territory to bring settlements within its protective embrace. It loops around Palestinian communities and destroys contiguity of

39 Dror Etkes, *Peace Now*, November 2003

40 Ministries defy AAG to go on building illegal outposts 12 November 2003, With no new outposts going up, settlers strengthen existing ones, 17 November 2003, www.haaretzdaily.com

41 101 couples apply for Jordan Valley homes, *Haaretz*, October 22 2003

42 See Ev 151

43 Ev 64, Ev 79, Ev 102, Ev 143, Ev 145, Ev 255 Q 97, Meeting with Palestinian NGOs, Ramallah, 24 October 2003, visit to south West Bank (meeting with DFID's Hebron Water Storage Project, and evicted Palestinians), 24 October 2003, meeting with the Israeli Ministry of Foreign Affairs, 23 October 2003

44 Ev 154

45 www.seamzone.mod.gov.il

Palestinian territory by splitting Palestinian areas into a series of cantons (See MAP 2). But despite its security justification, the barrier does not systematically separate Palestinians from Israelis. In many cases it separates Palestinians from other Palestinians, while some Israeli settlements remain on the eastern or “wrong” side of the fence. The latest OCHA update on the barrier states:

“Currently the completed wall consists of concrete walls, ditches, trenches, roads, razor wire and electronic fences and stretches for 180km. The planned new wall will be 687 kilometres long. The Head of the Knesset Economics Committee estimates that it will cost \$3.4 billion, that is, US\$ 4.7 million per kilometre”.⁴⁶

Debate about the barrier is largely political, but, in the OPT political actions have development outcomes. The issue of the barrier is also bound up with the viability of a future Palestinian state, the building of which is one of DFID’s objectives in the OPT.

29. The construction of the barrier has cut people off from access to basic services. It has also brought about the confiscation of Palestinian land, and damage to Palestinian infrastructure, especially electricity and water facilities. The agricultural sector, traditionally providing a livelihood for 19-22% of working Palestinians,⁴⁷ is suffering particularly damaging effects because of the barrier. Farmers have had land confiscated, crops including groves of ancient olive trees have been destroyed or access to them severed.⁴⁸ Furthermore, local markets are plagued by the problems of getting goods to market and the lack of people or money with which to buy them once they are there. The area covered under Phase I of the barrier’s construction (Jenin, Qalqilya and Tulkarem) is a fertile region, which has traditionally produced 45% of the West Bank’s total agricultural output.⁴⁹ Construction in this area required the appropriation of 2,875 acres of land.⁵⁰ Farmers and residents now have to apply for permits to gain access to their own land. If they accept these permits, landowners fear that they will be regarded as recognising a new legal status of their land, which may dispossess them of their property. In many cases Palestinians living to the west of the barrier have been required to apply for permits to continue living there.⁵¹ The overall impact of a combination of security measures has been to force the Palestinian population into the seven larger towns as farming becomes less and less viable.

The Qalqilya example

30. In the case of Qalqilya, a town which had a population of 43,000, the barrier has completely encircled the town, separating it not just from nearby Israeli settlements but from those Palestinian villages which depended on the town for their economic life and services. The movement of the town’s inhabitants is severely restricted, as is their ability to reach their agricultural land in the surrounding area (See MAP 3). We met the Mayor of

46 *New Wall Projections*, UN Office for the Co-ordination of Humanitarian Affairs OPT, 9 November 2003

47 Palestinian Ministry of Information—Palestinian Land development Information Systems (PALDIS), Nov. 2001

48 Ev 145, Ev 177, Ev 255 Ev 274, Ev 287

49 Ev 106

50 *Ibid.*

51 Meeting with the Mayor of Qalqilya, Qalqilya, 24 October 2003, *Behind The Barrier—Human Rights Violations As a Result of Israel’s Separation Barrier*, Position Paper, B’Tselem, April 2003. See also Ev 153

Qalqilya during our visit and saw the barrier's impact for ourselves. On the west side of the town it forms a concrete wall eight metres high. On the east it is a razor-wire topped electrified fence. There is one checkpoint through which everything moving in and out of the town must pass. This is due to be open every day between 8am and 6pm but, as we experienced ourselves, it is often closed without warning. Two gates allow people to reach their agricultural land. These gates are generally opened for 15 minutes three times a day although this is not always the case.⁵² It is difficult for the 16,000 farmers, who have land in the surrounding areas, to cross backwards and forwards through the gates in such a short amount of time. Construction of the barrier has damaged water and electricity infrastructure. Houses and shops have also been demolished to make way for the wall. Forty per cent of the agricultural land belonging to people in Qalqilya is now on the "wrong" side of the barrier as are 32% of the town's water resources.⁵³

31. Qalqilya and its nearby villages are in a state of economic and social paralysis. As a result there has been a rapid decline in its population. It appears, to observers, that Qalqilya is being intentionally strangled in order to secure its abandonment and thereby provide land, resources and security to the surrounding settlement complex. Similar concerns about land appropriation, and influence over future land allocation surround the construction of the next phase of the wall in Jerusalem.⁵⁴ A report to the humanitarian and emergency policy group and the local aid co-ordination committee identifies the likely impact:

"Palestinian families and communities will be separated from each other – at times affecting members of the same village and/or family. The barrier will separate children from their schools, women from modern obstetric facilities, workers from their places of employment and communities from their cemeteries. A degree of population displacement appears to have occurred already as a result of barrier construction".⁵⁵

Legitimacy of the barrier

32. The international community has expressed concern about the impact of the barrier and its legality. On October 21 2003 Italy introduced a text, on behalf of the EU including the UK, to the UN General Assembly which expressed concern that the route of the barrier would prejudice future negotiations and make the two-state solution impossible to implement as well as causing further humanitarian hardship to the Palestinians.⁵⁶ In order to gain the backing of the USA, the text did not specifically condemn the fence as illegal but only referred to "illegal Israeli activities" in the OPT. Hilary Benn MP told us that: "the

52 It was reported that the gates had been closed for a period of days and as a result crops had died because they had not been watered. Chickens in a local chicken farm had died because their owner had not been able to get to them to provide them with food or water. Meeting with Mayor of Qalqilya, Qalqilya, 24 October 2003

53 Meeting with Mayor of Qalqilya, Qalqilya, 24 October 2003

54 *Cadennabia Declaration on the Jerusalem Barrier—A Joint Israeli-Palestinian Statement*, 6 December 2003, Israel/Palestine Centre for Research and Information, Twilight Zone / Don't Fence Us In, Gideon Levy, 2 December 2003, *Haaretz.com*

55 The Impact Of Israel's Separation Barrier On Affected West Bank Communities: The "Jerusalem Envelope" Follow-Up Report1 To The Humanitarian And Emergency Policy Group (HEPG) And The Local Aid Co-ordination Committee (LACC), September 30 2003, page 4

56 UN General Assembly Press Release, GA/10179

Government has made it very clear that we regard the building of the wall on Palestinian land as illegal.”⁵⁷

33. DFID provides support to the PA’s Negotiation Support Unit (NSU) as part of its capacity building work within the PA. During our visit, the NSU explained their concern that the barrier, together with the settlements, was pre-determining political borders and destroying the possibility of a future Palestinian state. There is a sense among Palestinians and many others in the international community that the creation of facts on the ground is part of an attempt to forestall an Israeli withdrawal as part of a final status negotiation. The location of Israeli settlements frequently determines the path of the barrier, which sweeps into the West Bank to bring settlements within its protective fold. The GOI is seen as treating the land to the west of the barrier as Israel “proper”, and many suspect that settlements which fall on its western side will be eventually annexed by Israelis. Palestinians fear that a combination of the creation of apartheid-style “homelands” for Palestinians behind the fence together with expanded Israeli settlements, will allow Israel to enter negotiations with a redrawn map of the West Bank presented as a *fait accompli*.

34. Israel’s response to such fears is to claim that the barrier is a temporary measure, which can be removed when the security situation allows.⁵⁸ However, as Palestinians are cut off from their land and basic services, they have begun to move. Palestinians who live outside the barrier, who are now isolated, are likely to move inside the barrier. With key commercial centres cut off from the majority of the Palestinian population and the most fertile agricultural areas confiscated or fragmented, the practical impact of the barrier has been to undermine the viability of a future Palestinian state. Even if the barrier can be easily removed, it will already have had an irreversible impact on the Palestinian population. There is a concern that the barrier is not just a potential border between Israel and a future Palestinian state; it is part of an attempt to destroy any viable state for the future. **We can understand why Israel, fearful of its security, wants to build the barrier. But any such security fence should be constructed on Israeli, not Palestinian, land. The construction process and path which the barrier takes support Palestinian fears about the motivation which lies behind it. The barrier destroys the viability of a future Palestinian state. One of DFID’s key objectives is to help build the institutions of the Palestinian Authority in preparation for statehood—a statehood which the barrier jeopardises.**

Demolitions

35. Widespread demolition of Palestinian property has increased the concern that Israeli military activities in the West Bank and Gaza are part of a broader strategy to move populations and so influence a final settlement and viability of a future Palestinian state. Israeli activity has involved demolitions in the course of building the barrier and the settlements. Other reasons given for demolitions include security concerns and the failure to obtain building permits, including for buildings that have existed for generations.⁵⁹ This

57 Q 151

58 Meetings with Israeli Defence Force, Tel Aviv. 23 October 2003

59 Near Hebron, the Committee met a family, whose houses and outbuildings had been demolished on three separate occasions. The demolitions had been carried out with little or no warning. The apparent reason given was the houses’ proximity to a settlement bypass road. The family told us they had farmed the surrounding land for at least three generations, but as an explanation for the demolition they were shown “official” maps by the Israeli

is a conflict in which attacks from the Palestinian side come from militants, who do not identify themselves with uniforms, and who operate within the civilian community; it is difficult for the IDF to be sure of its targets. Demolition and incursions on residential and public buildings are often explained as necessary security activity. Ian Hook, a UK citizen employed by the UN, was killed by the IDF in Jenin during an Israeli military attack on an UNRWA building from which the IDF believed Palestinian militants were firing.⁶⁰

36. The following information was provided by OCHA for the period of our inquiry, roughly 1 June 2003 – 4 November 2003:

West Bank & Gaza

No. of Palestinian houses completely demolished:	418
No. of Palestinian houses partially demolished:	265
No. of Palestinian shops demolished:	116
No. of Palestinian farm buildings demolished:	5
Land levelled:	1,455.5 dunums (359.65 acres)
Land confiscated:	1,283.6 dunums (317.18 acres)

37. On an individual and family level, the impact of house demolitions on innocent Palestinians is appalling. But more worrying is the suggestion of an intentional strategy behind house demolition. Jeff Halper, coordinator of the Israeli Committee Against House Demolitions, told us:

“Ninety-five per cent or more of the demolitions have nothing to do with terrorism.... Israel presents itself as a democracy and because it wants to normalise its rule it uses planning, zoning, administration and laws in a very simple way in order to further its political agenda”.⁶¹

According to Jeff Halper, the Israeli Authorities use planning rules to force Palestinians into Areas A and B: approximately 40% of the West Bank and parts of Gaza. If successful, this would leave Area C, 60% of the West Bank, including the Jordan valley, free from Palestinian inhabitants (see MAP 1). Settlements could be established more easily and the prospects for this part of the West Bank becoming part of the state of Israel would increase. Jeff Halper is not without his critics.⁶² But whether or not his allegation of a strategic master plan holds water, house demolition, as we saw on our visit, is a brutal process.⁶³ More than 11,000 homes have been demolished and their inhabitants left without compensation to live in ICRC tents until they can find a new home for themselves with family or friends.⁶⁴

Authorities on which their property did not appear. ICAHD report that in many cases buildings are demolished because they were built without a permit during British Mandate. As such, buildings which have housed families for generations are demolished using the justification of “administrative reasons.”

60 There is eyewitness testimony which diverges from IDF accounts of the shooting.

61 Q 97

62 Ev 70

63 Visit to demolished properties in Hebron, 24 October 2003

64 Qq 98, 99

Access to basic services: food, water, education and healthcare

Food and food aid

38. Before the *intifada*, food aid was used selectively by donors. But the rapid rise in poverty has brought with it an increase in food aid. UNRWA provides food aid to chronically poor refugee households, whilst the World Food Programme (WFP) provides food supplies to non-refugees categorised as “social hardship cases”.⁶⁵ WFP also assist those categorised as the “new poor”; Palestinians who have lost their jobs and are enrolled in food for work/training projects.⁶⁶ By January 2004, WFP support for as many as 350,000 of the “new poor” in both the West Bank and Gaza Strip will bring the total number of beneficiaries to 530,000.⁶⁷ Half the Palestinian population now depends on food aid to reach the WFP daily minimum requirement.⁶⁸ In 1999 \$11.9 million was spent on food aid by donors, by 2002 the cost had risen to \$76 million. Funding requested by UNRWA and WFP for 2003 indicated a requirement of \$110 million for 2003.⁶⁹

39. Palestinians in the OPT are not, as yet, dying of starvation. But they are suffering from malnutrition, as stocks are stretched to feed more and more people.⁷⁰ There is no shortage of food in the OPT. But obtaining food is made difficult by movement restrictions imposed on those seeking to buy food and on those seeking to supply it. In addition to which, economic deterioration means there is little money available with which to buy food. In response to these problems, humanitarian agencies have provided food aid and food for work and training programmes. Food for work programmes have a low productivity but confer a greater dignity on beneficiaries than straight handouts.⁷¹ But food aid has been criticised for creating a dependency culture and undermining local food production.⁷² **Food aid is only ever an emergency solution. But in the OPT farmers cannot readily fill the gaps in food production because of the extreme dislocation brought about by closure and, in particular, the impact that movement restrictions and land confiscation have had on agriculture.**

Water

40. Access to water is a core human right and a Millennium Development Goal. Lack of access to water and the difficulty of building and maintaining infrastructure threaten not only basic living standards, but development itself. The lack of water for agriculture and industry have led commentators to describe the situation in the OPT as one of “de-

65 Chronic poverty defined as a condition whereby a household or an individual becomes frequently, or recurrently unable to meet basic needs including adequate food, water, clothing, shelter, health and basic education. See UN/WFP for further details (www.un.org)

66 Ev 286

67 WFP Emop Document 10190.1

68 *Losing ground: Israel, poverty and the Palestinians*, Christian Aid, January 2003, page 5. See also *Nutritional Assessment and Sentinel Surveillance System for West Bank and Gaza*, USAID, August 2002 (submitted by John Lewis. Copy placed in the library)

69 World Bank *Op. Cit.*, May 2003, page 89

70 Ev 59, Ev 60, Ev 86, Ev 128, see also *Nutritional Assessment and Sentinel Surveillance System for West Bank and Gaza*, USAID, August 2002 (submitted by John Lewis. Copy placed in the library)

71 Q 20

72 World Bank, *Op. Cit.* May 2003, page 25

development”.⁷³ On average, Palestinian water consumption per head is between 30 to 50, and some times as much as 80 litres below the World Health Organisation’s recommended daily level.⁷⁴

41. Water quality surveys undertaken in July 2003 indicate that 69% of samples failed the WHO water standard for the OPT.⁷⁵ In Gaza, where water shortages are at their most serious, the population has to drink water that would normally be deemed unfit for agriculture; its high salt content is leading to health problems.⁷⁶ Much of the rural Palestinian population does not have access to piped water and relies on tankered supplies, distribution of which has been difficult, if not impossible, under occupation.⁷⁷ Sanitation-related health risks have also increased, as containment and disposal of waste becomes a growing problem. We were told by Adam Leach, of Oxfam, that:

“With the closure, checkpoints, blockages and so on, transportation costs for water have forced up prices by as much as 80%. In some places, water supply has been reduced by as much as 75%. Settlers in the West Bank consume five times that of Palestinian villages”.⁷⁸

42. Several submissions referred to the deliberate pollution of water supplies, sabotage of infrastructure and obstruction of repairs by settlers and, in some cases, by the IDF.⁷⁹ Water infrastructure has frequently been a casualty of Israeli military incursions. The Palestinian Hydrology Group (PHG) have reported cases of wells being destroyed or filled with concrete in what they described as a form of collective punishment.⁸⁰ New wells built by USAID, which may have helped alleviate the water shortages in Gaza, were recently destroyed in an Israeli military incursion.⁸¹ Construction of the separation barrier itself has brought the destruction of 35,000 metres of domestic and agricultural water pipes.⁸²

43. All water resources in the OPT were confiscated by a military order of 1968 and declared Israeli state property.⁸³ Israel has sought to limit Palestinian use of water to 1967 levels, forbidding any new water installation without a licence from the military commander and introducing meters to regulate Palestinian consumption.⁸⁴ Extensive use of underground water sources by Israel has dried up many shallow draught village wells.⁸⁵

73 Ev 91, See also: *The Gaza Strip: the political economy of de-development*, Sara Roy, *The Institute of Palestine Studies*, Washington, D.C. and I.B. Tauris, London, 1995

74 Ev 274. The WHO recommended daily level is 100 litres a day.

75 Ev 194

76 Meeting with Palestinian Hydrology Group, Ramallah, 24 October 2003, and Israel destroys UB build wells, *The Independent*, 5 November

77 Ev 193

78 Q 92

79 Ev 256, Ev 194, meeting with DFID funded water storage project, Hebron, 24 October 2003

80 Meeting with Palestinian NGOs, Ramallah, 24 October 2003

81 Israel destroys UB build wells, *The Independent*, 5 November

82 Ev 195

83 Ev 104

84 Christian Aid, Op. Cit. January 2003, page 29

85 *Ibid.* See also Sustainable Water Resources Management of Gaza Coastal Aquifer / Palestine, Palestinian Water Authority, 2000 (submitted by John Lewis. Copy placed in the library)

NGOs claim that as much as 80-95% of the water resources of the OPT are now used by Israel and Israeli settlements.⁸⁶ In 1982 Mekorot, the Israeli Water Authority, took control over all water resources and their supply. It has maintained a policy of restricting development of new water sources or infrastructure for Palestinians and in 2002 reduced its rate of flow into the OPT by 10%.⁸⁷

44. The handover of administrative control of the territories as part of the Oslo process included the creation of a Palestinian Water Authority and a Joint Water Committee (JWC). However, practical control over water remains with Israel. The JWC is comprised of an equal number of Israeli and Palestinian representatives but has been an ineffective channel of communication between the two sides: its last meeting in June 2003 failed and further meetings have not been planned. There is no mechanism for settling disputes; the GOI can block Palestinian requests to drill wells or undertake building projects. Not surprisingly, some Israeli and Jewish organisations challenge this description of water management.⁸⁸ The organisation, “Take-A-Pen for Israel” stressed the improvements in supply of running water throughout the OPT as a result of Israeli involvement and alleged that ill-intentioned false evidence has been provided, misrepresenting the situation and blaming settlers for all Palestinian water problems.⁸⁹ But we have heard convincing evidence from a wide range of sources about Israeli control over water.⁹⁰ As Oxfam have pointed out:

“For any activity such as digging wells and repairing systems, the JWC needs to give permission. They rarely do so, and the result is that Palestinian communities are not permitted to build new water infrastructure”.⁹¹

45. Israeli control over water and restrictions on development of Palestinian infrastructure has, and continues to, severely affect the development of West Bank and Gaza. The wilful destruction of water infrastructure by the IDF and settlers is simply unacceptable. We commend the work that DFID, other donors, NGOs and their partners are doing in enhancing Palestinian access to water, a basic human right. But we also think that there needs to be a revision of water access arrangements. This is an urgent need, which cannot be deferred to the final status negotiations. It is an area where the UK Government should be applying political pressure to move negotiations forward.

Healthcare

46. Healthcare services in the OPT are provided by a combination of the PA, UNRWA, and NGOs. Emergency medical assistance, as well as preventative and specialised medical services, have been particularly badly affected. Normally, a system would develop where different clinics and hospitals would specialise in different fields, but because of movement

86 Ev 274

87 Ev 193

88 Ev 263

89 Ev 262-3

90 Ev 91, Ev 104-6, Ev 191-5, Ev 255, Ev 274

91 Ev 191

restrictions people cannot reach hospitals offering specialist treatment.⁹² In August 2003 WHO reported that more than 50% of survey respondents had to change their healthcare facility, and that in 90% of these cases the change was due to restriction of access.⁹³ NGOs have highlighted women's health and antenatal care as being particularly affected by closure.⁹⁴ Mobile clinics, which provide services to isolated communities, have been obstructed by the blocking of access roads. Medical staff often have to carry patients and equipment over checkpoints, earth mounds and through trenches.⁹⁵

47. The operational problems affecting health-workers, and in particular the difficulties experienced in provision of emergency medical care, concern us greatly. During our visit we witnessed UN and Red Crescent/Red Cross ambulances being kept waiting at checkpoints. Healthlink have written that:

“Since 28 September 2000, there have been more than 254 reported incidents of attacks on medical personnel, of which 15 medical staff have been killed while carrying out their duty. The Palestine Red Crescent Society has reported 197 attacks on their ambulances, damaging 80% of its fleet, with 25 ambulances having been completely destroyed”.⁹⁶

48. Under the Bertini Commitments, Israel has given a commitment to limit the waiting time for ambulances at checkpoints to a maximum of 30 minutes.⁹⁷ Despite this commitment, we met an ambulance driver who had been waiting at a checkpoint for an hour and a half. **We accept that ambulances might be used to carry terrorists and their weapons and that there can be no automatic exemption for ambulances from the requirement to be searched. But equally, there is no reason why an ambulance carrying an urgent case cannot be given priority for any security search which may be needed. We discussed these matters with the Israeli authorities in Tel Aviv and whilst reassurance was offered, their description of smooth-running arrangements at checkpoints conflicted with what we ourselves had seen. We were told that checkpoints are now issued with lists of local people suffering from chronic illnesses so as to facilitate their speedy transfer to hospital when necessary. However, such a system would not work for emergency cases and might cause even more problems for those whose names are not on the lists. Nor, of course, could this practice work with temporary or “flying” checkpoints.**

49. **The management of checkpoints is all too often handled by young, inexperienced IDF conscripts who may lack the training and experience to deal with large numbers of people passing through on their way to work or to study. We heard that waiting Palestinians often suffer harassment at the hands of both the IDF and local settler communities, making checkpoints a flashpoint for antagonism. A more sensitive and**

92 Ev 236

93 Ev 164

94 Ev 285

95 Ev 127

96 *Ibid.*

97 Personal Humanitarian Envoy of the Secretary General (Catherine Bertini)—*Mission Report*, August 2002, United Nations (copy placed in the library)

appropriate approach to checkpoint management could be learned from experience elsewhere, including British experience in Northern Ireland.

50. Israeli Physicians for Human Rights (IPHR) told us of the increasing closure-related difficulties in importing pharmaceuticals into the OPT.⁹⁸ The import of specific medicines is also made difficult by the amount of paperwork required, which appears to have little connection to security, and no relation to the urgency with which some medicines are required. In theory medicines could be recognised as humanitarian goods and as such subjected to lesser, or at least quicker, security procedures. However, in practice, the ease and speed with which medical goods are security cleared depends on the individual soldier responsible at each checkpoint. **The import of pharmaceuticals should be prioritised and classified as “humanitarian” to facilitate speedy delivery.**

Education

51. Three types of school operate in the OPT: private schools run by charitable organisations (5%), UNRWA schools (15-10%) and the PA schools. In some cases UNRWA and PA schools exist side by side with little cross-communication or activity. This serves to maintain separate identities within refugee communities and may have damaging effects in the long term. Once again, Israeli closure and curfew policies have had an impact. Teachers and students cannot get to school and, in addition, physical damage has been caused to school and university buildings during military incursions. In some cases schools have been taken over temporarily by the Israeli military and used as detention centres.⁹⁹ The Ministry of Education reported that, since the start of the *intifada*, 1289 schools have been closed because of curfews, sieges and district closures and that 282 school buildings have been damaged as a result of rockets, tanks and shelling.¹⁰⁰

52. NGOs have also reported the psychological impact on students which affect educational performance and general behaviour. Save the Children had noticed an increased tendency to resort to violence as a means of settling playground disputes. They have also described how schools are competing with the growing network of settlements in the OPT for access to resources, and how the access difficulties brought about by the separation fence/wall compound the challenge faced by parents in “providing psychological and moral support to their children and [who] express concern at the loss of their childhood”.¹⁰¹ **In a society where half the population is under 18, the effect of closure on education is widely felt.¹⁰² The psychological impact on children, arising from school closure and exposure to violence, is damaging future generations of Palestinians and will only serve to perpetuate the cycle of violence and hatred.**

98 Ev 234

99 Meeting at UNRWA school, Jenin, 22 October 2003

100 *The Economy of Occupied Palestinian Territory*, Palestinian National Authority, Ministry of Economy and Trade, October 2003 (copy placed in library)

101 Ev 242-3

102 Ev 241

Education and allegations of incitement

53. At Oslo, Israel and the PLO agreed that both sides: “shall seek to foster mutual understanding and tolerance and shall accordingly abstain from incitement, including hostile propaganda, against each other.”¹⁰³ During the course of our inquiry we received written submissions about incitement to racial hatred, anti-Semitism and anti-Israeli propaganda in Palestinian school textbooks.¹⁰⁴ In particular, those submitting evidence was concerned at the suggestion that EU funding to the PA was being used to pay for such textbooks. UNRWA has faced similar criticisms.¹⁰⁵ Incitement can be broadly defined as a call to action and should be distinguished from the legitimate instilling of a sense of national identity and national aspiration.

54. The EU issued a press notice in May 2002 which drew attention to the new curriculum and text books brought in by the PA in 2000, which have been replacing old textbooks since the start of the 2001/2 Academic year.¹⁰⁶ Anti-Jewish and anti-Israeli quotations cited by critics were found to come from old textbooks, or to be poorly translated, or taken out of context. The EU maintains that “allegations against new textbooks funded by EU members have proven unfounded.”¹⁰⁷ The Commissioner General of UNRWA said that “We have asked Israel to give us the evidence, and they haven’t done so”.¹⁰⁸ During our visit we raised the issue with UNRWA. We were told that, as with any educational agency operating in an area under the control of a national authority, UNRWA is required to teach the PA’s curriculum in its schools. **Children’s education, be it Palestinian or Israeli, must be kept free of incitement. We commend the positive work that the PA has carried out recently as well as the work of organisations such as Save the Children in working with the Palestinian Ministry of Education on curriculum development.**¹⁰⁹ **In light of the allegations against the PA, we recommend that it acts to counter incitement allegations and demonstrate that it is upholding commitments made at Oslo as part of a wider programme of enhancing its public image across the world.**

55. Despite the difficulties in delivering services, the education sector has significant potential to channel development work to support the peace process. Some of the most compelling evidence we heard came from the Parents’ Circle. This organisation of bereaved Israelis and Palestinians have worked together to provide cross-community contact and education. Through their programme of talks in Israeli and Palestinian schools they seek to reduce the ignorance which both sides have about each other and to spread a message of forgiveness, tolerance and reconciliation. **We strongly support the work of organisations such as the Parents’ Circle in the education of the younger generation of Palestinians and Israelis. Support for this type of project is a way in which development can support the peace process.**

103 Article XX11, Oslo II agreement, signed on September 28, 1995 by Israel and the PLO

104 Ev 73, *The Palestinian Authority: Where does the Money Go?* and *Reforms in the Palestinian Authority: A Reality Check*, Rachel Ehrenfeld (copies placed in the library). See also papers submitted by Peter Simpson (copies placed in the library).

105 House resolution 311, 28 Oct 2003

106 *Palestinian School Books*, General Secretariat of the Council of the European Union, Press Office, May 15 2002

107 *Ibid.*

108 Hijacking the Palestinians’ narrative, *Daily Star*, 8 November 2003

109 Q 79

Security and development

56. The State of Israel has an obligation to defend its civilian population. But many of the security measures now put in place by the GOI in an attempt to protect itself may make it more vulnerable. The strangulation of the Palestinian economy through closure; and confiscation of land and the demolition of houses and schools; the encircling of Palestinian towns by the security barrier have created an unbearable situation for Palestinians in the West Bank and Gaza. Meanwhile, suicide bombers have continued to evade new security measures. Worsening living conditions only make people more likely to turn towards extremism and terrorism. Criticism is beginning to emerge within Israel, from the very top of the military and security establishment, that the current policy of occupation and closure is more of a threat to Israel's security than a guarantor of it.¹¹⁰

57. Increasing the suffering of the Palestinian population seems unlikely to spur Palestinian leaders to make concessions in negotiations. It may simply increase their perception that they have no serious negotiating partner in the GOI. Some of the security measures that we saw in operation did not seem to be effective. Although the barrier is not yet complete, we saw gates which were open and unguarded, whilst in Jerusalem hundreds of people scrambled unchallenged over what has been constructed of the barrier so far. It may be that the lack of security around the barrier is connected to a policy of easing restrictions or allowing local communities to adjust to the barrier's existence. On the other hand there may be a deliberate policy of using the barrier to make ordinary life impossible for people. Either way, the barrier is not providing protection for Israel. The suicide attack perpetrated on 4 October 2003 was carried out by a woman who had travelled through security check from Jenin area where the barrier is complete. **Whatever immediate security benefits the barrier may appear to bring to the Israelis, the level of despair and anger felt by ordinary Palestinians at being denied the possibility of any semblance of an ordinary life is likely to further increase the supply of militants and suicide bombers.**

¹¹⁰ Israeli army chief attacks Sharon's security policies, *The Daily Telegraph*, 31 October 2003, Army chief warns Sharon: we are on the verge of catastrophe, *The Guardian*, 31 October 2003, Grip may be eased in occupied lands after general's criticism of Sharon, *The Independent*, 1 November 2003

3 The Palestinian Authority

58. The Palestinian Authority is the main political institution in the OPT. As such it is of vital importance to the future viability of a Palestinian state and has been the focus of donor engagement. Donors have sought to support the peace process by building the capacity of the PA to function as a future state. But the PA is itself a strange institution, created through negotiations between Israel and the Palestine Liberation Organisation, as part of interim arrangement until the creation of proper national institutions in a Palestinian state. The PA's creation under the Oslo Accords never envisioned it as a sovereign state, but rather a restricted institution with a very short lifespan. It has always had limited capacity as a service provider and has been plagued by corruption and allegations of corruption, credibility problems, and great difficulties in providing the Palestinian people with sufficient representation. In this chapter we discuss these issues in more detail and look at how the PA has reformed in recent years. Later, in chapter 6, we take a closer look at how donors have supported the PA in line with their objective of helping to prepare for Palestinian statehood.

The structure of the PNA under Oslo

59. In 1993 the Declaration of Principles on Interim Self-Government Arrangements was signed between Israel and the Palestine Liberation Organisation. The Palestinian National Authority was created as part of the implementation of these agreements. But the Palestinian areas were not under total control of the PA. The PA did not have control over its borders, overall security, currency, fiscal or monetary policy, natural resources, or foreign policy. It did not determine citizenship and its trade was either with Israel or passed through its ports.¹¹¹ In September 1995 the agreement was set out that Israel was to first withdraw from major Palestinian population centres¹¹² and that the PA was to maintain control over these areas (See MAP 1).¹¹³ Area A—consists of approximately 17.2% of the Occupied West Bank, divided into 13 separate, non-contiguous areas, in which the vast majority of the Palestinian population live. The PA had responsibility for internal security and wide civil powers. Israeli checkpoints surround each of these areas. Area B is where the remainder of the Palestinian population live, and consists of 23.8% of the West Bank. The PA had civil control over the area, but overall security control rested with Israel. Israeli checkpoints surround each of these areas. Area C is under the total control of Israel, which consists of 59% of the Occupied West Bank, and over which Israel has increased its hold. Israel has full security and civil responsibility over these areas. This is the only contiguous area in the Occupied West Bank. It contains the settlements and surrounds and divides Areas A and B.¹¹⁴

111 Ev 245

112 Ramallah, Nablus, Qalqilya, Tulkarem, etc

113 Article X(l)

114 Increasing violence in 2000 led to a renewed Israeli military presence, or re-occupation, throughout the OPT.

Constitutional structure

60. Under the Oslo Accords the PA was given temporary civil responsibilities until final status negotiations, which were to take place three years into the interim arrangements. The Oslo Accords required elections to be held for the creation of a Legislative Council, and President. These elections were delayed by the GOI, and only took place in January 1996. The PA, as a transitional institution, with a restricted mandate, possessed limited powers. Under its constitution, the executive authority must present draft laws to the Council, which then discusses and ratifies them. The same system grants the right for one or more members or one of its committees to submit legislative proposals. The President of the National Authority issues the laws after the Council ratifies them. The President, Yasser Arafat, was democratically elected, and remains a popular leader, but has been widely criticised for corruption and for supporting terrorism.¹¹⁵ He maintains control of the Palestinian security services, the payment for which takes a significant slice out of the PA's budget.¹¹⁶

Economic structure

61. The Paris Protocol formalised the Palestinian-Israeli economic relationship.¹¹⁷ Israel kept control of the levers of the Palestinian economy: control of borders and ports of entry; power of veto over certain imports; regulation of the movement of labour; and the ability to withhold disbursement of taxes due to the PA. The strength of the Israeli economy led to its total domination in conditions of open market between the two economies. After Oslo and before the renewal of the conflict, the OPT imported from Israel four times as much as it exported to Israel.¹¹⁸ Israel set restrictions on the type of product that could be imported.¹¹⁹ The customs union with Israel and the dependency on remittances from Palestinians working in Israel, coupled with the lack of control of the PA's borders and, with it, trade, has made the Palestinian economy vulnerable to Israeli constraints, for example the withholding of tax revenues, collected by Israel on the PA's behalf. In addition, the policy of curfew and closure has made it virtually impossible for Palestinian workers to travel to work in the OPT, let alone in Israel. Written evidence from Dr Mushtaq Khan, of the School of Oriental and African Studies, outlines the situation of economic dependence and its causes:

“Part of this was a natural dependence given the much greater degree of capitalist development in Israel and the availability of labour market opportunities there, but part of it was an engineered dependence, based on artificial controls over trade, investments, fiscal space, and of course, restrictions of movement within the Palestinian territories through settlements and checkpoints. As a result, the Palestinian economy was hugely dependent on the performance of the Israeli economy, and more importantly, it could be made to suffer if Israel took particular

115 Ev 83, Ev 96, Ev 156

116 *West Bank and Gaza: Economic Performance and Reform Under Conflict Conditions*, International Monetary Fund, September 2003

117 Article X(I)

118 This calculation is based on figures from a 1999 UNSCO report cited in, *Losing Ground: Israel, poverty and the Palestinians*, Christian Aid, January 2003

119 Ev 174

actions like limiting the flow of labour to Israel or cutting off parts of the Palestinian territories from each other”.¹²⁰

Dependency on Israel

62. Under the 1994 Protocol on Economic Relations, the two sides established a system for transfer of an agreed pool of selected tax revenues from Israel to the PA. These revenues come under Israeli control because of a *de facto* customs union and unified VAT invoice system. The transfer involves indirect taxes on Israeli-Palestinian transactions and direct taxes (income taxes and health fees paid by Palestinian workers in Israel). At current levels revenues transferred from Israel make up 60% of the PA’s recurring budget.¹²¹ In December 2000, notwithstanding its obligation to make the monthly transfers according to the Protocol, the GOI ceased transferring revenues equivalent to almost two-thirds of the PA’s total revenue receipts in 1999 and 2000.¹²² The GOI justified its actions on the grounds that terrorist activities against Israel may have been supported out of the PA budget. By the end of 2002 a total of about US\$500 million in withheld clearance revenues had accumulated.¹²³ Israel resumed revenue transfers in December 2002 following assurances from the PA to implement a comprehensive internal auditing reform plan for PA expenditures (which has begun), and political pressure from the US. But \$130 million of withheld revenues are still held back because of outstanding court action seeking compensation from the PA for losses arising from terrorist activity.¹²⁴ Such claims involve private individuals, some of whom are settlers in the OPT, and the Israeli Ministries of Tourism and Transport.¹²⁵

Internal problems: corruption and mismanagement

63. The PA cannot blame all its difficulties on the occupation and policies of the GOI. The PA has created its own problems due to mismanagement, corruption, and human rights abuses. Over the course of the inquiry we received evidence criticising the PA on a number of grounds.¹²⁶ The PA is accused of failing to tackle poverty or focus on service delivery. Palestinian budget allocations certainly show a priority given to security concerns over development requirements. In the period 1997 to 2000, allocations for health declined from 14 to 9% of the total budget, with allocations for education falling from 22 to 17% over the same period.¹²⁷ This prioritisation has inevitably had an impact on the PA’s credibility with Palestinians, as has its problems with corruption. **We are aware of the criticisms of the PA. Nevertheless, the PA is the only representative organisation of the Palestinians and, as such, building its capacity and institutions and ensuring the**

120 Ev 245

121 International Monetary Fund, *Op. Cit.* September 2003, page 63

122 They included VAT (based on a revenue clearance system) as well as customs and petroleum excises collected at the factory gate or at the time of importation at the Israeli border and health insurance and income tax deducted from the payroll of Palestinian workers in Israel. *Ibid.*

123 *Ibid.* Page 71

124 Q 55

125 Meeting with the Israeli Ministry of Foreign Affairs, Jerusalem, 23 October 2003

126 Ev 72, Ev 83, Ev 85, Ev 72, Ev 96, Ev 156

127 Christian Aid, *Op. Cit.* January 2003, pages 49-50

success of its reform programme, in order to make it an effective administration, are the keys to laying the foundations of a future Palestinian state.

The President

64. Criticism of Yasser Arafat, largely from Israel and the US, escalated after his failure to agree to Israeli final settlement demands at Camp David in the autumn 2000. The US and Israeli governments now refuse to deal with him on the grounds that he has been linked to terrorism. There has been significant pressure to draw power away from the President. Pressure was applied by Israel and the US for the creation of the position of Prime Minister and this was realised in 2002. However, the UK Government, the European Union, and the rest of the international community continue to recognise the legitimacy of President Arafat as the democratically-elected leader of the Palestinian people. Yet the international community acknowledges that there is a need to have a Palestinian leadership that the US and Israeli administration can deal with and as such supported the appointment of a Prime Minister.

65. The GOI and US Administration have sought to have the powers of the security forces removed from the President and put into the hands of Ministers whom they found more suitable to their interests. This is a continuing struggle and remains a stumbling block for the peace process. Palestinians are well aware of their President's shortcomings. But at the same time they have been reluctant to lose a leader who is seen as defending Palestinian interests to the last. Nevertheless, the calls from Palestinian society to make the PA more representative, transparent and accountable to its people have been a strong factor driving reform. But the aims of the Sharon government in Israel, in attempting to sideline and remove Arafat by all means, are substantively different from the Palestinians' concern to strengthen democracy and remove corruption. The allegations against Arafat are serious. But the politics of the situation are such that his removal is unlikely and we suspect not desired by the majority of Palestinians. It is clear that if elections were held today in the OPT he would be re-elected. However, some distinction can be made between the President and the PA. It is the PA the donors are engaged with. This engagement is helping to enhance the accountability of the PA as an institution and push through reforms which will outlive Arafat.

Reform of the Palestinian Authority

66. A combination of external and internal criticism has had some success in prompting reform within the Palestinian Authority. In 2002 the PA's Ministerial Committee announced its 100 days reform plan (See Annex). Considerable progress has been made on the reforms set out in the plan, particularly in the area of financial accountability. The IMF is involved in monitoring reforms and shaping the reform process. It has recently published an in-depth analysis, which highlights areas of strength and weakness, making suggestions to guide further reform.¹²⁸ Some of our witnesses have taken this report as a condemnation of the PA's lack of transparency.¹²⁹

128 International Monetary Fund, *Op. Cit.* September 2003.

129 Q 120, Ev 85, Ev 149

67. The IMF representative in Jerusalem considered the reforms undertaken thus far by the Ministry of Finance to be “quite amazing” and described part of his role as helping to continue to improve transparency, detect areas of weakness and create the financial building blocks for a future state.¹³⁰ We too were impressed with the PA’s new Minister of Finance, Salam Fayyad, whom we met in Ramallah. There seems to be a general consensus (even including the GOI) that Salam Fayyad has radically improved the standards of the PA’s financial accountability and its internal auditing.¹³¹ The Minister of Finance has implemented reforms of the PA’s financial management systems, including the creation of a single treasury account under Ministry of Finance control and the monthly publication of the budget and budget execution reports. This is unique in the Middle East. Furthermore, all PA commercial assets have been consolidated into the Palestine Investment Fund.¹³² There is, according to Hilary Benn MP: “across the donors, including the United States of America ...an appreciation of the role that he (Salam Fayyad) has played in trying to get a grip on funds”.¹³³ In other areas reform has not been as strong, notably legal and judicial reform. Although there is scepticism about PA reforms they mark recognition on the part of the PA of its need to put its house in order, largely to restore its credibility amongst its own people.¹³⁴

68. We are impressed with the reforms implemented by the Minister of Finance. But there is still need for further reform in the Palestinian Authority, particularly in relation to the accountability of the presidential accounts and in terms of the legal, executive and judicial reforms outlined in the 100 days reform plan.¹³⁵ Continuing to drive through planned reforms is the best way for the PA to deal with its critics. The PA is an institution which is developing into what could be a credible foundation for a Palestinian State. It is in everyone’s interest that every penny of international development aid to the PA, whether from DFID or charities, is fully and transparently accounted for. Some of the PA’s critics would prefer to see donor funding stopped.¹³⁶ But we believe this would do more harm than good. It would push more Palestinians below the poverty line and lead to total collapse of the PA. A collapse which would have a detrimental affect on the peace process. In the absence of the PA, people would be more likely to turn to extreme positions and measures and support terrorism.

The PA’s credibility

69. The PA has failed in many respects, partly because of the structural restraints that were a product of its design under the Oslo process, partly because of its own internal failings, and partly because of renewed Israeli occupation. We were concerned that UNRWA’s and the NGOs’ role in service provision might undermine the legitimacy of the PA in the same way as the UN system arguably has done to the Transitional Authority in Afghanistan. But

130 Meeting with IMF representative, Jerusalem, 21 October 2001.

131 Meeting with Israeli Ministry of Foreign Affairs, Jerusalem, 23 October 2003

132 Ev 56

133 Q142

134 World Bank, *Op. Cit.* May 2003, page 42

135 See Annex of this report

136 Qq 121-125

the credibility problems of the PA run deeper than its inability to deliver services. William Bell of Christian Aid told us:

“The PA has definitely lost some credibility amongst the Palestinian population but I would not put that necessarily down to the fact that they have not been the main service provider, such as for health and education. Where they have lost credibility is because of the situation that the PA has found itself in. The first ten years of the PA’s existence under Oslo were not all that the Palestinian population expected them to be. There was a lack of priority of poverty alleviation but most importantly for most Palestinians credibility was taken away when they saw that, to a large extent, the PA was unable to act as an equal negotiating partner with the Israelis in order to improve their lives”.¹³⁷

70. Ministers are unable to have a visible public presence at a local level. Ministers, and others working within the PA, are wholly dependent upon the occupying forces for their freedom of movement. The Palestinian Minister of Local Government, who was due to join us on a visit to villages in the West Bank, had his permission to travel within the West Bank unilaterally removed at the last minute, without explanation by the IDF. The last Palestinian elections, for the PA’s Legislative Council, were held in 1996. The terms of office expired in May 1999 but existing office holders have remained in post. Calls for new elections have been numerous, most notably from Palestinian civil society.¹³⁸ Elections had been planned as part of the reform programme, to take place in January 2003. They were postponed until early 2004 because of the security situation. The required electoral arrangements had not been put in place and continuing closure and curfew would not have allowed any valid elections to take place.¹³⁹

Local government

71. Local Government was one of the areas identified for reform under the PA’s 100 days reform plan (See Annex). In 1996 the Palestinian Legislative Council passed a law for the Election of Local Councils. But despite these laws, which were intended as a step towards decentralisation and the creation of a more representative system of local government, local councils still operate under the Ministry of Local Government. The most important responsibilities of local government are the management of electricity and water supply and distribution. Their range of responsibilities also includes: administration of local building permits; regulation of local markets and businesses; and sanitation and refuse collection. They are not, however, responsible for education, health or police; these remain under PA ministerial responsibility.

72. The IMF has attributed the lack of reform in this area to the difficult operating environment:

“Progress towards formulating a reform program has been relatively slow, because local authorities have been hampered by the substantial infrastructure destruction and by the constraints on mobility which prevent reformers from reaching the

137 Q 88

138 Christian Aid, *Op. Cit.* January 2003, International Monetary Fund, *Op. Cit.* September 2003

139 International Monetary Fund, *Op. Cit.* September 2003, page 122

municipalities and seats of local government. Municipalities have lacked the resources needed to function properly, affecting adversely the delivery of basic services as well as the ability to collect payment”¹⁴⁰

There may be some reluctance in the higher echelons of the PA to give up central control to local government. Driving forward reform in this area would greatly enhance people’s participation in the OPT and would go some way to meet the criticism of centralised control and undemocratic practices.¹⁴¹ **It is vital for the credibility of the PA that it obtains a renewed popular mandate through elections as soon it can, including the election of municipal government structures.**

Public relations

73. The PA has failed to prevent Hamas and other Palestinian terrorist groups from continuing to perpetrate terrorist actions against Israelis, and meanwhile has done nothing to protect its own civilian population from the overwhelming military power and policies of the IDF. Although it has spoken out against suicide attacks, its message is not getting across. It condemns terrorism.¹⁴² What is needed is for these denunciations to be widely publicised. **We believe that suicide bombing, as well as being morally abhorrent, has been a catastrophic tactic that has done great harm to the Palestinian cause, and that the targeting of innocent civilians is indefensible. The Palestinian Authority, we are told, also takes this view; its condemnation needs to be heard more widely.**

Security

74. The PA is unable to offer policing or protection to its civilian population. It faces comprehensive Israeli restrictions on its internal policing activities and also lacks institutional capacity. Except for in Bethlehem and Jericho, there are no uniformed police in the West Bank. There is no police presence on the streets to provide security, civilian or otherwise. The police force has little by way of equipment or even police stations. In Nablus we were informed that the police have one vehicle and a couple of radios. Even if the PA were unequivocally willing and able to identify and arrest members of terrorist groups, as the Israelis demand, it has no means of processing or holding such detainees. The PA’s inability to offer protection to its civilian population from the occupying power means that there is a dangerous absence of a protecting power for the civilian population. Under these circumstances, signatories of the Geneva Conventions have an obligation to provide some protection for the civilian population as long as there is a military occupation.¹⁴³

75. The US has been a key actor in security sector reform. It is also an area of increasing DFID involvement.¹⁴⁴ The US has been predominantly interested in reform of the security services rather than the civilian police. In contrast, DFID focuses on the civilian police and

140 International Monetary Fund, *Op. Cit.* September 2003. page 115

141 Ev 85

142 For example: Statement by Yasser Arafat and the Palestinian Authority Leadership, 13 April 2002 (WAFA news agency). See also; *Palestinians condemn Haifa attack*, March 5, 2003 (www.nad-plo.org/press2/html) and http://news.ebc.co.uk/1/hi/world/middle_east/3164096.stm and <http://edition.cnn.com/2001/WORLD/meast.0520/>

143 4th Geneva Convention (Article 1)

144 Q 41

has committed upwards of £650,000 and has disbursed half of this allocation.¹⁴⁵ The initial payment was made for vehicles, communications equipment and uniforms; future spending has been planned with a balance of training and equipment provision.¹⁴⁶ With such a small police force, there is little absorptive capacity.¹⁴⁷ **We recommend that the donor community targets the Palestinian civilian police for “technical” assistance as part of building state institutions and the rule of law. Pressure should be put on Israel to allow this as part of the building of state institutions. The issue of security services should be dealt with as part of political and security negotiations.**

145 *Ibid.*

146 Q 42

147 Q 41

4 The Palestinian economy

76. The collapse of the Palestinian economy has been the major cause of Palestinian suffering. Only donor support has prevented a humanitarian disaster. The closures, which have largely been responsible for economic collapse, have been justified as security measures, but in reality they have been a mechanism to put pressure on the Palestinians by crippling the economy.¹⁴⁸ If Israel's objective were the complete strangulation of the Palestinian economy it could be achieved. But Israel seems to have adopted a calibrated approach, using the Palestinian economy as a lever through which it can exert pressure on the Palestinians.

A crushed economy and rising poverty

77. The economy has declined dramatically since the start of the *intifada* and the Israeli military re-occupation. The World Bank representative in Jerusalem told us that over the last three years, GDP had declined by about one third. But he went on to say that when remittances from abroad are included, then the economy has more or less halved in size over a three-year period. Total investment over the same period has declined by 90% and imports and exports contracted by about a third.¹⁴⁹ To further compound matters, during this period of economic collapse, the population has grown by 9%.¹⁵⁰ The World Bank report states that:

“Using a poverty line of US\$2.1 per day, the World Bank estimated that 21 % of the Palestinian population were poor on the eve of the *intifada*, a number that increased to about 60% by December 2002. Accounting for population growth, the numbers that are poor have tripled, from 650,000 to 1.9 million. The poor are also getting poorer.”¹⁵¹

We know of no examples where this level of economic decline has taken place without the complete dissolution of the governmental apparatus, at least certainly not in a middle-income economy such as West Bank and Gaza.

78. There is no starvation or absolute poverty in the OPTs, but rather a serious decline in living standards which, in the case of the most vulnerable, translates into malnutrition. Palestinian coping strategies have prevented the onset of absolute poverty and allowed a reasonable number of people to work and life to go on, though hardly normally. What, however, makes the poverty so unpalatable is the level of deprivation *vis a vis* Israel, and the awareness that it is not the result of a natural calamity but of deliberate actions on the part of the GOI. The extent to which this is a man-made situation is made strikingly clear by the World Bank's analysis that **removing the “access controls” imposed by the Israelis would increase the size of the economy by 21% and reduce the rate of poverty by 15%,**

148 Meeting with Israeli Ministry of Foreign Affairs, Jerusalem, 23 October 2003, Meeting with World Bank representative, Jerusalem 21 October 2003. See also Christian Aid, *Op. Cit.* January 2003

149 World Bank, *Op. Cit.* May 2003, page xi

150 *The Economy of Occupied Palestinian Territory*, Palestinian National Authority, Ministry of Economy and Trade, October 2003, page 3 (copy placed in library)

151 World Bank, *Op. Cit.* May 2003, *Op. Cit.* page xv

whereas a doubling of development assistance would bring only a 7% reduction in the rate of poverty.¹⁵² This is not therefore a situation which donor assistance can solve. The lifting of closures would, in the World Bank's view, allow the economy to rebound quickly in income terms but not in capital terms. There would therefore be a role for donors to help replace assets, which had been lost.

Workers in Israel, remittances and unemployment

79. Before the *intifada*, one in five Palestinian workers (totalling 128,000 people) found employment in Israel and in Israeli settlements.¹⁵³ Remittances from these workers were estimated as having an annual value of \$1092 million.¹⁵⁴ Work permits required for Palestinians to work in Israel were suspended during the early stages of the military re-occupation of the West Bank and Gaza.¹⁵⁵ Curfews have kept workers housebound while, outside of the curfews, the network of fixed and temporary checkpoints has made movement both between the OPT and Israel and within the OPT difficult. So, despite the re-issue of some permits, it has been impossible for workers to reach former places of employment. The loss of jobs in Israel has had dramatic consequences for what was not an industrial, but a remittance-dependent economy. At the end of 2002, 92,000 Palestinians out of the 128,000 employed in Israel before the *intifada* and reoccupation had lost their jobs.¹⁵⁶ Demand for Palestinian workers in Israel has dwindled in the current security climate. An influx of foreign workers has filled the gap.¹⁵⁷

80. Unemployment has been made worse by the impact of closure and curfew on business. Tourism, which once accounted for 11% of the Palestinian GDP, has come to a halt.¹⁵⁸ The World Bank reported that by the third quarter of 2002 "51,000 of the 327,000 eve-of-*intifada* jobs had been lost in the West Bank (16%) and 54,000 of the 164,000 in Gaza (33%)".¹⁵⁹ As a result, the number of people dependent on one salary has risen significantly.¹⁶⁰ In a situation of high unemployment, many have tried to turn to private enterprise but have difficulty in a market where there is a surplus of goods but a shortage of money with which to buy them.¹⁶¹ Some people have returned to agriculture in the absence of other employment. But in the current context of movement restriction, barrier building and settlement expansion, agriculture is not a viable option.¹⁶² The Palestinian Economic Council for Development and Reconstruction estimates that 85% of the workforce is now unemployed.¹⁶³

152 World Bank, *Op. Cit.* May 2003 page xv

153 *Ibid.* page 3

154 Ev 216

155 World Bank, *Op. Cit.* May 2003, page 3

156 Q 79

157 Q 19 and World Bank, *Op. Cit.* May 2003, page 3

158 Ev 211. See also Ev 238 and Ev 258

159 World Bank, *Op. Cit.* May 2003, page 13

160 World Bank, *Op. Cit.* May 2003

161 Meeting with UNRWA Micro-Finance project, Nablus, 22 October 2003

162 Q 79

163 Ev 207

Internal movement of goods

Back-to-back transfer:

81. Movement of goods in and out of the OPT depends on a system known as “back-to-back” transfer. Israelis have security concerns about the movement of Palestinian goods into Israel, which they fear might be used for the transport of weapons or terrorists. To deal with this risk, Israel has imposed a system of movement restrictions, permit requirements and vehicle licensing on the Palestinian transport of goods. The system is complex and its implementation can be unpredictable. For those who cannot obtain permits, the alternative is to unload lorries at checkpoints and reload the contents into permit-carrying vehicles. For some time the back-to-back system has been in place for transportation of non-humanitarian¹⁶⁴ goods across international borders and from Gaza to Israel.¹⁶⁵ In May 2002, an extension of the “back-to-back” system was announced to eight checkpoint locations near major West Bank cities under the supervision of the IDF.¹⁶⁶ Even a short journey between West Bank towns is now likely to require the use of back-to-back transfers. In theory, lorries carrying foodstuffs within the OPT are not subjected to the back-to-back procedure. However, OCHA staff have witnessed incidents where lorries carrying sugar have been made to unload and re-load.

82. The back-to-back system requires the use of two and sometimes three vehicles; it therefore substantially raises transport equipment and labour costs, which merchants have to pay. In most cases, hire of Israeli vehicles is necessary (because of the restrictions on movement of Palestinian licensed vehicles) and these are more expensive.¹⁶⁷ Costs are also incurred through loading and unloading as merchants have to pay to use fork-lift lorries and other equipment. Goods often suffer damage during the loading and unloading process. Agricultural and other perishable goods are frequently spoiled because of long waiting times at checkpoints, exposure to the sun or through damage during the process of security checks.¹⁶⁸

83. We saw the back-to-back system in operation at the Awarta checkpoint near Nablus.¹⁶⁹ Because of the time spent waiting at checkpoints, it can take up to six hours for goods to travel the 30 kilometres between Nablus and Ramallah. In the past, lorries had been able to make up to five trips per day but this is now out of the question. At Awarta the transfer of goods from one truck to another was completely ignored by the IDF soldiers. OCHA staff told us that the IDF generally check the contents of truck to ensure the goods carried correspond to the goods allowed on the permit. OCHA staff had not seen IDF soldiers monitoring the transfer from one truck to another, nor were security checks carried out after the transfer. There seems to be little consistency in the degree to which security checks

164 There is no fixed or consistent policy regarding the classification of goods as humanitarian or otherwise. 'Humanitarian' goods are most likely to be those transported by 'humanitarian' agencies, but food and medicine can be considered to be 'humanitarian'. However, both food and medicine are regularly subject to searches. Policy is largely dependent on the soldiers doing the searching.

165 Palestinian National Authority, Ministry of Economy and Trade, *Op. Cit.* October 2003, page 12

166 World Bank, *Op. Cit.* May 2003, page 1

167 Ev 211

168 Palestinian National Authority, Ministry of Economy and Trade, *Op. Cit.* October 2003, page 12

169 22 October 2003

are made during the back-to-back process. **Our visit to Awarta demonstrated clearly to us that the restrictions placed on the internal movement of goods within the OPT were not always justified by security considerations. We raised the issue with the Israeli Ministry of Foreign Affairs and with the Coordinator for Government Activities in the Territories (COGAT). Neither explained the logic of the system. It is hard to avoid the conclusion that there is a deliberate Israeli strategy of putting the lives of ordinary Palestinians under stress as part of a strategy to bringing the population to heel. The West Bank back-to-back system, operating as we saw it, is not providing increased security to Israel or to settlers living in OPT. It merely serves to increase Palestinian poverty and suffering by strangling the local economy.**

External trade

84. External trade used to provide a substantial contribution to the Palestinian economy.¹⁷⁰ Much of this trade took place with Israel. In 1998 for example, total Palestinian imports from Israel were valued at US\$2,374 million while exports to Israel were valued at US\$673 million in the same year.¹⁷¹ Between September 2000 and December 2002, Palestinian exports declined by 29% and imports contracted by 36%.¹⁷² The PA's Negotiation Affairs Department has stressed that these declines are directly related to closure:

“Since September 2000, Palestinian commercial operators have not been able to import input material and export products in a normal feasible fashion. The working hours, procedures, security checks have been interrupted and changed regularly in a way that disturbs the free flow of goods. An average of 25 lorries of imports used to be cleared daily before the *Intifada* now an average of 7 trucks is processed daily although there are other trucks waiting”.¹⁷³

The practicalities of export mean that moving goods out of the OPT is extremely difficult. Export of perishable goods has been worse hit because it spoils while held up at checkpoints.

85. The structure of the Palestinian economy has been shaped by the Oslo process and the dependence on Israel that it helped entrench.¹⁷⁴ In the current situation of closure and re-occupation, trade is difficult and sometimes impossible. Israel and the PA have trade agreements with the European Union under the Euro-Mediterranean Partnership, whose principal financial instrument is the MEDA programme. At the heart of the Euro-Mediterranean Partnership is the plan to create a free trade area between the EU and its Mediterranean partners.¹⁷⁵ The MEDA programme is mainly made up of grants, but also includes the financial capital and interest subsidies related to loans provided by the European Investment Bank. Under the MEDA programme, West Bank and Gaza have

170 See Ev 211

171 Christian Aid. *Op. Cit.* January 2003

172 World Bank, *Op. Cit.* May 2003, page 16

173 The need for economic facilitation by Israel, PLO Negotiation Affairs Dept, Sept 2002 (copy placed in library)

174 Ev 244-5

175 Q 75

been granted a total of €307.7 million: €111 million under MEDA 1 (1995-1999) and €196.7 million under MEDA 2 (2000-2002).¹⁷⁶

86. Since 1975 Israel has enjoyed preferential trade terms with Europe under various EC-Israel Trade Agreements. Provisions of a 1986 Council Regulation also enable Palestinian enterprises in the West Bank, East Jerusalem and the Gaza Strip to participate in preferential trade with the Community as does the EC-PLO Interim Association Agreement of 1997.¹⁷⁷ The PA has undertaken to conclude trade agreements with Jordan, Egypt, and other Arab and non-Arab states.¹⁷⁸ But the PA's lack of control over its borders makes it vulnerable to Israeli closures and unable to offer certainty to its commercial trading partners. The PA argues that Israeli administrative, logistical and security measures have acted as an impediment, preventing the Palestinian private sector from benefiting from the Interim Association Agreement.¹⁷⁹ The European Commission described the Interim Trade Association Agreement as "dormant" but noted that attempts were being made to revive it.¹⁸⁰

87. Movement restrictions are a serious obstacle to trade. They impede and delay the transport of Palestinian goods from the point of production to the 1967 border with Israel, and at the 1967 border, and the movement restrictions damage perishable goods and make their export to Israel very difficult. The IMF told us that they believed the EU should put pressure on Israel to enable and facilitate the Palestinian export of perishable products such as cut flowers and strawberries to Europe. In addition, Palestinian imports from and exports to places outside Israel have to pass through Israel to Israeli ports and airports where they are subjected to further bureaucracy, examination and delay. The Palestinian economy is therefore, quite literally, a siege economy capable of being held to ransom by Israel. The EU sought to overcome this problem by building a seaport and airport in Gaza but both were destroyed by the Israeli Defence Force. **Movement restrictions have caused an unacceptable situation whereby an EU trade agreement is obstructed by a party (Israel) which itself benefits from preferential EU trade terms.** We asked Hilary Benn MP whether there was scope within the context of the EU trade agreement with Israel, to try to ensure better access for Palestinian products in the European market. He replied:

"People have certainly looked at the EU Association Agreement on the question of leverage and some have argued that this should be used in order to try and add political pressure to the process. There is not a consensus of view across the EU as far as that is concerned because I think people have formed the view that the other forms of political dialogue and discussion are the ones that we should pursue in order to try and build confidence and encourage those both in Israel and on the Palestinian side, in order to make greater progress towards a political solution...."

176 Europa, Europe, Aid, The Mediterranean and the Middle East: http://europa.eu.int/comm/europeaid/projects/med/bilateral/vw_b_gaza_en.htm

177 Which include Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority. See: http://europa.eu.int/comm/external_relations/gaza/intro/

178 Palestinian National Authority, Ministry of Economy and Trade, *Op. Cit.* October 2003, page 12

179 *Ibid.*

180 Q 75

whether there is potential within the agreement to provide greater access for Palestinian goods I do not know”.¹⁸¹

88. Trade agreements are usually based on the principle of reciprocity: that market access, freedom of movement, and tariff and duty regimes applied by one state or authority normally has to be applied even-handedly and in the same way by all participants in a regional trade agreement. Unfortunately, Israel’s restrictions on the movement of Palestinian goods, its destruction of Palestinian infrastructure and its total control of the OPTs’ borders are denying Palestinian exporters access to EU markets. We therefore urge the UK Government to propose to the EU Council of Trade Ministers that Israel’s preferential terms of trade with the EU be suspended until it lifts the movement restrictions which it has placed on Palestinian trade. We recognise that EU exports to Israel, which are greater in value than EU imports from Israel, might suffer retaliatory action, but we do not believe that the EU’s short-term economic self-interest with one trading partner should take precedence over a direct challenge to its trade policy in the region and its trade obligations to the Palestinian Authority.

Private sector development

89. The Palestinian private sector has absorbed most of the shock to the economy. Half of private sector workforce has been laid off and private agricultural and commercial assets have suffered over half of all physical damage.¹⁸² Industrial projects to the value of \$450 million which were due to start in 2001 have been frozen. The foreign investment share was \$49.5 million, though investors such as Japanese tobacco and Nestlé have since withdrawn.¹⁸³ Christian Aid has pointed to the PA’s partial responsibility for economic decline: “The lack of a transparent regulatory system, including commercial law, has reduced the willingness of private sector entrepreneurs to invest in the OPT”.¹⁸⁴ Incentive for private investment is low because of perceived risks, which include damage caused by the conflict, inability to meet export orders on time due to closure, erratic availability of imports, inability of the PA to enforce property rights, and low returns on capital because of depressed domestic demand.

90. We visited an UNRWA microfinance project in Nablus which provided loans to small businesses. The value of these loans had dropped to a low of under \$1 million during the *intifada* and re-occupation, rising to \$2.5million at the height of the Roadmap process in the second quarter of 2003. These figures provided a clear illustration of how quickly the economy responds to political developments and gives some idea of the size of potential for a “peace dividend”. As traditional modes of subsistence such as agriculture become less viable, more Palestinians are turning to small private enterprise. But with rising poverty there is now a situation where there is a supply surplus and a demand shortage.

91. The imbalance in supply and demand in the Palestinian local market led us to question whether donors could increase demand by greater local sourcing of humanitarian goods.

181 Q 146

182 World Bank, *Op Cit.* May 2003, page xii

183 Ev 220-1

184 Christian Aid, *Op Cit.* January 2003

Oil, for example, is one of the foods provided by UNRWA and WFP. We were told by Dr Nabil al Jarara of Hebron University, Save the Children and others, that most of the oil distributed is purchased outside the Occupied Palestinian Territories because it is cheaper there – 5 to 6 NIS per litre compared with 11 NIS per litre within the OPTs. The WFP said 2002 was a good year for Palestinian olive oil, producing 35,000 metric tonnes, but two-thirds of the production remained unsold. We do not understand why the laws of supply and demand do not appear to work, although we were told that Palestinian labour costs are high. However, purchasing all the locally produced oil, before importing it, would boost the Palestinian economy and reduce, to an extent, the need for food aid. While we welcome and support UNRWA's microfinance project it seems perverse for the agency to be investing donors' money in boosting some small Palestinian businesses through microfinance while its food purchasing arm is at the same time undermining the viability of small Palestinian farmers and food processors by its purchasing decisions.

92. We were pleased to learn that at the end of 2002 WFP initiated, with the financial support of the EC and in close co-ordination with the Ministry of Agriculture, a programme of purchase of 272 metric tonnes of olive oil produced in the northern part of the West Bank. For the first time it has been successful in transporting and distributing part of this consignment to beneficiaries in the Gaza Strip and has plans for a new phase of the project involving the purchase of 450 metric tonnes, although we note that this increase in local purchasing will absorb only 2% of last year's unsold production. Far more could and should be done by donors to use their enormous purchasing power which, currently accounts for a significant percentage of Palestinian GNI, to stimulate the Palestinian economy instead of being used to pay the price of not creating opportunities for Palestinian entrepreneurs to sell their produce. We believe that a more viable Palestinian private sector would do something to alleviate hardship and would tend to help, rather than hinder the peace process. UNRWA locally sources a limited amount of the olive oil that it provides in food aid.¹⁸⁵ We discussed this issue with UNRWA who highlighted the dilemma that aid agencies face given their responsibilities to source products at the competitive rates to maximise the number of people to whom they can provide assistance.¹⁸⁶

185 Meeting with UNRWA Micro-Finance project, Nablus, 22 October 2003

186 Meeting with UNRWA Micro-Finance project, Nablus, 22 October 2003

5 Development challenges

93. In a situation where military incursions are a fact of daily life, physical infrastructure has suffered extensive destruction. At the same time the delivery of humanitarian relief is inhibited by the length of time spent travelling and the extra costs incurred because of complicated transport arrangements, including payment for storage of goods held up at ports. Movement restrictions inhibit movement of Palestinian and international staff and access negotiations consume time and resources. But even in such a difficult operating environment, development actors insist that development is possible.¹⁸⁷

Physical destruction

94. Infrastructure provided by donors in the OPT has been damaged or destroyed during Israeli military incursions. Notable examples include Gaza Airport, Palestinian civil police camps and UNRWA schools and clinics.¹⁸⁸ The destruction is justified by Israel as a regrettable consequence of the conflict, but there are cases of wilful damage.¹⁸⁹ The EU estimates overall financial losses to be as much as €39,475,800.¹⁹⁰ The World Bank estimated that damage to the value of \$930 million had been suffered by Palestinian infrastructure in the period up to the end of 2002.¹⁹¹ In some cases donors continue to invest in physical infrastructure and agencies re-build what has been destroyed. In Jenin we visited an UNRWA project, aided by DFID, which was rebuilding 160 housing units. These buildings were destroyed through the Israeli military incursion against suspected armed groups hiding in Jenin early in April 2002. There is no guarantee that the buildings will not be destroyed again. We have also heard evidence of wilful destruction accompanying Israeli military incursions. The evidence of international NGOs echoes what we had heard from Palestinian NGOs in the West Bank:

“When you visit, as I and my colleagues have done, opticians’ clinics, for example, run by the medical relief committees and you see all of their optics, all of their equipment purely for ophthalmic purposes completely destroyed as well as the office ransacked, and when you see photographs of directors of organisations with their faces burnt out and graffiti on the wall, you realise that this is not just about security”.¹⁹²

Non-physical development

95. Development and military occupation do not mix easily. As a result of the high risk of destruction, donors are reluctant to invest in physical infrastructure and this has shaped development approaches. The focus of the development has been on “soft” development

187 Qq 3, 79

188 Ev 121

189 Q 91, Ev 88, Ev 106, Ev 121, Ev 130, Ev 173, Ev 191, Ev 232, Ev 256, Ev 289

190 Ev 125

191 World Bank, Op. Cit. May 2003, page 19

192 Q 91

and particularly on building human capacity.¹⁹³ Save the Children’s midwife training programme in Gaza illustrates the point; by focussing on community, rather than hospital-based midwifery it is less affected by restrictions on movement. Multilateral agencies and NGOs persevere and find innovative ways of working around the difficulties. One witness stated:

“Long-term development is still possible and essential. The one point I want to accentuate here is that however difficult it is – and it is difficult – long term development is essential as long as it is coupled with active political engagement”.¹⁹⁴

DFID’s work in the OPT is centred on institution building and enhancing the PA’s institutional capacity. This is achieved largely through technical assistance projects. One good example of this would be DFID’s key project which provides support to the PA’s Negotiation Support Unit.

96. We visited the DFID-funded Hebron Water Access and Storage Project. The project, which aims to develop water and sanitation investments in small villages, is based on a DFID-piloted approach that has demonstrated water and sanitation investments as providing what are called ‘turning point’ assets, helping people out of chronic poverty. We also met one of DFID’s partners, the Palestinian Hydrology Group (PHG), a local NGO which works on drinking water access, water for agriculture and waste water recycling. The work of these projects demonstrates that traditional poverty-focussed development interventions are much needed and can be effective in the OPT. They are, however, vulnerable to the damage and destruction so characteristic of life in the OPT. Recently, following the destruction of US-built wells by the Israeli army, the US has sought assurances that US-built infrastructure will not be demolished in the future.¹⁹⁵ **The UK Government should seek assurances that infrastructure will not be destroyed, not only for projects built by the UK and its partners, but for all projects vital to Palestinian communities.**

Delivery of humanitarian relief

97. Importing food aid into the OPT has become increasingly difficult. Between September 2000 and February 2003, UNRWA incurred an extra \$1.78 million in expenses as a result of extra costs in storage and other charges on the import of basic commodities.¹⁹⁶ UNRWA is currently importing 105,000 tonnes of basic food commodities into the OPT annually.¹⁹⁷ The overwhelming proportion of this, 90,000 tonnes, is part of UNRWA’s emergency programme, while the remaining 15,000 tonnes provide for its regular programme of assistance.¹⁹⁸ Since the prohibition on UN lorries travelling in or out of Gaza in October 2000, commercial lorries have had to be hired for food distribution. Charges are also levied by the Israeli authorities on every lorry/container travelling in and out of Gaza, even when

193 Q 79

194 Q 79

195 ‘Israel Destroys US-built wells’, *The Independent*, 5 November 2003

196 Ev 267

197 *Ibid.*

198 *Ibid.*

they are empty. The UN has a priority allocation which should make it easier for it to move containers in and out of Gaza—but these are unpredictable, they change daily and were recently reduced from 30 to 10 containers a day. Goods cannot be moved into the West Bank in Palestinian-licensed lorries, so it is necessary to use Israeli and Palestinian licensed lorries in tandem.¹⁹⁹ Extra costs are incurred as a result and, because Palestinian lorries are banned from using many of the bypass roads linking West Bank towns, long detours drive up running costs even more, as do the storage charges incurred when cargo is delayed. **The international community must put pressure on the Israeli Authorities to lift, or at least ease restrictions on the import of goods into the OPT to facilitate delivery of food-aid to the population of Gaza and the West Bank. Limiting imports into the OPT cannot be justified as a security measure. Provided Israel can be sure weapons are not being imported into the OPT, there can be no justification for further restrictions.**

Obstruction of humanitarian workers

98. Both international and Palestinian staff faces difficulties moving around. Evidence submitted jointly by International Service and the Palestinian Centre for Human Rights outlines difficulties involving denial of visas for international staff for entry into Israel and the OPT.²⁰⁰ This evidence also alleges “increasing levels of violence, including killings and injuries, directed at international staff by the Israeli military and other Israeli government agencies”.²⁰¹ Aid agencies have issued warnings that they will withdraw from the OPT unless restrictions on their movement are eased and the IDF refrains from firing on relief workers.²⁰² There are channels of communication between development organisations and the Israeli Authorities but these have little effect on the movement restrictions faced by Palestinian staff.²⁰³

99. Physical risks are not the only obstacle which development workers face. Negotiating access for aid workers and for humanitarian goods takes up large amounts of time. International Agencies working in the OPT employ large numbers of Palestinian staff and both international and local staff face movement restrictions. Locally-engaged DFID staff encounters difficulties too. Adam Leach of Oxfam told us that “Our Palestinian staff often get treated badly, are made to wait unaccountably and arbitrarily for hours at checkpoints”.²⁰⁴ Some organisations such as USAID and the NGO network, the Association of International Development Agencies (AIDA), issue identity cards to international and Palestinian staff. These cards should ease their movement around the OPT, but this is not always the case.²⁰⁵ Save the Children told us:

199 Ev 267

200 Ev 137-8

201 Ev 135

202 Israel army warned by UN for shooting at aid workers, *The Independent*, 28 November 2003, Aid donors warn Israel on occupied territories, *Financial Times*, 28 November 2003

203 Q 84

204 Q 84

205 Meetings in OPT, October 2003

“Perhaps 50 or 60% of the working time is actually spent in this sort of negotiation. It is not facilitation; it is negotiation around blockage, both bureaucratic and physical, and it is extremely wearing, extremely demoralising and extremely wasteful”.²⁰⁶

Dealing with destruction

100. Damage and destruction of donor-provided assistance needs to be recorded. Not only will this help future planning, it will enable representations to be made to Israel seeking either compensation, and/or assurances on protection of assets. Such information may have a role to play in final settlement negotiations between the two sides: the PA’s Negotiation Affairs Department is already involved in documenting destruction and land appropriation relating to the construction of the barrier. HealthLink WorldWide have stated: “Findings need to be analysed, communicated and acted upon to ensure that there is flexibility in responding to unplanned needs and building a catalogue of evidence to use in future discussion with the Israeli and Palestinian authorities”.²⁰⁷ The EU has been efficient in documenting damage to projects. Although DFID does not directly invest in infrastructure development in the same way as the EU, it makes contributions to UNRWA and NGOs and they have reported losses in respect of equipment, buildings and staff time.²⁰⁸ Some NGOs already try to document destruction and wastage and have made suggestions for the standardising this process.²⁰⁹ NGOs such as ICAHD document demolition of Palestinian property. UN OCHA has a strong monitoring role in respect of checkpoints, movement restrictions, demolition and land confiscation. **A future Palestinian state may be in a position to press for compensation or reparations, but this could only happen where destruction has been documented. DFID should investigate the possibility of its assistance to the PA being used for the systematic documentation of destruction.**

101. So far there has been only one case in which compensation has been paid by Israel. This was for damage to the contents of a WFP warehouse.²¹⁰ Seeking compensation seems to have limited effect. It can also be difficult legally, because of the transfer of ownership of infrastructure from donor to recipient upon completion of the project. The European Commission told us that, in many cases, ownership of buildings and other infrastructure had been handed over to the PA:

“These projects have been transferred to the ownership of the final beneficiary, whether it is the Palestinian Authority or a public or private body and the EU or Member States no longer own these. So it is very difficult legally to see what redress could take place. Ownership has already been transferred.”²¹¹

102. Rather than concentrating solely on compensation, donors that invest in physical infrastructure should seek guarantees that it will not be damaged. It has been reported

206 Q 84

207 Ev 130

208 Ev 121-5

209 Ev 130

210 Q 50

211 *Ibid.*

in the press that the US Administration has sought such assurances following the destruction of new USAID-built wells in Gaza.²¹² Dr Mohammed Shadid of the Welfare Association told us:

“The NGOs are very nervous about the destruction of their property and assets which enable them to deliver services to the community. They hope and expect the donor community to make representations to the Israeli government not to do it again, rather than compensation. They feel that this is far more effective than getting involved in claims and counterclaims”.²¹³

Jeff Halper pointed out that there has never been any compensation for Palestinians whose homes have been demolished or land confiscated. It is therefore unlikely that assurances could ever be obtained to prevent further demolition. This heightens the need for systematic recording of land appropriation and house demolition, as the PA may want to seek compensation at the point of final negotiations.

MASHAV

103. In Jerusalem we met MASHAV, DFID’s Israeli equivalent. MASHAV have an impressive range of technical expertise and are particularly strong in the area of water sourcing and irrigation. They are involved in projects in Africa and Central Asia. MASHAV officials highlighted their strengths in combating desertification and emphasised the relevance of their expertise for the Palestinian Territories and Jordan. Although MASHAV’s remit does not extend to development in the OPT, before the *intifada*, MASHAV ran training programmes involving more than a thousand Palestinians every year. This was seen as a way of strengthening the peace process: taking people with common interests and encouraging them to work together. Since the recent escalation of military occupation all cross-community activities involving MASHAV have stopped. **We would like to see this kind of co-operation encouraged during any negotiations, not least because MASHAV’s expertise could make a contribution towards building a future Palestinian state as a viable, stable neighbour for Israel.**

212 Israel destroys US-built wells, *The Independent*, 5 November 2003

213 Q 91

6 The donor/development response

104. The post-Oslo period brought with it a new level of donor involvement in the OPT. The international community re-engaged in a significant way once there appeared to be the prospect of peace and a timeframe in which donors could work together to lay the foundations of a Palestinian state.²¹⁴ As a result, \$2 billion of assistance was pledged at a donor conference in Washington in October 1993. This chapter examines the way donors, and in particular DFID, have responded to the constraints of an extremely difficult operating environment. We examine the strategy DFID pursues and make suggestions to improve the effectiveness of aid.

Support to UNRWA and NGOs

105. Almost half of DFID's funding to the Palestinians is given in the form of multilateral support, the bulk of which goes to UNRWA's budget. The UK Government has provided core funding to UNRWA ever since its creation. DFID's contributions have risen over the last five years in tandem with measures to encourage UNRWA to improve its efficiency and effectiveness. The UK is now UNRWA's second largest bilateral donor after the USA. Despite this, money, or lack of it, remains UNRWA's perennial challenge. Contributions to the 2003 budget were predicted to fall short by around \$25m. In 2002/03 DFID contributed £18.8 million to UNRWA and expects to have contributed a further £19 million by the end of 2003/04.²¹⁵ In the same period, DFID gave £7.5 million bilaterally through NGOs and is expected to give £7.4 million by the end of the financial year.²¹⁶

UNRWA

106. Support to UNRWA contributes to emergency service delivery and also longer-term development projects in areas inhabited by registered refugees. UNRWA sees its role as delivering services to registered refugees, some of whom are now second or third generation. The term "refugee camp" is widely used but is in many ways inaccurate. The camps we saw were indistinguishable from neighbouring residential areas. We were concerned to explore the practicalities of this international agency that provides relief for the 1948 refugees and examine if it is providing a service that could be carried out by other agencies, including the PA.

107. In the immediate post-Oslo period, donors continued channelling funding for refugees through UNRWA than through the PA. During the last three years of closure the PA has simply not had the capacity, or been in a legal or political position, to take over UNRWA's responsibilities for service delivery. Any cessation of UNRWA's activities is therefore, in the current climate, neither practical nor advisable. Nevertheless, in the longer term, the PA must take over the responsibility that currently rests with UNRWA in respect of the people living within the OPT. As preparation for this, without delay, there should be greater co-ordination between the PA, UNRWA, WFP and all agencies in the delivery of

214 Q 1

215 Ev 58

216 *Ibid.*

services to Palestinians in the West Bank and Gaza. In the short term, UNRWA and the PA have very different mandates. As long as the refugee issue remains to be settled, UNRWA should remain in operation. Furthermore, UNRWA officials we spoke to saw their organisation as the main bulwark against the Israelis' further "immiserisation" of the Palestinian people. It was, in their view, harder for the Israelis to impose collective punishments on Palestinians who came under the protection of a UN Agency rather than the PA.

108. We believe that the UN Secretary-General needs to improve co-ordination between the multitude of UN Agencies working in Gaza and the West Bank. It is costly, inefficient and a waste of donor's money for UNRWA to be delivering humanitarian aid to those Palestinians who are "refugees" while WFP delivers similar aid to "non-refugee" Palestinians living nearby. Equally, it is ludicrous for UNRWA to build and run a school for "refugee" children only streets away from schools funded by other donors and run by the Palestinian Authority for "non-refugee" children. There remains a political need to identify who are "refugees" and their descendants within the OPTs and outside, until such time as their final status is agreed, but it makes no sense to have two donor-funded UN agencies maintaining separate purchasing organisations, warehouses and distribution networks. As a first step UNRWA and WFP should reach agreement to divide the distribution of humanitarian aid within the OPTs geographically, with one agency supplying aid to "refugees" and "non-refugees" alike in some areas of the territories and the other agency in the other areas."

109. UNRWA was constituted, by a United Nations mandate, to deal with the plight of the 1948 refugees. As such it has both international legitimacy as well as a responsibility for the welfare of the refugees, until such a time that there is a political settlement to the issue. The role of UNRWA is continually affirmed by the international community through its renewal of UNRWA's mandate through the UN. UNRWA is not a political organisation, it provides for refugees, but it is not their advocate in the sense that UNHCR might be. We were told, admittedly by UNRWA itself, that most refugees trusted UNRWA more than they did the PA. This may well be so, but it is more than likely an indication of the broader credibility problems of the PA rather than the result of UNRWA's comparative effectiveness in service delivery.

110. The PA stated early on in its life that it would not address refugee issues other than as part of peace process negotiations on a final settlement. Under the terms of the Oslo agreement, the PA has agreed to represent the refugees as part of the final status negotiations, which have not yet occurred. Until that time, they cannot legally take over the humanitarian work that UNRWA carries out. The refugees' UN status is not negotiable by the PA, and their future, which is still to be negotiated, will only be conceded as part of a settlement of their rights under international law.

111. UNRWA has come in for criticism on a number of fronts.²¹⁷ Some criticisms of UNRWA have a political undertone and some are legitimate criticisms of the way in which this large UN agency operates. While there may be legitimate questions surrounding UNRWA's continuing role, it is the only Agency with the operational capacity to provide services to the 50% of the Palestinian population who are registered as refugees (especially

as it provides these same services to Palestinian refugees in registered camps in Lebanon Jordan and Syria). Indeed UNRWA provides a service to refugees in the West Bank and Gaza that both international law and international agencies argue is the responsibility of Israel to provide.

NGOs

112. Civil Society Organisations (CSOs) in the OPT have a strong history of involvement in service delivery and continued to play a crucial role after Oslo and during the *intifada*. As the situation in the West Bank deteriorated, the international community responded with aid packages. These were largely channelled through International NGOs and CSOs as a way of ensuring that the resources reached those communities hardest hit. The Welfare Association Consortium notes that: “The NGO sector today represents a significant and capable service deliverer to the local Palestinian population”.²¹⁸ DFID works with both local and international NGOs providing financial and technical support.²¹⁹

113. NGOs form part of a Palestinian democratic tradition and are seen by donors as a mechanism for “deepening the democratisation process”.²²⁰ NGO and CSO involvement in promoting community participation in local level planning and implementation can help foster communication between the PA and the Palestinian population. At the moment United Nations Development Programme (UNDP) and the PA’s Ministry of Planning are working on the Palestinian Participatory Poverty Assessment, which will identify needs and should enhance the PA’s attention to poverty alleviation.²²¹ NGOs need to rise to the challenge of “strengthening links and establishing a participatory mechanism in order to articulate the needs and required development programs of the community”.²²² But in so doing NGOs have to remain accountable to the people they seek to represent. NGO witnesses recognised the need:

“As professional, proficient development organisations, we all recognise and have increasingly recognised over the last decade or more, the importance of effective consultation and participation with the communities and the people that we are working with, whether it is with organisations or community groups. We recognise that you do not deliver effective aid, whether it is emergency aid or development, without that. So we certainly emphasize, in the partnerships that we establish, the need to talk, listen, understand and to develop a bottom-up approach to the work that we are doing”.²²³

114. In delivering services, all too often there has been competition between NGOs and the PA and the relationship has been tainted with mutual suspicion and political difference. Nevertheless, there has been excellent practical co-operation between the PA and NGOs at the sectoral level (especially in health).²²⁴ PA Ministers and officials voiced concerns about

218 Ev 280

219 Ev 54

220 *Ibid.*

221 *Ibid.*

222 Ev 280

223 Q 95

224 World Bank, *Op Cit.* May 2003, page 51

the shift on the part of donors to fund what they termed NGOs' "academic" activities, such as democracy-building and governance, rather than the provision of essential services.²²⁵ This concern is understandable in light of the need for service provision, but it is hard not to sense defensiveness on the part of the PA.²²⁶ Given the PA's poor past record on governance we would have preferred to hear it welcome the NGOs' switch in emphasis to strengthening civil society. NGOs have themselves been sceptical of the PA's willingness to involve them and make itself more accountable to the Palestinian population. We see a role for NGOs in both service delivery and democratisation. Obviously the focus should not suddenly be shifted to the detriment of service delivery. But if NGOs are to have an increasing role in "democracy building" they have to demonstrate that they are representative of the interest groups they aim to serve.

The Civil Society Challenge Fund

115. Our inquiry revealed some problems in the technicalities of providing DFID funding to NGOs. Healthlink Worldwide commented that:

"the DFID West Asia desk... have staff and an office in the field, an intimate relationship and knowledge of the programme on the ground, discretion over larger budgets, and can respond to emergency situations. The DFID Civil Society Challenge Fund (CSCF), East Kilbride, does not have staff in country, is working through a decentralised structure, has limited links with the DFID country office and the London West Asia desk, and is restricted and bound to the project grant contract."²²⁷

Healthlink argue that the two distinct structures offer very different experiences when it comes to the practical implementation of projects on the ground, and have very different capacities and mechanisms with which to take prompt and informed decisions in response to the changeable nature of the complex emergency situation in the OPT.²²⁸ The Civil Society Challenge Fund needs to be able to respond with appropriate flexibility to the funding needs of projects delivering emergency services in a situation of military occupation. We were reassured by DFID's statement that:

"MENAD [Middle East and North Africa Department] and CSCF have experienced similar implementation challenges during the past few years, in adapting projects that were designed pre-*Intifada* to a conflict environment. DFID is sympathetic to the particular challenges of working in the Palestinian Territory, and stands ready to consider—within budgetary constraints—requests from partners to adapt project activities and timescales. MENAD and ICSD [Information and Civil Society Department] consult on issues of operational policy which affect all DFID-funded NGOs working in the Palestinian Territory... We are looking to strengthen our relationship with NGOs through the recently established DFID-NGO Platform

225 Meeting with Ministry of Education, Ramallah, 21 October 2003

226 Q 94

227 Ev 131

228 *Ibid.*

Working Group. This will involve DFID staff from ICSD and MENAD, and will provide a forum for discussing issues of joint concern and interest”.²²⁹

Support for the Palestinian Authority

116. DFID provides support to the Palestinian Authority largely through technical assistance and capacity building programmes. This support was valued at £6.7 million in 2002/03, rising to £11 million in the period 2003/04.²³⁰ This rise in support demonstrates how DFID concentrated on PA institution building as part of its strategy to focus on “institutional strengthening rather than the development of infrastructure”.²³¹ This is motivated partly by a reluctance to invest in infrastructure which the IDF might destroy, but also in the hope that—in enhancing the PA as a credible, effective institution—DFID is supporting the peace process and assisting the preparation of the PA for eventual statehood.²³² DFID’s Director of the Europe, Middle East and Americas Division told us:

“Without policy change and political change, you are never really going to be able to tackle some of the major aspects of poverty. So, when DFID looks at poverty alleviation, it will take into account the policy governance aspect as well as meeting the needs and service delivery”.²³³

Capacity building and technical assistance

117. One of DFID’s larger projects is its support to the PA’s Negotiation Support Unit. Its objective is to provide professional legal, technical and communications advice to the PA in preparation for, and during, permanent status negotiations with Israel. As such it funds staff salaries and equipment. Since the collapse of formal negotiations two years ago, the NSU has broadened its role by seeking to encourage the resumption of negotiations and contributing to a variety of diplomatic peace initiatives. DFID’s support for the NSU is a practical and tangible way in which development can support the peace process. We believe there is considerable scope for the expansion of DFID’s and other donors’ work in institution building within the PA and in the municipalities. **Such money as the international community, including DFID, is spending on improving “good governance” and capacity building within the PA is money well spent.**

European Union assistance

118. The EU began providing assistance to the Palestinians in 1971 through support to UNRWA’s budget. The PA is also eligible for support through the Community’s main financial instrument for the Euro-Mediterranean region, MEDA.²³⁴ From June 2001, a significant part of EC assistance was provided in the form of direct budget assistance to the PA: “directed towards securing expenditures such as public service salaries, social,

229 Ev 60

230 Ev 58

231 Ev 51

232 Qq 1, 3

233 Q 5

234 Ev 117

educational, health and other core functions of the PA”.²³⁵ The conditions which the EU imposed on the funding required the PA to carry out concrete reform measures leading to:

“reinforced transparency in the PA’s public finances; a consolidation of all sources of PA revenue in a single treasury account monitored by the International Monetary Fund; a freeze on public sector hiring; adoption of the Law on the Independence of the Judiciary; adoption of the Basic Law; reinforced internal financial control; strengthened external audit capacities”.²³⁶

Budget support

119. In 2002 \$464 million of donor support was disbursed against the PA budget.²³⁷ Approximately \$400 million of disbursements are planned this year but the PA estimates its external budget support requirements at \$535 million.²³⁸ DFID does not provide direct budget support to the PA. However, the UK indirectly contributes to budget support through the European Union’s contributions.

120. The move towards providing budget support to the PA was triggered by the GOI’s decision to withhold tax revenues due to the PA. EU budget support prevented the total economic collapse that would have resulted from the PA losing 60% of its revenue.²³⁹ It was intended by the EU as an emergency measure, to alleviate the immediate problems of service provision caused by Israel’s withholding of revenues, and to maintain the PA as a viable interlocutor. On top of these objectives the EU has used the conditions and monitoring requirements that accompany budget support as a lever to encourage reforms and improve standards of governance, transparency and accountability in the management of public finances.²⁴⁰ Since the resumption of revenue transfer by the GOI, the EU has changed its method of budget support from monthly payments into a single treasury account to new targeted assistance focussing on the private sector and social services.²⁴¹

121. Budget support to the PA works towards the strategic development objectives of providing poverty alleviation to people through the salaries they receive, whilst simultaneously building institutions. The European Commission told us:

“Since half of all employment in the West Bank and Gaza is directly dependent on the Palestinian Authority I think that is why the World Bank have said they have found that budget support that was provided during that period was an effective means of reaching the poorest parts of the population as well as trying to make progress in the reform of the Palestinian Authority”.²⁴²

235 Ev 118

236 *Ibid.*

237 World Bank, *Op Cit.* May 2003, page xvi

238 World Bank, *Op Cit.* May 2003

239 International Monetary Fund, *Op. Cit.* September 2003, page 63. See also Ev 118

240 EU to support reform of Palestinian Authority with new forms of Aid, External Relations Department, EU, Brussels, 30 April 2003

241 This would mean paying off PA arrears that have weakened business and contributed to higher unemployment, and paying off areas to the social sector which have weakened public health provision. *Ibid.*

242 Q 51

Providing salary support delivers assistance to more than just the direct recipient. The World Bank's analysis showed that a civil service salary was likely to support an extended family household. According to Bank estimates, cancelling budget support could have pushed a further 100,000 people into poverty.²⁴³

122. Using budget support for poverty alleviation through salary payment in this way is highly unusual, particularly as some of those on the PA's payroll are not working. This is largely but not always the result of poor management; the civil police, for example, cannot perform all their functions because of Israeli restrictions. In this context, therefore, budget support constitutes a form of emergency assistance. Some have suggested that the provision of assistance in this way is creating a dependency culture.²⁴⁴ This is a legitimate concern and one that must be considered when planning long-term strategy for development in the OPT. **In the current situation of economic collapse, wage payment maintained by budget support, is an effective method of emergency poverty alleviation.**

123. Budget support is usually provided only if a donor is satisfied by the recipient government's focus on sound financial management as well as on poverty reduction. The PA has hardly met these criteria in the past. Support is, however, tied to certain conditions. In the Palestinian example these relate to the reform programme (Annex). There has been a campaign in the European Parliament to require greater transparency of the funding given to the PA. This is motivated by concerns that aid money might be used not for poverty reduction but in support of terrorist activities against Israel.²⁴⁵ This issue was raised in most of the submissions we received from Israeli sources and from some Jewish organisations. Dr Samuels, International Relations Director of the Simon Wiesenthal Centre, also told us that:

“projects funded by the EU, such as Palestinian Television, which is broadcasting hate, which is broadcasting anti-Semitism.....EU-funded school texts and schoolteachers who promote hate and the denial of Israel and the denial of the Holocaust; EU-funded websites...”²⁴⁶

Transparency and monitoring

124. The European Commission has conducted its own investigations into the allegations that the funds which it provides to the PA have been misused; it has found no evidence:

“We have done a number of things in response to this... We have looked at every one of the documents presented to us.....we have not found yet—and I have to say ‘yet’ because we are continuing to look at these things—a case of money being diverted for terrorist purposes. There is an investigation by the European Anti Fraud Office under way but I can give you no results from that yet. There is also a Committee of the European Parliament which is looking into this, which meets every month, and they have not yet produced their report, but we are obviously

243 World Bank, *Op. Cit.* May 2003, page 88

244 Memorandum submitted by Stewart Cass (Not printed - copy placed in the library).

245 Q 64. See also Papers submitted by the European Union regarding funding to the Palestinian Authority (Not printed - copy placed in the library).

246 Q 112

cooperating with all these inquiries as well as the ones we have launched ourselves.”²⁴⁷

EU Commissioner for External Relations Chris Patten has also stated that the documents provided to the EU by the GOI have not offered any proof that known members of terrorist groups are on the PA’s payroll.²⁴⁸ Although the international community cannot check every person on the PA’s payroll, it has applied pressure for measures to increase the Ministry of Finance’s control over the payroll. **We are reassured by the EU’s investigations, but the EU and other donors must ensure that there is no opportunity given for justified suspicions to be raised. The use of development aid to the PA, whether from EU, or elsewhere, must be fully, openly and transparently accounted for.**

125. In addition to the EU’s own investigations and the reform programme to which the budget support is tied, the EU’s assistance is heavily monitored. As the European Commission told us, the IMF is involved in aggregating and supervising expenditure by the PA.²⁴⁹ It has also worked closely with the Palestinian Ministry of Finance and has a programme to make sure that expenditure is subject to proper control. This involves the presence of 54 auditors in PA Ministries.²⁵⁰ This level of monitoring does not come without cost; reporting requirements place a heavy administrative burden on the PA whose staff and resources are needed to cope with the humanitarian crisis.

DFID and budget support

126. DFID is considering the case for budget support to the PA²⁵¹. The criteria which it would normally use to assess suitability for budget support are that:

“A thorough evaluation of public financial management and accountability systems, and associated risks, has been carried out; The government has a credible programme to improve standards of these systems; The potential development benefits justify the risks, taking account of any safeguards that can be put in place to buttress and develop these systems; These assessments are explicitly recorded as part of the decision-making process to provide assistance.”²⁵²

Recent PA reforms have been positively assessed by the IMF and all funding to the PA is now consolidated through the Palestinian Investment Fund. DFID is also, in conjunction with the World Bank, carrying out a “Country Financial Accountability Assessment” (CFAA) which will provide important information about the strengths and weaknesses of PA systems and identify where further capacity building might be needed”.²⁵³

247 Q 64

248 Papers submitted by the European Union regarding funding to the Palestinian Authority (Not printed - copy placed in the library).

249 Q 63

250 *Ibid.*

251 Ev 51

252 Ev 55-6

253 Ev 56

127. However, budget support to the PA would have to be considered as a special case. It is unlikely to take the form that it does in other countries, where there is relatively little direct monitoring of funds once they have been disbursed. Hilary Benn MP recognised that:

“there would be reservations about providing direct budget support in the form that we do with other countries, because we have to go through a process of satisfying ourselves that the systems and structures are in place to account for how that money is spent, and it would not be right to do that without having gone through that process in relation to the Palestinian Authority.”²⁵⁴

DFID is therefore considering the PA as a special case and is considering earmarked budget support so as to provide greater accountability:

“We are, as we speak, looking at earmarking for the first time some budget support which would be used to pay off £5 million worth of the Palestinian Authority’s VAT debts to UNRWA... By using the mechanism earmarked ‘direct budget support’ in effect you have a way of absolutely satisfying yourself that the money has gone to UNRWA, that it has wiped off some of the debts and therefore it has the effect of being budget support without raising the difficulties of systems and tracking the money through.”²⁵⁵

The US has provided support to the PA in the form of earmarked funds for the payment of bills (electricity) which the PA owed the GOI.²⁵⁶ This method of financial support to the PA carries no risk of diversion or misuse of funds. On the other hand, it fails to provide the benefits which budget support is intended to bring—of enhancing the PA’s own financial management systems.

128. DFID would usually provide direct budgetary assistance in support of a country’s poverty reduction strategy. But the PA has been criticised for its lack of a poverty focus. **DFID has provided substantial support to the PA in the form of technical assistance. DFID could usefully provide greater levels of technical assistance and in particular could support the Palestinian Authority in developing poverty alleviation policies and enhancing Palestinian involvement in development planning.**

Co-ordinated monitoring

129. The conditionalities on aid and monitoring requirements which accompany EU budget support place a heavy administrative burden on the capacity of an already weakened PA. **If DFID were to move towards providing budget support it should investigate the possibilities of a unified monitoring system with other donors. Failure to do so could result in the PA being faced with managing a range of donor conditions and monitoring requirements. If development assistance is to be efficient and effective, aid must be delivered without putting an unbearable strain on an institution with weak capacity.**

254 Q 142

255 Q 142

256 Informal meeting involving USAID representative, Tel Aviv, 23 October 2003

Donor harmonisation

130. There are numerous donors operating in the OPT.²⁵⁷ The architecture for the co-ordination of their work is complex. The main mechanisms are the Ad Hoc Liaison Committee and the Local Aid Co-ordination Committee, which focus on policy and operational issues respectively. There are also a number of sector-focussed donor groups working under this framework.²⁵⁸ International NGOs are co-ordinated through two fora: the Jerusalem-based Association of International Development Agencies and the UK-based Palestine Platform.²⁵⁹ Both of these have regular contact with bilateral donors.²⁶⁰ Local NGOs are co-ordinated through a variety of networks such as PNGO Network, which is a voluntary cluster of Palestinian NGOs.²⁶¹

UNSCO

131. The Special Coordinator provides overall guidance to United Nations programmes and agencies in the West Bank and Gaza Strip, both those with representation in the field and those based abroad. Its role is to facilitate co-ordination within the United Nations family to ensure that the organisation's overall approach to socio-economic development is integrated and unified, and is consistent with the priorities identified by the PA. Given that UNSCO is the organisation at the forefront of co-ordination, we were surprised at its relatively low-key role in this area. UN OCHA does an excellent job in monitoring facts on the ground, as well as helping communication within the development community. Yet it does not have the mechanisms for reporting back to the Secretary General that UNSCO has. UNSCO has an operational capacity in its reporting structures, and thus is well placed to co-ordinate reports from other international donors, agencies, and NGOs about the monitoring that they have engaged in, as well as the results of that monitoring. In some ways it has been undermined as an organisation because it has not had a strong relationship with the Israeli Authorities, and it has a small staff at present. We discuss in paragraphs 141- 144 the need for a respected international observer to monitor the situation in the OPT and suggest a stronger role for UNSCO in this area, with an enhanced staff.

Scope for improvement

132. Our visit to the OPT demonstrated to us the difficulties of co-ordination. We saw a multiplicity of agencies, each of which was aware of the work their counterparts were undertaking. But we saw little evidence of a co-ordinated strategy. At a roundtable meeting with UN Agencies we heard about the work of the different agencies in various sectors— but there seemed to be no overall guiding strategy harmonising the work that was being done. But greater harmonisation is important to ensure aid effectiveness; this is particularly so in a situation where there is a complex web of service delivery such as in the OPT. Hilary Benn MP agreed that:

257 World Bank, *Op. Cit.* May 2003, page xiv

258 Ev 56

259 Q85

260 Ev 56, Ev 126, Ev 201

261 Ev 232

“we need to be sure that we are doing all that we possibly can to address the question of effective co-ordination so that we get maximum impact for the money that we spend”.²⁶²

133. Strategic harmonisation is also desirable in a context where there is such discussion of the role of aid and of the dynamic between aid and the wider political situation. DFID have stated that:

“Donor co-ordination is generally strong in terms of information exchange and avoiding duplication of effort. More work is required in terms of harmonising aid delivery mechanisms and joint strategising”.²⁶³

DFID considers that its strategic vision is greatly influenced by shared analysis with donor partners and project partners. Complete harmonisation of donor assistance would be difficult, however. The Secretary of State’s comments identify the potential difficulties:

“Part of the difficulty is that, of course, different aid agencies operate in different ways and have different reporting requirements and some are more relaxed about forms of support which others would not be prepared to contemplate”.²⁶⁴

Donors operate in different ways but co-ordination is necessary to ensure that both development and emergency relief are delivered effectively. The OPT receives a large amount of donor aid. What this aid can achieve would be maximised if all donors can work towards an overall strategy for development. The best way of achieving this would be through a Palestinian-led process of development planning.

Palestinian-led development

134. A recent report on donor co-ordination pointed out that more could be done to improve the input from the Palestinians and the PA in development prioritisation.²⁶⁵ We were concerned, for example, to learn that only three out of 190 UNDP in-country staff is Palestinians. This was recognised by Hilary Benn MP: “There has been an issue about effective co-ordination on the PA side and the changes of government and personnel do not necessarily assist in that process”.²⁶⁶ Strategic harmonisation, involving donors and the PA might be facilitated by donor support for a Palestinian development plan. This could be realised through the Palestinian medium-term stabilisation and development strategy which was presented to donors in December 2003.²⁶⁷ DFID has said that the strategy: “intends to improve its dialogue with donors about their respective contributions to that vision. The donor community, including DFID, is supportive of this initiative”.²⁶⁸ Any such strategy will need to address the weakness of the PA’s poverty focus.²⁶⁹

262 Q 21

263 Ev 56

264 Q 21

265 *Aid Co-ordination During the Intifada*, Report to the LACC Co-Chairs, July 2003, Mokoro.

266 Q 21

267 Executive Summary placed in the library

268 Ev 56

269 Ev 86

135. Production of the stabilisation and recovery strategy had been delayed because of a lack of capacity in the PA Ministry of Planning. The PA's budget deficit means that it has no funds to implement its plan and will be completely dependent on donor support to realise its objectives. Planning and strategy may be an area in which DFID could provide support to the PA through technical assistance and capacity building. DFID's flagship project supporting the PA's Negotiation Support Unit may be a model for further development intervention.

Communication with the Israeli Authorities

136. Negotiation of access arrangements and obstruction of aid workers and humanitarian goods can take up to 60% of aid agencies' time.²⁷⁰ The channels of communication between aid agencies and the Israeli Authorities include the Task Force on Project Implementation (TFPI). The TFPI was established by the Joint Liaison Committee (JLC) as a representative mechanism of the international community for ensuring effective implementation of donor-funded projects in the West Bank and Gaza. The TFPI is comprised of UNSCO, World Bank, European Commission and USAID, with a six months rotating chairmanship. The TFPI reports that in the last two years the operating environment has become increasingly difficult for humanitarian workers in the OPT and this has necessitated increasing contact with the Israeli Coordinator for Government Activities in the Territories (COGAT).

137. In a report to the Ad-hoc Liaison Committee in February 2003 the TFPI reported "the imposition of serious obstacles placed in the path of an effective and efficient delivery of humanitarian and emergency assistance".²⁷¹ The main areas of difficulty are unreliability and non-uniformity of humanitarian access, lack of staff security because of non-recognition of international humanitarian symbols, lengthy and costly delays of import of humanitarian goods reducing the impact of the aid dollar. Whilst the TFPI now has regular contact with COGAT, it still faces problems. The methods established by COGAT frequently require personal intervention by COGAT, TFPI, or donor staff to resolve problems, placing tremendous strain on all the organizations involved. Agreements for alleviating problems are often informal and *ad hoc*. Furthermore the authority of COGAT is circumscribed and the interactions between COGAT and the IDF are not always well coordinated; this has particular impact on issues pertaining to safety of international personnel and consistent access of personnel to the Palestinian population.²⁷²

138. After talking to humanitarian agencies and NGOs we discovered that that they do not all use the TFPI as a channel of communication. Some NGOs lobby the TFPI on general access issues via the Association of International Development Agencies. Others have direct contact with the Israeli Authorities—though we were told that this policy does not necessarily lead to the lifting of restrictions.²⁷³ Some development agencies refuse to negotiate with the Israeli Authorities as a matter of principle, on the grounds that free

270 Q 84

271 *Update Report for the Ad-hoc Liaison Committee*, Task Force on Project Implementation, Lancaster House, London, 18-19 February 2003

272 *Ibid.*

273 Q 84

access should automatically be provided under international humanitarian law. The reality of the situation is that there is an *ad hoc* system of negotiation whereby development staff uses whatever contacts or means they have at their disposal to facilitate their work. **While we commend the work of the TFPI, we are concerned that it is under strain and has difficulty undertaking such a huge and sensitive task.**

139. During our visit we met a representative of the COGAT. We were told of the efforts made to improve the procedures for humanitarian access. COGAT assured us that the delay of ambulances at checkpoints was a rarity, despite the fact that we had seen three such incidents in the few days we had been there. Although COGAT seemed to have the will to make changes to procedures to facilitate aid worker access, this was not borne out by the situation on the ground. International Agencies have complained that despite numerous meetings with the military authorities, they are still subjected to unpredictable and sudden changes on the ground, the purpose of which is rarely explained.”²⁷⁴ The TFPI is reported as saying: “Israeli promises of improved procedures had so far failed to filter down to the army in the occupied territories.”²⁷⁵

140. Time spent in negotiation with the Israeli authorities has an impact on the effectiveness of development assistance in the OPT. **In light of the continuing negotiations between Israeli Authorities and International agencies and the discrepancy between high level military policy and the on-the-ground reality, we consider that details of cases of obstruction of humanitarian workers should be routinely documented.** This would provide the necessary information to the Israeli authorities about where the blocks are in terms of policy filtering down to soldiers at checkpoints. Although, ultimately we believe that a relaxation of Israeli restrictions is required, these measures may help to ease the process until such a time as restrictions are lifted. **The USA should use the leverage it has with Israel to facilitate delivery of humanitarian relief.**

Facilitating better standards of living

141. Improving the situation of Palestinians will require more than representations to ensure humanitarian access. **There is clearly a need for a respected international interlocutor to negotiate with the IDF to try to ensure that the day to day conditions for occupied Palestinians are as humane as possible.** At present no one is undertaking this task. UNRWA sees its role simply as meeting the immediate humanitarian needs of the Palestine “refugee” population. UNSCO see their role as attempting to take forward the “peace process” and the ICRC have made it clear to the GOI that they intend to wind down their activities in the OPT, and thus they clearly do not see it as part of their role to seek to ensure that the IDF honour and follow international law as set out in the Geneva Conventions and elsewhere.

142. There is a multiplicity of UN Agencies and NGOs, all seeking to deliver a variety of humanitarian and other services to the Palestinian community, but none of these are in a position to negotiate successfully with the IDF or the GOI more humane treatment for

274 Israel army warned by UN for shooting at aid workers, *The Independent*, 28 November 2003

275 Aid donors warn Israel on occupied territories, *Financial Times*, 28 November 2003

occupied Palestinians, and indeed themselves, in reality, are subject to exactly the same restrictions of movement imposed upon Palestinians.

143. The fact is that Palestinians in Gaza and the West Bank have no state, neither *de jure*, nor *de facto*; no citizenship; no rights; no remedies, and no one from the international community taking the responsibility to seek to ensure that an occupied people in these circumstances are treated as humanely as possible. Part of the reason why nobody is undertaking the task of acting as an intermediary to ensure humane conditions in the OPT is that it is a notoriously difficult job. UN representatives have been sent to the OPT.²⁷⁶ UNSCO already reports on the situation in the OPT to the UN Secretary General. But we believe there is a noticeable gap where there should be coherent, high level monitoring of the extent to which the occupation is being carried out in accordance with international law. This is a task too large and sensitive to be carried out solely by the TFPI. It requires high level involvement of a respected interlocutor with the authority needed to be effective. We would have expected UNSCO, with its permanent presence in the OPT, to have a stronger role in monitoring the living conditions of Palestinians under occupation and acting to facilitate improvements. Unless the Israeli Authorities offer full co-operation, this is a difficult, if not impossible task.

144. UNSCO’s authority, role and resources need to be strengthened. In order for UNSCO to be effective the international community needs put pressure on the Israeli Authorities to cooperate. **In addition to strengthening the role of UNSCO and the Special Co-ordinator, it is time for the Secretary-General of the United Nations—with the authority of the Security Council—to appoint a further Humanitarian Envoy or Special Representative to undertake the specific task of ensuring that the occupation is as humane as possible and that there is a coherent and co-ordinated international scrutiny of what is taking place in the OPT. Such an appointment will need to be accompanied by provision of the necessary money, materials and resources.**

Advocacy and political pressure

145. Development workers in the OPT all stressed that improvements would only follow an end to the closures. DFID states in its written evidence: “What is most needed to reduce poverty is relaxation of Israeli curfews, closures and checkpoints, and eventual withdrawal so that the economy can grow again”.²⁷⁷ During our visit, and in oral evidence, we have heard repeatedly that only an end to the occupation and its accompanying policy of closure will deliver poverty alleviation and development in the OPT. The World Bank has highlighted the futility of donors pouring more money into the OPT.²⁷⁸ What is really needed to improve the conditions of Palestinians and to provide an enabling environment for development is an easing of the restrictions of closure, and eventually an end to the occupation.

146. Unusually for us, during our visit to the West Bank, no one asked us for money! Neither the PA, nor the NGOs, nor the UN Agencies saw their problems as rooted in a

276 For example The UN Secretary General’s Personal Humanitarian Envoy, Catherine Bertini

277 Ev 52

278 See paragraph 78 of this report

shortage of funding. But they all asked for advocacy and political pressure to end the occupation. UN OCHA put it best when it described the situation in the OPT as a massive humanitarian operation to tackle the consequences of, not a flood or famine, but a man-made disaster. It argues that in such a situation, tackling the cause of the problem is a necessary part of the humanitarian package. As a result of the highly political environment and the need for political solutions, there is greater emphasis on advocacy amongst the development community.²⁷⁹ Advocacy involves “an opportunity to allow people, who find it difficult or do not have the opportunity to speak for themselves, to speak with them and on their behalf”.²⁸⁰ On the whole, development assistance has generally followed a principle of neutrality. But advocacy carries with it the connotation of representation and acting on behalf of one side. Some evidence submitted has been heavily critical of International NGOs and their role in advocacy because it has been seen in some quarters to result inevitably in NGO politicisation.²⁸¹

147. Although there is a tension between advocacy and neutrality, given that there is such a widespread recognition of the need for political solutions, and that the basic rights of Palestinians are not addressed in any political negotiation, and given the destruction of Palestinian political and civic infrastructure and institutions, it is difficult to see how development organisations can avoid being involved in advocacy. In the OPT their involvement is a product of the intensely political situation in which they find themselves operating. Advocacy is, therefore, an element of many development organisations’ strategy. This is not a new phenomenon: development organisations working in other conflict areas have found themselves playing a role in advocacy in situations where political solutions are the only mechanism for preventing suffering. We think that on the whole those organisations involved in advocacy have struck the right balance and have managed to hold the line between factual representation and bias.

Global media

148. The Palestinian message is failing to reach the international community. It is easy to understand and feel the horror of suicide attacks, but more difficult to understand the conditions of the Palestinians under Israeli occupation. Suicide attacks have a profound effect on perceptions of the conflict. The effects of military occupation and obstacles to development faced by the Palestinians are more complex and do not receive the appropriate level of media attention. A suicide attack reported in the world press damages opinion of Palestinians and images shown on television of rallies at funerals reinforce negative perceptions. Negative stereotypes, such as the following, are on the increase:

“Dominant cultural motivations [of Arab societies] are honour, shame, avoidance of humiliation, and retribution for actual or perceived affronts. Unlike modern Europe, the Arab world fully approves of violence as a primary means of resolving conflict...”²⁸²

279 Q 82

280 Q 82

281 Ev 68-70, Ev 76, Ev 84, Ev 98-100

282 Ev 67

149. We are concerned about the rising tide of anti-Islamism, or anti-Arabism, characteristic of such perceptions. **All actors need to remind themselves of the need to avoid anti-Semitism and anti-Islamism, as well as stereotyping Arab or Jewish societies. International agencies that are engaged in dealing with the crisis and are witnesses to many of the problems Palestinians face could do much more to convey these facts, in an authoritative and non-polemical manner, to the media and the general public in the UK and Europe. An awareness programme of this kind, by neutral witnesses, and carried out by NGOs, donors, and the NSU, could provide a much-needed education of the public as to the everyday realities in the OPT.**

Advocacy by the UK Government

150. The UK Government regards the building of the separation barrier on Palestinian land and the expansion of settlements as illegal.²⁸³ **We agree with the Government's position and urge it to be more forceful in its advocacy on these issues. We see DFID as having an advocacy role to play within the UK Government. The Secretary of State assured us that co-ordination with both the Foreign Office and the Department of Trade and Industry was good.²⁸⁴ It is essential that the Government's position is harmonised across departments and is consistent with all the parties' obligations under international law and agreements.**

Economic pressure

151. As we have mentioned earlier, there are economic levers at donors' disposal, which may not have been used to full effect. European trade agreements could be used to exert economic pressure on Israeli Authorities. War on Want go so far as to suggest:

“A trade policy could provide a key mechanism for exerting pressure on Israel. A full economic embargo would be in line with Article 2 of the EU-Israeli Association Agreement which states that trade restrictions can be enforced in deference to a country's poor human rights record”.²⁸⁵

Thus far there has been a reluctance to resort to this kind of pressure and we agree that it is an extreme measure. We have already quoted Hilary Benn MP's comments on this subject in paragraph 87.²⁸⁶ The European Commission told us:

“The trade balance with Israel is very, very heavily in our favour. So when you say, ‘What is the benefit or impact on Israel of these arrangements’, at the moment the European Union is doing quite well out of them both in terms of industrial trade and agricultural trade.... So I am not sure what would be the result of disrupting these or interrupting these. It may actually harm the European Union more than it harms Israel”²⁸⁷

283 Q 151

284 Q 144

285 Ev 275

286 Q 146

287 Q 76

We do not agree with this approach. We believe in principle that where a sufficiently egregious case of human rights abuse has been established as to warrant economic sanctions, the EU should not be deterred from imposing them simply because the trade balance with the country concerned is in its favour. We urge the UK Government to take up this point with the European Commission and with its EU partners.

152. However, the EU has successfully exerted pressure on Israel to stop mislabelling products produced in Israeli settlements. As settlements are regarded as illegal by the UK Government and the EU, settlement produce is not permitted to benefit from the preferential terms of its trade agreement.²⁸⁸ In the past the GOI has labelled settlement products as originating in Israel, rather than the settlements.²⁸⁹ As the European Commission told us:

“The action we have taken jointly with Member States’ customs administrations is to impose duties unilaterally on these products to prevent them from having preferential access to the market”.²⁹⁰

In November 2003 the Israeli Trade Minister announced that Israel was backing down.²⁹¹ Some EU countries had imposed additional tariffs on exports from Israel because of the difficulty of determining the origin of the exported products. In future all goods exported from Israel and the OPT will be origin labelled. **We welcome the change of policy on the part of the GOI. In this case economic pressure was successful. However, there remains a risk of goods being falsely labelled as produced in Israel rather than in the settlements. We trust that HM Customs will maintain a close watch for false origin labelling**

Subsidising the occupation?

153. The World Bank estimates that since the start of the current *intifada* in 2002: “donors have provided about US\$315 per person per year, an unprecedented level of financial commitment” to the Palestinians in the OPT.²⁹² Since the re-occupation and closure of the Palestinian Territories, development agencies have been forced to shift more and more towards emergency humanitarian relief.²⁹³ The increasing levels of emergency assistance required has led some to suggest that by staving off humanitarian catastrophe with aid, the international community is, in effect, subsidising Israel’s occupation. A recent article in the Israeli press highlights that: “Had Israel been required to fulfil its commitment as an occupying power, it would have had to pay NIS5-6 billion a year just to maintain basic services for a population of more than three million people”.²⁹⁴ **Few would argue for a resumption of Israeli, as opposed to PA, administration in the OPT. However it does seem that Israel’s’ policies and actions in the last ten years have acted as an obstacle to**

288 Interim Trade Association Agreement

289 The Irregular Application of EC-Israel Association Agreement—The Heart of the Problem, its Consequences and Risks, and a Good Solution, Charles Shamas, The Mattin Group (copy placed in the library).

290 Q 76

291 Israel backs down in EU trade row, *The Guardian*, 26 November 2003

292 World Bank, *Op. Cit.* May 2003, page xiv

293 Q 4, Ev89

294 ‘International community supports a deluxe occupation’, Meron Benvenisti, *Ha’aretz News*, 11 September 2003

the development of the PA into a government that is able to deliver services to its people—as was intended in the 1993 Declaration of Principles.

154. Donors are faced with a dilemma over the ethics of providing aid to over three million Palestinians behind Israeli checkpoints and roadblocks. But given that Israel does not accept its responsibilities as an occupying power, withdrawing would be a difficult decision to take. DFID told us: “Our position, as is the same with a number of donors, is that if we did nothing, we would see a great deal of suffering, so we have to look at the needs of the Palestinian people versus the wider political argument”.²⁹⁵ DFID’s Programme Manager for the West Bank, Gaza Strip and UNRWA added: “It is quite clear that those obligations are not going to be met and the only alternative is to leave people to suffer if no one is substituting”.²⁹⁶ **In the absence of any international authority mandated to represent the interest of the Palestinians under occupation, and until such “observers” are in place, this presence of bilateral and multilateral donor agencies provide a modicum of international “monitoring”, if not protection.**

155. But the International Committee of the Red Cross is ending its £21.5 million emergency relief programme in the West Bank, which provided 300,000 Palestinians with food aid.²⁹⁷ A spokesman is reported as saying:

“This was humanitarian relief designed to assist in a humanitarian emergency, not to address the longer-term problems caused by curfews, closures and the collapse of the economy that has occurred. It is not our responsibility to take care of the economic needs of the Palestinians. We have repeatedly said it is the responsibility of the occupying power”.²⁹⁸

More recently the UN and other international relief agencies have issued a warning to Israel that they will withdraw from the OPT unless the restrictions to their movement are eased.²⁹⁹ Israeli soldiers firing at relief workers and subjecting them to long delays have been a major cause of concern to international agencies.

156. **To a degree we can understand the ICRC strategy. We do not think there should be a withdrawal of aid to the OPT but are concerned that the current situation cannot continue indefinitely.** We were interested in the suggestion of Dr Mushtaq Kahn, Lecturer at SOAS and co author of a forthcoming book on state formation in Palestine:

“Donors have to be careful not to let Israel shift into a bantustanization strategy by uncritically allowing aid to be used to sustain unviable enclaves. Even if aid has to

295 Q 30

296 Q 31

297 Red Cross to phase out West Bank aid operation, *The Times*, 17 November 2003 See also New Strategy for the West Bank, ICRC, 20 November 2003, Conference of High Contracting Parties to the Fourth Geneva Convention—Statement by ICRC, ICRC, 5 December 2003, Aid gets political for Red Cross, *Christian Science Monitor*, 26 November 2003 (reliefweb)

298 ‘Blame Israel,’ says Red Cross as it ends food aid for West Bank, By Justin Huggler in Jerusalem, 16 November 2003. See also New Strategy for the West Bank, ICRC, 20 November 2003, Conference of High Contracting Parties to the Fourth Geneva Convention—Statement by ICRC, ICRC, 5 December 2003, Aid gets political for Red Cross, *Christian Science Monitor*, 26 November 2003 (reliefweb)

299 Israel army warned by UN for shooting at aid workers, *The Independent*, 28 November 2003, Aid donors warn Israel on occupied territories, *Financial Times*, 28 November 2003. See also New Strategy for the West Bank, ICRC, 20 November 2003, Conference of High Contracting Parties to the Fourth Geneva Convention—Statement by ICRC, ICRC, 5 December 2003, Aid gets political for Red Cross, *Christian Science Monitor*, 26 November 2003 (reliefweb)

flow for humanitarian reasons, each tranche should be time bound and its renewal should be an occasion for pressuring Israel to accept its responsibilities for the people living under its control.”³⁰⁰

DFID in the OPT

157. The strategic focus of DFID’s programme in the OPT is provided by its London office. The role of the new DFID office in Jerusalem is to represent DFID and seek to influence the donor environment and help improve donor co-ordination. **We think that DFID can have an influential role in increasing donor harmonisation through its support for Palestinian-led development. DFID’s work in building the PA’s capacity has been effective and meets its objectives of supporting the peace process and the development of a viable future Palestinian state. It could increase support to the PA in the area of planning capacity and effective communication with donors.**

158. **DFID is developing a country strategy for the OPT. We believe its strategy should seek to alleviate poverty not only through service provision or development, but also through the working to the broader objective of increasing aid effectiveness through donor harmonisation and through a development conversation with the GOI about the relative responsibilities of Israel as an occupier, and the responsibilities of donors in relieving suffering. DFID should also be considering its involvement with advocacy as part of long-term poverty reduction. In particular it should give greater attention to pressuring the GOI for freedom of movement for humanitarian goods and personnel.**

7 Conclusion

159. We support Israel's right to defend itself against terrorist acts. But Israel's response to the security threat, through its policy of closures, has not only sent the Palestinian economy into reverse, it has stopped any semblance of normal life for Palestinians living in the OPTs. The sense of despair and anger among all sections of Palestinian society is palpable. Travelling around the West Bank and watching people's experience at checkpoints convinced us that at least some of the security measures had little to do with effective security and more to do with a wish simply to make life difficult. This impression was further borne out when we heard senior GOI sources refer to their policy of increasing the "misery index" of the population in order to put pressure on the PA to make concessions.

160. Checkpoints can be removed overnight, but the building of the security fence inside the West Bank carries with it all the implications of the *de facto* imposition of a new border. Those Palestinians whose homes are outside the fence will find that their lives are made so difficult that they have no alternative but to relocate behind the fence. We can understand the fear expressed by Palestinians and international agencies that the Israelis have another motive at work here—a wish to create the ultimate "fact on the ground" by reducing the West Bank to a series of Bantustans. If so, then the barrier/fence is a deliberate attempt to weaken PA's negotiating position when final settlement negotiations take place.

161. In such a situation, discussion of a two state solution almost takes on the feeling of living in a parallel universe. But there is a growing awareness in Israel that the two state solution has to be grasped while it is still on offer. It is in Israel's interest to have a prosperous and stable Palestinian state as a neighbour and not another failed state which spawns terrorism. The PA is the sole representative of the Palestinian people and as such needs to be supported in its reforms and helped to become a credible partner, rather than being undermined by Israel.

162. The Palestinians have no means of redress concerning the conditions in which they are forced to live. Nor is there any coherent, high level monitoring of the extent to which the occupation is humane, or of the extent to which it is carried out in accordance with international law. Nor is there a system that makes sure pressure is put on Israel when these breaches are reported. This is why we call for a stronger role for UNSCO in ensuring that the IDF honours and follows international law as set out in the Geneva Conventions and elsewhere.

163. The Palestinians are one of the most heavily-aided populations in the world. And yet donor assistance is plainly unable to solve the problems in the OPT or improve living conditions. Easing the closure restrictions and eventually ending the occupation are the only way to do this. So we are faced with the question: what are the NGOs and international donors doing in the OPT? DFID's objectives in the OPT are long-term support to the peace process and laying the foundations for a future Palestinian state, whilst working to alleviate poverty in the short term. Development actors are managing to carry out development work. But the difficult operating environment has altered the shape of development assistance. There is a reluctance to provide physical infrastructure only to have it destroyed by the IDF—so human capacity building is favoured instead. DFID has translated its objectives into a development strategy through which the institutions of a

Palestinian state are being developed and strengthened. The external support that donors have provided to the PA has prevented its collapse. PA corruption and mismanagement are being brought under control in a process bound up with donor support

164. Donors face a dilemma: are they doing little more than support the Israeli occupation by providing assistance which it is the occupier's responsibility to provide? We do not believe that donors should withdraw. To do so could lead to an even greater humanitarian crisis and would throw away the institutional development that has occurred since Oslo. What is needed is advocacy to increase humanitarian access. The ICRC is pulling out because it feels it is prevented from doing its work by the Israeli military authorities. If an increased role in advocacy and mechanisms to apply the humanitarian provisions of the Geneva Conventions can create better access for these agencies, then they will be able to remain to carry out their work.

165. In our report we have stressed the need for donors, not only to be co-ordinated in their approach so as to avoid duplication, but to be harmonised in their approach as well. A more coherent development approach, led by the Palestinians themselves, is achievable. We believe that DFID, given its experience in the region, is well placed to create workable structures of donor harmonisation.

Conclusions and recommendations

Introduction

1. Rates of malnutrition in Gaza and parts of the West Bank are as bad as anywhere one would find in sub-Saharan Africa. The Palestinian economy has all but collapsed. Unemployment rates are in the region of 60-70% and many of those who are employed are dependent upon NGOs or international relief organisations for employment. (Paragraph 6)
2. There has to be a sense of realism about what development assistance can achieve. The World Bank told us that removing the "access controls" imposed by the Israelis would have increased real GDP by 21%, whereas a doubling of development assistance—without easing closure—would only reduce the number of people living in poverty by 7% by the end of 2004. The situation in the OPT, in other words, is not one which donor assistance can resolve. (Paragraph 10)
3. We agree with the UK Government that the Geneva Conventions apply to the Israeli occupation. The 4th Geneva Convention should remain the standard by which the GOI should perform in the OPT. The UK Government has its own obligations to uphold the Convention, and monitor breaches of the rules of the Convention as regards to the civilian population. (Paragraph 18)

The development context: closure, settlements and the barrier

4. Settlement activity, with its associated road building, threatens Palestinian territorial contiguity in the West Bank and the viability of a future Palestinian State. Freezing settlement activity and removing outposts would boost Palestinian confidence in the peace process. (Paragraph 24)
5. We can understand why Israel, fearful of its security, wants to build the barrier. But any such security fence should be constructed on Israeli, not Palestinian, land. The construction process and path which the barrier takes support Palestinian fears about the motivation which lies behind it. The barrier destroys the viability of a future Palestinian state. One of DFID's key objectives is to help build the institutions of the Palestinian Authority in preparation for statehood—a statehood which the barrier jeopardises. (Paragraph 34)
6. Food aid is only ever an emergency solution. But in the OPT farmers cannot readily fill the gaps in food production because of the extreme dislocation brought about by closure and, in particular, the impact that movement restrictions and land confiscation have had on agriculture. (Paragraph 39)
7. Israeli control over water and restrictions on development of Palestinian infrastructure has, and continues to, severely affect the development of West Bank and Gaza. The wilful destruction of water infrastructure by the IDF and settlers is simply unacceptable. We commend the work that DFID, other donors, NGOs and their partners are doing in enhancing Palestinian access to water, a basic human

right. But we also think that there needs to be a revision of water access arrangements. This is an urgent need, which cannot be deferred to the final status negotiations. It is an area where the UK Government should be applying political pressure to move negotiations forward. (Paragraph 45)

8. We accept that ambulances might be used to carry terrorists and their weapons and that there can be no automatic exemption for ambulances from the requirement to be searched. But equally, there is no reason why an ambulance carrying an urgent case cannot be given priority for any security search which may be needed. We discussed these matters with the Israeli authorities in Tel Aviv and whilst reassurance was offered, their description of smooth-running arrangements at checkpoints conflicted with what we ourselves had seen. We were told that checkpoints are now issued with lists of local people suffering from chronic illnesses so as to facilitate their speedy transfer to hospital when necessary. However, such a system would not work for emergency cases and might cause even more problems for those whose names are not on the lists. Nor, of course, could this practice work with temporary or “flying” checkpoints. (Paragraph 48)
9. The management of checkpoints is all too often handled by young, inexperienced IDF conscripts who may lack the training and experience to deal with large numbers of people passing through on their way to work or to study. We heard that waiting Palestinians often suffer harassment at the hands of both the IDF and local settler communities, making checkpoints a flashpoint for antagonism. A more sensitive and appropriate approach to checkpoint management could be learned from experience elsewhere, including British experience in Northern Ireland. (Paragraph 49)
10. The import of pharmaceuticals should be prioritised and classified as “humanitarian” to facilitate speedy delivery. (Paragraph 50)
11. In a society where half the population is under 18, the effect of closure on education is widely felt. The psychological impact on children, arising from school closure and exposure to violence, is damaging future generations of Palestinians and will only serve to perpetuate the cycle of violence and hatred. (Paragraph 52)
12. Children’s education, be it Palestinian or Israeli, must be kept free of incitement. We commend the positive work that the PA has carried out recently as well as the work of organisations such as Save the Children in working with the Palestinian Ministry of Education on curriculum development. In light of the allegations against the PA, we recommend that it acts to counter incitement allegations and demonstrate that it is upholding commitments made at Oslo as part of a wider programme of enhancing its public image across the world. (Paragraph 54)
13. We strongly support the work of organisations such as the Parents’ Circle in the education of the younger generation of Palestinians and Israelis. Support for this type of project is a way in which development can support the peace process. (Paragraph 55)
14. Whatever immediate security benefits the barrier may appear to bring to the Israelis, the level of despair and anger felt by ordinary Palestinians at being denied the

possibility of any semblance of an ordinary life is likely to further increase the supply of militants and suicide bombers. (Paragraph 57)

The Palestinian Authority

15. We are aware of the criticisms of the PA. Nevertheless, the PA is the only representative organisation of the Palestinians and, as such, building its capacity and institutions and ensuring the success of its reform programme, in order to make it an effective administration, are the keys to laying the foundations of a future Palestinian state. (Paragraph 63)
16. We are impressed with the reforms implemented by the Minister of Finance. But there is still need for further reform in the Palestinian Authority, particularly in relation to the accountability of the presidential accounts and in terms of the legal, executive and judicial reforms outlined in the 100 day reform plan. Continuing to drive through planned reforms is the best way for the PA to deal with its critics. The PA is an institution which is developing into what could be a credible foundation for a Palestinian state. It is in everyone's interest that every penny of international development aid to the PA, whether from DFID or charities, is fully and transparently accounted for. Some of the PA's critics would prefer to see donor funding stopped. But we believe this would do more harm than good. It would push more Palestinians below the poverty line and lead to total collapse of the PA. A collapse which would have a detrimental effect on the peace process. In the absence of the PA, people would be more likely to turn to extreme positions and measures and support terrorism. (Paragraph 68)
17. It is vital for the credibility of the PA that it obtains a renewed popular mandate through elections as soon it can, including the election of municipal government structures (Paragraph 72)
18. We believe that suicide bombing, as well as being morally abhorrent, has been a catastrophic tactic that has done great harm to the Palestinian cause, and that the targeting of innocent civilians is indefensible. The Palestinian Authority, we are told, also takes this view; its condemnation needs to be heard more widely. (Paragraph 73)
19. We recommend that the donor community targets the Palestinian civilian police for "technical" assistance as part of building state institutions and the rule of law. Pressure should be put on Israel to allow this as part of the building of state institutions. The issue of security services should be dealt with as part of political and security negotiations. (Paragraph 75)

The Palestinian economy

20. We know of no other examples where this level of economic decline has taken place without the complete dissolution of the governmental apparatus, at least certainly not in a middle-income economy such as West Bank and Gaza. (Paragraph 77)
21. Removing the "access controls" imposed by the Israelis would increase the size of the economy by 21%, and reduce the rate of poverty by 15%, whereas a doubling of

development assistance would bring only a 7% reduction in the rate of poverty. This is not therefore a situation which donor assistance can solve. The lifting of closures would, in the World Bank's view, allow the economy to rebound quickly in income terms but not in capital terms. There would therefore be a role for donors to help replace assets, which had been lost. (Paragraph 78)

22. Our visit to Awarta demonstrated clearly to us that the restrictions placed on the internal movement of goods within the OPT were not always justified by security considerations. We raised the issue with the Israeli Ministry of Foreign Affairs and with the Coordinator for Government Activities in the Territories (COGAT). Neither explained the logic of the system. It is hard to avoid the conclusion that there is a deliberate Israeli strategy of putting the lives of ordinary Palestinians under stress as part of a strategy to bringing the population to heel. The West Bank back-to-back system, operating as we saw it, is not providing increased security to Israel or to settlers living in OPT. It merely serves to increase Palestinian poverty and suffering by strangling the local economy. (Paragraph 83)
23. Movement restrictions have caused an unacceptable situation whereby an EU trade agreement is obstructed by a party (Israel) which itself benefits from preferential EU trade terms. (Paragraph 87)
24. Trade agreements are usually based on the principle of reciprocity: that market access, freedom of movement, and tariff and duty regimes applied by one state or authority normally has to be applied even-handedly and in the same way by all participants in a regional trade agreement. Unfortunately, Israel's restrictions on the movement of Palestinian goods, its destruction of Palestinian infrastructure and its total control of the OPTs' borders are denying Palestinian exporters access to EU markets. We therefore urge the UK Government to propose to the EU Council of Trade Ministers that Israel's preferential terms of trade with the EU be suspended until it lifts the movement restrictions which it has placed on Palestinian trade. We recognise that EU exports to Israel, which are greater in value than EU imports from Israel, might suffer retaliatory action, but we do not believe that the EU's short-term economic self-interest with one trading partner should take precedence over a direct challenge to its trade policy in the region and its trade obligations to the Palestinian Authority. (Paragraph 88)

Development challenges

25. The UK Government should seek assurances that infrastructure will not be destroyed, not only for projects built by the UK and its partners, but for all projects vital to Palestinian communities. (Paragraph 96)
26. The international community must put pressure on the Israeli Authorities to lift, or at least ease restrictions on the import of goods into the OPT to facilitate delivery of food-aid to the population of Gaza and the West Bank. Limiting imports into the OPT cannot be justified as a security measure. Provided Israel can be sure weapons are not being imported into the OPT, there can be no justification for further restrictions. (Paragraph 97)

27. A future Palestinian state may be in a position to press for compensation or reparations, but this could only happen where destruction has been documented. DFID should investigate the possibility of its assistance to the PA being used for the systematic documentation of destruction (Paragraph 100)
28. Rather than concentrating solely on compensation, donors that invest in physical infrastructure should seek guarantees that it will not be damaged. (Paragraph 102)
29. We would like to see this kind of co-operation encouraged during any negotiations, not least because MASHAV's expertise could make a contribution towards building a future Palestinian state as a viable, stable neighbour for Israel. (Paragraph 103)

The donor/development response

30. Such money as the international community, including DFID, is spending on improving "good governance" and capacity building within the PA is money well spent. (Paragraph 117)
31. In the current situation of economic collapse, wage payment maintained by budget support, is an effective method of emergency poverty alleviation. (Paragraph 122)
32. We are reassured by the EU's investigations, but the EU and other donors must ensure that there is no opportunity given for justified suspicions to be raised. The use of development aid to the PA, whether from EU, or elsewhere, must be fully, openly and transparently accounted for. (Paragraph 133)
33. DFID has provided substantial support to the PA in the form of technical assistance. DFID could usefully provide greater levels of technical assistance and in particular could support the Palestinian Authority in developing poverty alleviation policies and enhancing Palestinian involvement in development planning. (Paragraph 128)
34. If DFID were to move towards providing budget support it should investigate the possibilities of a unified monitoring system with other donors. Failure to do so could result in the PA being faced with managing a range of donor conditions and monitoring requirements. If development assistance is to be efficient and effective, aid must be delivered without putting an unbearable strain on an institution with weak capacity. (Paragraph 129)
35. Donors operate in different ways but co-ordination is necessary to ensure that both development and emergency relief are delivered effectively. The OPT receives a large amount of donor aid. What this aid can achieve would be maximised if all donors can work towards an overall strategy for development. The best way of achieving this would be through a Palestinian-led process of development planning. (Paragraph 133)
36. While we commend the work of the Task Force on Project Implementation, we are concerned that it is under strain and has difficulty undertaking such a huge and sensitive task. (Paragraph 138)
37. In light of the continuing negotiations between Israeli Authorities and International agencies and the discrepancy between high level military policy and the on-the-

ground reality, we consider that details of cases of obstruction of humanitarian workers should be routinely documented (Paragraph 140)

38. The USA should use the leverage it has with Israel to facilitate delivery of humanitarian relief. (Paragraph 140)
39. There is clearly a need for a respected international interlocutor to negotiate with the IDF to try to ensure that the day to day conditions for occupied Palestinians are as humane as possible. (Paragraph 141)
40. There is a multiplicity of UN Agencies and NGOs, all seeking to deliver a variety of humanitarian and other services to the Palestinian community, but none of these are in a position to negotiate successfully with the IDF or the GOI more humane treatment for occupied Palestinians, and indeed themselves in reality are subject to exactly the same restrictions of movement imposed upon Palestinians. (Paragraph 142)
41. The fact is that Palestinians in Gaza and the West Bank have no state, neither *de jure*, nor *de facto*; no citizenship; no rights; no remedies, and no one from the international community taking the responsibility to seek to ensure that an occupied people in these circumstances are treated as humanely as possible. (Paragraph 143)
42. UNSCO's authority, role and resources need to be strengthened. (Paragraph 144)
43. In addition to strengthening the role of UNSCO and the Special Co-ordinator, it is time for the Secretary-General of the United Nations—with the authority of the Security Council—to appoint a further Humanitarian Envoy or Special Representative to undertake the specific task of ensuring that the occupation is as humane as possible and that there is a coherent and co-ordinated international scrutiny of what is taking place in the OPT. Such an appointment will need to be accompanied by provision of the necessary money, materials and resources. (Paragraph 144)
44. Unusually for us, during our visit to the West Bank, no one asked us for money! Neither the PA, nor the NGOs, nor the UN Agencies saw their problems as rooted in a shortage of funding. But they all asked for advocacy and political pressure to end the occupation. (Paragraph 146)
45. All actors need to remind themselves of the need to avoid anti-Semitism and anti-Islamism, as well as stereotyping Arab or Jewish societies. International agencies that are engaged in dealing with the crisis and are witnesses to many of the problems Palestinians face could do much more to convey these facts, in an authoritative and non-polemical manner, to the media and the general public in the UK and Europe. An awareness programme of this kind, by neutral witnesses, and carried out by NGOs, donors, and the NSU, could provide a much-needed education of the public as to the everyday realities in the OPT. (Paragraph 149)
46. We agree with the Government's position and urge it to be more forceful in its advocacy on these issues. We see DFID as having an advocacy role to play within the UK Government. The Secretary of State assured us that co-ordination with both the

Foreign Office and the Department of Trade and Industry was good. It is essential that the Government's position is harmonised across departments and is consistent with all the parties' obligations under international law and agreements. (Paragraph 150)

47. We do not agree with the European Commission's approach. We believe in principle that where a sufficiently egregious case of human rights abuse has been established as to warrant economic sanctions, the EU should not be deterred from imposing them simply because the trade balance with the country concerned is in its favour. We urge the UK Government to take up this point with the European Commission and with its EU partners. (Paragraph 151)
48. We welcome the change of policy on the part of the GOI. In this case economic pressure was successful. However, there remains a risk of goods being falsely labelled as produced in Israel rather than in the settlements. We trust that HM Customs will maintain a close watch for false origin labelling (Paragraph 152)
49. Few would argue for a resumption of Israeli, as opposed to PA, administration in the OPT. However it does seem that Israel's policies and actions in the last ten years have acted as an obstacle to the development of the PA into a government that is able to deliver services to its people—as was intended in the 1993 Declaration of Principles. (Paragraph 153)
50. In the absence of any international authority mandated to represent the interest of the Palestinians under occupation, and until such "observers" are in place, this presence of bilateral and multilateral donor agencies provide a modicum of international "monitoring", if not protection. (Paragraph 154)
51. To a degree we can understand the ICRC strategy. We do not think there should be a withdrawal of aid to the OPT but are concerned that the current situation cannot continue indefinitely. (Paragraph 156)
52. We think that DFID can have an influential role in increasing donor harmonisation through its support for Palestinian-led development. DFID's work in building the PA's capacity has been effective and meets its objectives of supporting the peace process and the development of a viable future Palestinian state. It could increase support to the PA in the area of planning capacity and effective communication with donors. (Paragraph 157)
53. DFID is developing a country strategy for the OPT. We believe its strategy should seek to alleviate poverty not only through service provision or development, but also through the working to the broader objective of increasing aid effectiveness through donor harmonisation and through a development conversation with the GOI about the relative responsibilities of Israel as an occupier, and the responsibilities of donors in relieving suffering. DFID should also be considering its involvement with advocacy as part of long-term poverty reduction. In particular it should give greater attention to pressuring the GOI for freedom of movement for humanitarian goods and personnel. (Paragraph 158)

Annex:

The “100 Days Plan” of the Palestinian Authority

Released on June 23, 2002, the PA's Reform Agenda expressed the commitment of the Palestinian Authority to a broad program of reforms. Because a number of specific measures were identified to be implemented within 100 days (while implementation of all other measures would be initiated so as to have a "tangible and visible" effect within three months of the plan's adoption), the entire agenda has come to be known as the “100 Days Plan.” The agenda items are summarized below:

In the general domain:

Reinforce separation of powers of the legislative, executive and judiciary branches of government

- Restructure and modernize ministries and government institutions
- Prepare for municipal, legislative and presidential elections
- Put into force all laws that have been passed
- Improve the standard of living, particularly of the unemployed and other segments of society that live in dire conditions
- Rebuild the infrastructure that has been destroyed by the occupation
- Tend to the needs of the wounded, families of those killed during the occupation, prisoners and detainees

In the domain of public security:

- Restructure and modernize the Ministry of Interior
- The Ministry of Interior is to be in charge of all matters relating to internal security
- Activate the role of the Ministry of Interior in the enforcement of court rulings
- Respond to the expectations of the people for safety, order and respect of law
- Improve discipline in the security services and strengthen social control
- Reinforce the loyalty of the security services to the job, the Authority and the country
- Raise awareness of the population of the measures above and secure their understanding, cooperation and support

In the financial domain:

- Reform operations in the Ministry of Finance
- Deposit all incomes of the PA in a single account of the treasury

- Manage all commercial and investment operations through a Palestinian Investment Fund, which is subject to stringent standards of disclosure and audit
- Limit expansion of employment in the public sector and unify payroll administration under the Ministry of Finance
- Modernize the pension scheme
- Strengthen internal and external auditing
- Develop the process of preparing the general budget to include recurrent and developmental expenditure
- Develop a monthly expenditure plan for the remainder of 2002
- Begin preparation of the 2003 budget
- Reorganize the financial relations between MOF and the municipalities/local authorities

In the judicial domain:

- Strengthen the judiciary, through appointment of judges and development of infrastructure
- Implement measures required by the Judiciary Law
- Prepare draft laws, decrees and decisions to accompany the Basic Law
- Establish the Government Legal Cases Administration to handle cases to which the government is party

In other domains:

- Reinforce the Palestinian values, including the spirit of democracy, enlightenment and openness
- Activate the role of the Ministry of Awqaf to serve national and religious objectives
- Resolve the financial crisis of the universities, schools and hospitals
- Review government institutions that operate outside the jurisdiction of the ministries with a view to attach or incorporate them with the ministries
- End the role of the security services in civilian affairs
- Improve employment policy, to prevent an inflated civil service
- Unify and develop institutions -- and promulgate laws -- that encourage investment
- Improve the training and conditions of employment of human resources
- Increase the effectiveness of the Palestinian diplomatic corps

- Rebuild the management boards of government institutions according to the law
- Pay special attention to the pollution of the environment

List of abbreviations and acronyms

AIDA: Association of International Development Agencies in Palestine

CFAA: Country Financial Accountability Assessment

COGAT: Coordinator for Government Activities in the Territories

CSO: Civil Society Organisation

DFID: Department for International Development

EU: European Union

GOI: Government of Israel

ICAHD: Israeli Committee Against House Demolitions

ICRC: International Committee of the Red Cross

IDF: Israeli Defence Force

IPHR: Israeli Physicians for Human Rights

JWC: Joint Water Committee

NGO: Non-governmental Organisation

NIS: New Israeli Shekel

OCHA: United Nations Office for the Co-ordination of Humanitarian Affairs

OPT: Occupied Palestinian Territories

PA: Palestinian Authority

PHG: Palestinian Hydrology Group

TFPI: Task Force on Project Implementation

UNDP: United Nations Development Programme

UNRWA: United Nations Relief and Works Agency for Palestinian Refugees in the Near East

UNSCO: Office of the United Nations Special Coordinator in the Occupied Territories

USAID: United States Agency of International Development

WBGS: West Bank and Gaza Strip

WFP: World Food Programme

WHO: World Health Organisation

Formal minutes

Thursday 15 January 2004

Members Present:

Tony Baldry, in the Chair

John Barrett

Hugh Bayley

Mr Tony Colman

Mr Quentin Davies

Mr Andrew Robathan

Tony Worthington

The Committee deliberated.

Draft Report (Development Assistance and the Occupied Palestinian Territories), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs entitled 'Summary' read and postponed.

Paragraphs 1 – 165 read and agreed to.

Postponed paragraphs entitled 'Summary' read again and agreed to.

Annex agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chairman do make the report to the House.

Ordered, That the provisions of Standing Order 134 (Select committees (reports)) be applied to the report.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.—(*The Chairman*).

Several papers were ordered to be reported to the House.

[Adjourned till Tuesday 3 February at a half past Two o'clock.]

Witnesses (page numbers refer to Volume II)

Tuesday 16 September 2003

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Ms Carolyn Miller, Director, Europe, Middle East and Americas Division, **Mr Alistair Fernie**, Head, Middle East and North Africa Department (MENAD), and **Mr Martin Rapley**, Programme Manager for West Bank, Gaza Strip and UNRWA, Department for International Development Ev 1

Mr Alan Seatter, Head of Division, Near East Region, Directorate General for External Relations, European Commission Ev 12

Tuesday 11 November 2003

Mr William Bell, Advocacy Officer for the Palestinians and Israel, Christian Aid, **Mr Chris Saunders**, Programme Officer, Middle East, Save the Children, **Mr Adam Leach**, Regional Director, (Middle East, Eastern Europe and Commonwealth of Independent States), Oxfam, and **Dr Mohammed Shadid**, The Welfare Association, Jerusalem Ev 19

Mr Jeff Halper, Co-ordinator, Israeli Committee Against House Demolitions Ev 27

Dr Adel Misk and **Mrs Robi Damelin**, Parents' Circle Ev 29

Dr Shimon T Samuels, Director for International Liaison, Simon Wiesenthal Center, and **Ms Ilka Schröder MEP** Ev 31

Tuesday 18 November 2003

Rt Hon Hilary Benn MP, Secretary of State, and **Mr Alistair Fernie**, Head, Middle East and North Africa Department (MENAD), Department for International Development. Ev 39

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Addameer Prisoners' Support and Human Rights Association	Ev 64
Gerald M. Adler	Ev 66
Al-Haq	Ev 79
Alpha Pools Ltd	Ev 81
Board of Deputies of British Jews	Ev 82
British-Israel Group (BIG)	Ev 83
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The Co-operative College	Ev 97
Alan I. Davis	Ev 98
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Isabelle Humphries	Ev 133
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International Service (IS)	Ev 142
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Terence Mendoza	Ev 155
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Reverend Michael Fryer, Mold Christian Fellowship	Ev 167
Leonie Nimmo	Ev 172
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Maurice Ostroff	Ev 188
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The Palestine Platform	Ev 201
The Palestinian Counseling Center (PCC)	Ev 201
The Palestinian Economic Council for Development and Reconstruction (PECDAR)	Ev 205
The Palestinian Network of Art Centers	Ev 229
The Palestinian NGO Network (PNGO)	Ev 232
Physicians for Human Rights, Israel (PHR-I)	Ev 234
Patricia Rantisi	Ev 237
Dr Rosemary Hollis, Royal Institute of International Affairs (RIIA)	Ev 239
Save the Children UK (SCF UK)	Ev 240
Dr Mushtaq H Khan, School of Oriental and African Studies (SOAS)	Ev 244
John and Marjorie Scott	Ev 249
Colin South	Ev 252

Dorothy Stein	Ev 253
Take-A-Pen for Israel	Ev 260: Ev 262
United Nations Relief and Works Agency (UNRWA)	Ev 264
War on Want	Ev 273
The Welfare Association (WA)	Ev 276
The Welfare Association Consortium (WAC)	Ev 279
Joy Wolfe, Manchester Zionist Central Council	Ev 282
The Women's Center for Legal Aid and Counselling (WCLAC)	Ev 285
Mr Jean-Luc Siblot, World Food Programme (WFP)	Ev 286
Y Care International (YCI)	Ev 287

Reports from the International Development Committee since 2001

The Government Responses to International Development Committee reports are listed here in brackets by the HC (or Cm) No. after the report they relate to.

Session 2003-04

First Report	Trade and Development at the WTO: Learning the lessons of Cancún to revive a genuine development round	HC 92-I and HC 92-II
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Session 2002-03

First Report	Afghanistan: the transition from humanitarian relief to reconstruction and development assistance	HC 84 (HC 621)
Second Report	International Development Committee: Annual Report 2002	HC 331
Third Report	The humanitarian crisis in southern Africa	HC 116-I and -II (HC 690)
Fourth Report	Preparing for the humanitarian consequences of possible military action against Iraq	HC 444-I and -II (HC 561)
Fifth Report (First Joint Report)	The Government's proposals for secondary legislation under the Export Control Act	HC 620 (Cm 5988)
Sixth Report (Second Joint Report)	Strategic Export Controls Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny	HC 474 (Cm 5943)
Seventh Report	Trade and Development at the WTO: Issues for Cancún	HC 400-I and II (HC 1093)
Eighth Report	DFID Departmental Report 2003	HC 825

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First Report	The humanitarian crisis in Afghanistan and the Surrounding Region	HC 300-I and -II (HC 633)
Second Report	The Effectiveness of the Reforms of European Development Assistance	HC 417-I and -II (HC 1027)
Third Report	Global Climate Change and Sustainable Development	HC 519-I and -II (HC 1270)
Fourth Report (First Joint Report)	Strategic Export Controls: Annual Report for 2000, Licensing Policy and Prior Parliamentary Scrutiny	HC 718 (CM 5629)
Fifth Report	Financing for Development: Finding the Money to Eliminate World Poverty	HC 785-I and -II (HC 1269)
Sixth Report	Department for International Development: Departmental Report 2002	HC 964 (HC 357, Session 2002-03)