

THE DUBAI INITIATIVE برنامج دبي

Working Paper

The Politics of International Post-Conflict Interventions Palestine between Peace-building, State-building and Back to Reconstruction

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BELFER CENTER

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Executive Summary

After 15 years of extensive post-Oslo international peace-building interventions – including massive recovery, reconstruction, and state-building initiatives in support of the Oslo peace accord signed in 1993 – Gaza is back to the reconstruction phase and in much poorer shape. Almost a full year later, the \$4.5 billion pledged at the Sharm Al Sheikh donor conference has yet to find its way, let alone reach, its destination. The issue of how to reconstruct is always pertinent but given the mounting humanitarian calamity in Gaza, the current situation begs a different question: what are the impediments to Gaza's recovery and reconstruction?

The prevailing deadlock at all levels invites a reassessment of international involvement in the West Bank and Gaza. Drawing on the lessons of the post-Oslo peace-building international intervention, this paper endeavors to inform the renewed international post-conflict intervention in Palestine and in so doing examines local impediments to the Gaza reconstruction project. The paper surveys the impact of the latest war and Israel's blockade on Gaza; assesses the role of the key players (Israel, Hamas, and the Palestinian Authority); and sheds new light on post-conflict international involvement in the Palestinian context.

In addition to local obstacles, such as Israel's blockade and Palestinian schism, an informed and assertive third party involvement is missing. Unprepared external involvement, as this paper will argue, could lead to the most undesired result, namely a prolonged conflict. The catastrophic situation in Gaza following "Operation Cast Lead" calls for an immediate start to reconstruction. However, this paper argues that reconstruction must be part of a Palestinian national state-building project – one that includes Gaza as well as the West Bank. International involvement must appreciate the requirement of legitimacy in the Palestinian context, which entails a state-building project that is rooted in a broad internal political process and incorporates the creation and maintenance of functional institutional capacities, fulfilling the task of ending occupation and redressing Palestinian rights.

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1. Introduction

International mobilization for the reconstruction of Gaza began shortly after the end of “Operation Cast Lead,” Israel’s three-week military offensive from December 27, 2008 to January 18, 2009, which caused unprecedented human loss and physical destruction, and aggravated an already calamitous humanitarian situation. Even before this war, the blockade imposed since June 2007 resulted in a severe humanitarian crisis, as four out of five people in Gaza became dependent on food handouts.¹ A donor conference was convened on March 2, 2009 at the Egyptian resort of Sharm Al Sheikh. At the conference, major donors pledged the sum of \$4.5 billion and endorsed a Palestinian Authority (PA) two-year Early Recovery and Reconstruction Plan (ERRP).² However, almost a year after the Sharm Al Sheikh conference, international pledges, together with several Palestinian and international reconstruction plans, remain unimplemented.

As the 1.5 million inhabitants of Gaza recently commemorated the first year since the start of the latest all-out war, the question that begs an answer is what are the causes of the current reconstruction deadlock?

There are two main local impediments to the Gaza reconstruction initiative. The first and most immediate obstacle is Israel’s blockade, including a ban on building and other basic materials. Once the Israeli blockade is lifted, Palestinian divisions will continue to impede an effective reconstruction if they are not tackled as a matter of urgency. June 2007 was particularly eventful for Gaza. On the one hand, Palestinian infighting reached all-out confrontation between Hamas and the PA, resulting in the Hamas take-over of Gaza. On the other hand, Israel intensified its siege, almost totally blocking the passage of people and goods in and out of Gaza. As a result, the estimated 20,000 homeless have to date still not been rehoused, while the rebuilding of the destroyed infrastructure and the regeneration of the collapsed economy has not yet begun.³

Circumstances surrounding the Gaza reconstruction initiative could not be worse. The two main requisites for ending the current impasse, i.e. restarting the Israeli-Palestinian peace talks and achieving Palestinian reconciliation, appear more distant than ever. The gap between Israelis and Palestinians on the one hand, and between Fatah and Hamas on the other, is widening and prospects for a breakthrough are ever narrowing. In an unprecedented move, the Palestinian president Mahmoud Abbas declared on November 5, 2009 that he does not intend to run for re-election, blaming Israel’s intransigence, Hamas’s refusal to sign the Egyptian proposal for reconciliation, and the US’s retreat on the demand that Israel freeze all settlement activities before the resumption of negotiations. In reaction to the deadlock facing the political process with Israel, the Palestinian leadership in Ramallah announced a plan to obtain a UN Security Council resolution recognizing a Palestinian state on the 1967 borders, as the chief Palestinian negotiator Saeb Erekat admitted that “18 years of negotiations with Israel have failed.”⁴ The Israeli

1 Amnesty International, Christian Aid, CAFOD, CARE, Medecins du Monde UK, Oxfam, Save the Children UK and Trocaire, *The Gaza Strip: A Humanitarian Implosion*, 2008.

2 Palestinian National Authority, *“The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010”*, Sharm El-Sheikh, March 2, 2009.

3 OCHA, *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009.

4 The Palestine Liberation Organisation, Negotiations Affairs Department, Press Statement, November 9 2009.

Prime Minister Benjamin Netanyahu reacted by threatening that Israel would block such a move and take further unilateral actions in the occupied territories.

On the internal Palestinian front, the situation is not much better. Hamas's refusal to sign the Egyptian reconciliation document or allow Palestinian presidential and legislative elections to take place in Gaza on January 24, 2010 in accordance with Palestinian Basic Law, has forced the Central Election Commission to announce its inability to convene such elections and signals the making of a further crisis. In the absence of a functioning legislative council and renewed legitimacy, the Palestinian political system could be heading for a constitutional and political vacuum that could have significant consequences, including the possibility of a PA breakdown.

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Furthermore, even if existing local obstacles are removed, a good outcome for international peace efforts is not guaranteed. During the Oslo peace process (1994-2000), which occurred in the absence of Palestinian disunity⁵, some six billion US dollars were pledged and mostly disbursed by international donors (double the Palestinian annual gross national income), in support of the peace process.⁶ The post-Oslo international peace-building program's chief objectives were to uphold peacemaking during the Oslo Extended Interim Period (1994-2000) and improve Palestinian economic conditions so as to provide "economic incentives" for the political process and lay the foundations for the Palestinian state to come. Yet it failed on both counts. The Oslo peace process collapsed in September 2000, and by the end of the interim period, Palestinian economic conditions had deteriorated by all standards of measurement, as compared to the pre-Oslo period, while the doubling of settlements during the political process had further eroded prospects for a two-state solution.⁷

Worse still, it was under the pretext of the Oslo political process that the existing Israeli-imposed movement restriction and closure regime, which has resulted in most of the damage that the international community is currently trying to re-mitigate in both Gaza and the West Bank, was constructed. Indeed, the Palestinian economy lost one third of its aggregate income in the first three years of the Oslo period.⁸ As a result, instead of laying the foundations for a Palestinian state, as was the prime objective of the post-Oslo peace-building program, the international donor community found itself having to alleviate the occupation's negative effects, and perform not as builders and sustainers, but as firefighters. By finding itself in such an unintended position, the donor community has in effect contributed to the consolidation and reconstruction not of Palestine but of the occupation, and is undercutting the very purpose it had set out to achieve, that is, establishing a Palestinian state.⁹ Caught in the middle and unable to confront it, the international community has instead accommodated the occupation.

5 Although there were serious disagreements among significant Palestinian constituencies about the terms of the Oslo accords with sporadic acts designed to derail the process (e.g. Hamas's wave of suicide bombings in mid the 1990s), the legitimacy of the PLO was not contested.

6 Palestinian Ministry of Planning and International Cooperation, *Quarterly Monitoring Reports of Donors' Assistance*, December 2001, and June 2003, Gaza: MOPIC.

7 Zaghera A., Zomlot H. in Khan, M. H., *State Formation in Palestine: Vitality and Governance during a Social Transformation*, London and New York: Routledge, 2004.

8 UNSCO (Office of the United Nations Special Coordinator in the Occupied Territories), *Economic and Social Conditions in the West Bank and Gaza Strip*, Quarterly Reports, Gaza, Spring 1997.

9 Sara Roy, *Failing Peace, Gaza and the Palestinian-Israeli Conflict*, London: Pluto Press, 2007.

The collapse of the Oslo peace process and the resumption of violence in September 2000 testify to the peace-building program's failure in achieving the prime objective of supporting peace agreements. As will be argued below, the unsuccessful post-Oslo peace-building program was primarily a result of a failure of grounding the planned agreement in the political realities of *both* the Israelis and the Palestinians. The international reading (or rather misreading) was that implementing the two-state solution on the favorable terms offered by the Oslo process was in Israel's strategic interests. Consequently, the peace-building program targeted the party that was perceived to be the more likely to renege, namely the Palestinians. Had donors assessed the political realities of the Oslo process more accurately, particularly within the dominant party (Israel), the requirement of enforcement would have been clear from the outset. Instead, the peace-building program found itself supporting unimplemented peace agreements with no capacity to enforce them.

Having failed to consolidate the post-1993 attempted Israeli-Palestinian political settlement, the international intervention approach to the post-2006 attempted inter-Palestinian political settlement has not proved any more successful. Hamas's participation in the January 2006 legislative elections, the subsequent Mecca power-sharing agreement, and the formation of a national unity government, showed progress towards an inclusive internal Palestinian political process and system that, if left to mature, could have had positive transformational effects on the resolution of the conflict with Israel. Alas, the international community, as embodied by the Quartet Middle East committee, hastily linked the nascent internal Palestinian political process to the failed one with Israel by imposing three conditions on Hamas: to recognize Israel, to renounce violence, and to adhere to previous agreements. As the nascent Palestinian political system was not rooted enough to incorporate significant shifts, this policy has contributed to the breakdown of the Palestinian political settlement and to the current political, institutional, and geographic split between the West Bank and Gaza. It has also failed to help restart the stalled process with Israel.

In the two attempted political settlements, the international community failed to understand, let alone support, the requirements of *legitimacy*, undermining the very purpose of their involvement — the establishment of a viable Palestinian state. While the effect of national divisions and infighting on the legitimacy of the political system is obvious, it is less appreciated when undertaking a state-building initiative. Contemporary thinking about state viability has been driven by a focus on building functional capabilities of states and has ignored the fundamental importance of legitimacy and its two-way relationship with effectiveness. Legitimacy in the Palestinian case is even more complicated because a Palestinian state does not exist and a national leadership has attempted to achieve independence and sovereignty while managing an authority with limited self-governance rights.¹⁰

In line with emerging scholarship, post-conflict initiatives largely involve political, rather than technical, processes.¹¹ A new literature is focusing on linking peace-building with state-building through a *political settlement lens*.¹² As such, post-conflict initiatives must be rooted in and support an internal *political settle-*

the unsuccessful post-Oslo peace-building program was primarily a result of a failure of grounding the planned agreement in the political realities of *both* the Israelis and the Palestinians.

10 Khan, M., 'Palestinian State Formation since the Signing of the Oslo Accords', Draft paper for UNDP, Palestine Division, March 2009.

11 Harris, A., Reconstructing Gaza – Lessons from Lebanon, United States Institute of Peace (USIP), March 2009.

12 di John, J., Putzel J. 'Political Settlements', Emerging Issues Research Service, Governance and Social Development Resource Centre, June 2009.

peace-building, state-building and reconstruction must be linked in a two-way relationship leading to a consolidated internal political agreement.

ment that ‘emerges only gradually, largely as a result of a home-grown, locally owned process’.¹³ In other words, peace-building, state-building and reconstruction must be linked in a two-way relationship leading to a consolidated internal political agreement. On the one hand, they should be designed to ignite and support an organic local political process. On the other hand, post-conflict programs must be premised on an outcome of internal political settlement.

In attempting to resolve the Israeli-Palestinian conflict, the mode of engagement of major international actors is still based on one overriding assumption: that Palestinians are at the pre-state stage and external assistance is required to lay the foundation for the emerging state. Within this framework, it is presumed that: 1) Israeli obstacles are temporary and should not hinder the desired final outcome (two-state solution); 2) the intra-Palestinian political settlement (reconciliation and political inclusion) must be linked to the wider political settlement with Israel, and 3) financial support to the PA weakens Hamas. International experience in post-conflict recovery and regeneration efforts in Palestine (post-Oslo peace-building program) defies this frame of thinking.

2. Background

Dubbed by Israel “Operation Cast Lead,” the military offensive on Gaza between 27 December 2008 and 18 January 2009 caused unprecedented human loss and physical destruction, adding insult to the already deep injuries of Gaza. The three-week assault left at least 1,380 Palestinians dead, 431 of whom were children and 112 women. Over 5,380 people were reportedly injured, including 1,872 children and 800 women. Three Israeli civilians and 14 members of the Israeli army were also killed during hostilities.¹⁴

The PA reported that the housing situation of around 100,000 people was affected by the Israeli attack. Over 4,000 housing units were totally destroyed, leaving more than 26,000 people without homes, and over 11,500 housing units were damaged, resulting in a further 75,000 people either displaced or living in very difficult conditions. Public infrastructure and utilities, including water, sanitation, electricity, and transportation networks, have been severely damaged, while Israeli strikes on numerous government, municipal, and United Nations facilities have further handicapped the provision of basic public services.¹⁵

Furthermore, the military operation resulted in the leveling of what was left of businesses, factories, and farmland. A preliminary assessment by the Palestinian Private Sector Coordinating Council estimated that the conflict resulted in \$140 million of damage to Gaza businesses.¹⁶ According to the Palestinian Federation for Industry, only 23 of Gaza’s 3,900 industrial enterprises are now active.¹⁷

13 Brown, S., Gravingholt, J., ‘Framing Paper on Political Settlements in Peacebuilding and State Building’, OECD, Draft: October 25, 2009.

14 OCHA, *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009; Palestinian National Authority, “*The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010*”, Sharm El-Sheikh, March 2, 2009.

15 Palestinian National Authority, “*The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010*”, Sharm El-Sheikh, March 2, 2009.

16 Private Sector Coordination Council, *Gaza Governorates, Gaza Private Sector, Post-War Status and Needs*, February 2009.

17 Barakat, S., Zyck S., Hunt J., ‘The Reconstruction of Gaza, A Guide Note for Palestinian and International Stakeholders’, Post-war Reconstruction and Development Unit, The University of York, January 2009.

Agriculture also suffered tremendous damage. Preliminary estimates indicate that 17 percent of the total cultivated area was completely destroyed.¹⁸

Israeli bombardments during the military operation targeted PA infrastructure and personnel in particular. The PA has endured significant losses in terms of buildings, personnel and archives. The ministries of interior, foreign affairs, finance, public works, justice, education, labor and culture were destroyed alongside the presidential compound, the prime minister's office, the parliament building and every police installation. This destruction of premises and institutional memory — in the form of information and documentation — adds to an already shrinking institutional capacity and is likely to prove a serious hurdle when planning and implementing the reconstruction program.

In short, the destruction wrought by the latest war together with Israel's blockade since June 2007 have turned a volatile situation in Gaza into a deep humanitarian crisis, economic collapse, and public service meltdown. The alarming situation in Gaza calls for an immediate start to the intended recovery and reconstruction initiative. The first and most pressing task is therefore to remove local impediments to this initiative.

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3. The Pending Post-Conflict Project: Impediments to Gaza Reconstruction

There are, of course, grave and complex internal obstacles to the current international involvement in Palestine. The Gaza reconstruction project has been affected by internal as well as external impediments. While section 4 tackles external obstacles, this section analyses on-the-ground obstacles, such as the continuation of Israel's blockade and the persistence of Palestinian disunity.

3.1 Israel's Blockade

The Israeli-imposed blockade since June 2007, particularly the ban on building materials, has been hampering efforts to rebuild destroyed homes and infrastructure. It is not only placing severe restrictions on relief efforts, but also freezing plans for economic regeneration. A year since the war erupted, the blockade remains intact, delivering the final blow to a collapsing economy.

Israel's response to Hamas's takeover of Gaza in June 2007 has been the imposition of tighter closure, almost completely blocking the movement of people and most goods from entering and leaving Gaza. According to the United Nations Office of the Coordination of Humanitarian Assistance (OCHA), the blockade includes: the closure of the Karni crossing (Gaza's lifeline in terms of entry of goods and international aid); total restrictions on the import of industrial, agricultural, and construction materials; the suspension of almost all exports; a reduction in the amount of industrial fuel (used to operate Gaza's sole power plant); a general ban on the movement of Palestinians through Erez (the crossing into Israel); the closure of the Rafah crossing (the only other crossing connecting Gaza to the outside world via Egypt); a significant reduction in the fishing areas and farming land accessible to Palestinians; and restrictions on the transfer of cash to banks in Gaza.¹⁹

¹⁸ World Bank, *Palestinian Economic Prospects: Gaza Recovery and West Bank Revival*, June 2009.

¹⁹ OCHA, *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009.

Impact of the Blockade

1.1 million of the 1.5 million Palestinians in Gaza depend on humanitarian aid.

With the exception of 147 truckloads of cut flowers and strawberries allowed out of Gaza, there has been a total ban on exports since June 2007.

In the pre-blockade period, Gaza exported 76 percent of all Gaza-manufactured furniture products, 90 percent of garments and 20 percent of all food products.

The impact of Israel's closure is felt in every sphere of life in Gaza. Socio-economic indicators have been alarming since at least June 2007. A report by eight international NGOs revealed that 1.1 million of the 1.5 million Palestinians in Gaza depend on humanitarian aid. The report demonstrated that in the first three months of the imposed siege (between June and September 2007), the number of households earning less than US\$ 1.2 per day jumped from 50 to 70 percent.²⁰

According to the Palestinian Central Bureau of Statistics (PCBS), the unemployment rate in the first quarter of 2009 was at 41.5 percent of Gaza's workforce, up from 32.3 percent in the second quarter of 2007. Alarming, unemployment among those less than 30 years of age reached almost 60 percent.²¹ The private sector contribution to employment continued to diminish as it lost an estimated 120,000 private sector jobs since the imposition of the blockade, leaving public employment and humanitarian aid as almost the only sources of income.²² A household survey conducted in May 2008, after nearly a year of blockade, showed that over 70 percent of the surveyed families were living on an income of less than one dollar per person per day, and that up to 40 percent of families were living on less than 0.5 dollars per person per day.²³

During the blockade, severe restrictions on imports and an almost total ban on exports delivered a severe blow to the crumbling economy. The daily average number of truckloads of goods entering Gaza declined from 583 in the first five months of 2007 to 112 in June 2007.²⁴ Approximately 70 percent of imports during this period consisted of food products, while most industrial, agricultural, and construction materials were either banned or severely restricted. With the exception of 147 truckloads of cut flowers and strawberries allowed out of Gaza, there has been a total ban on exports since June 2007. The impact on the export-oriented agricultural and manufacturing sectors has been crippling. In the pre-blockade period, Gaza exported 76 percent of all Gaza-manufactured furniture products, 90 percent of garments and 20 percent of all food products.²⁵ As a result, 95 percent of the industrial establishments, or 3,750 establishments, were forced to shut down and the remaining five percent reduced their level of activity.²⁶

Israel's blockade also included severe restrictions on cash flows into Gaza, causing serious liquidity and economic problems. According to the Gaza-based Strategic Studies Center (PalThink), the cash crisis in the Gaza Strip started on 19 September 2007 as Israeli banks declared a stop to all direct dealings with Gaza-based banks. Banks were thus unable to meet customers' cash demands, leading to a crippling blockage in the banking sector.²⁷

20 Amnesty International, Christian Aid, CAFOD, CARE, Medecins du Monde UK, Oxfam, Save the Children UK and Trocaire, *The Gaza Strip: A Humanitarian Implosion* (2008), p. 7.

21 Palestinian Central Bureau of Statistics (PCBS), *Labor Survey Results*, Press Release on Labour Force Survey Results, relaxed definition. The ILO definition of unemployment includes persons (15 years old and above) who do not work and are actively seeking a job. PCBS's "relaxed definition" adds to the ILO definition people willing to work but currently not engaged in active job search (known as 'the discouraged'); cited in OCHA, *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009.

22 Palestine Trade Center, *Gaza Strip Two Years through Siege*, Special Report, 7 July 2009.

23 ICRC, *Gaza - 1.5 million people trapped in despair*, June 2009.

24 OCHA, *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009.

25 Ibid

26 FAO/WFP, *Report of the Rapid Qualitative Emergency Food Security Assessment (EFSA) Gaza Strip*, 24 February 2009.

27 Omar Sha'ban, 'The shortage of Israeli Shekels in Gaza Strip', PalThink, Gaza, September 27, 2008.

Furthermore, since 2000, Israel has created and maintained a security buffer zone in the North and East of Gaza, depriving, according to a study by the Gaza Committee for Agricultural Relief, 16 percent of Palestinian farmers access to their land.²⁸ The buffer zone to the North and East of the Gaza Strip is roughly 55 kilometers in length and 300 meters in width. (According to OCHA, “Reports from Gazan farmers indicate that access restrictions are occasionally imposed on agricultural areas as far as 1,000 meters from the border”).²⁹ This translates into a loss of almost one-fourth of Gaza’s most fertile agricultural land. Any efforts to bring about recovery and regeneration in Gaza must make resuscitation of the agricultural sector a top priority, since restarting economic activities in the farming sector can be faster than other sectors. As a labor-rich industry, it would contribute to reducing the historically high unemployment rates and lessen the alarming levels of food dependency. Without Israel’s cooperation in allowing access for Palestinian farmers, however, hopes for such a recovery strategy will be severely constrained.

Any efforts to bring about recovery and regeneration in Gaza must make resuscitation of the agricultural sector a top priority

Gaza’s fishing industry has also been affected by the heightened closure. According to the World Bank, Israel has reduced the area in which Gaza fishermen can fish from six to three nautical miles from Gaza’s coastline. Under the Oslo Accords, Gaza’s fishing rights extended to 20 nautical miles off the coast. Prior to 2000, Palestinians in Gaza were permitted to fish up to 12 nautical miles from the coast. However, the distance was reduced to six miles in 2000, greatly restricting fishermen’s ability to capture sufficient quantities and types of fish. Thus, today there are about 3,400 fishermen in Gaza as compared to 10,000 in 2000. In 2008, prior to the latest reduction in fishing rights, the fishing catch was 3,000 tons while Gaza’s needs are roughly 20,000 tons annually. And in February 2009, only 65 tons of fish were caught.³⁰

In sum, Israel’s blockade and adverse policies have been the main obstacles in the way of renewed efforts to rebuild Gaza’s devastated physical and institutional infrastructure and regenerate its collapsed economy. The ban on building and other basic materials, severe restrictions on cash flows to Gaza’s banking sector and on international aid workers accessing Gaza, among other restrictions, are the primary causes of the reconstruction paralysis. Without the lifting of the blockade, plans to remedy the impact of the latest war, tackle the mounting humanitarian crisis as a result of two and half years of blockade, and restart the crippled economy will remain wishful thinking.

Israel’s blockade and adverse policies have been the main obstacles in the way of renewed efforts to rebuild Gaza’s devastated physical and institutional infrastructure and regenerate its collapsed economy.

3.2 Palestinian Schism

Hamas’ violent takeover of Gaza after its all-out confrontation with the PA’s security apparatus in June 2007 resulted not only in the death of approximately 190 Palestinians and the injury of about 850,³¹ but also in an almost total geographic, political, and institutional split between the Hamas-controlled Gaza Strip and the Fatah-controlled West Bank. This situation persists today. While Israel’s blockade has been physically obstructing reconstruction efforts, Palestinian fragmentation and disunity have deprived reconstruction efforts of two main com-

28 Interview with Ahmed Sourani, Director of Projects & Cooperation, Agricultural Development Association (PARC)-Gaza, November 20 2009.

29 OCHA, *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009.

30 World Bank, *Palestinian Economic Prospects: Gaza Recovery and West Bank Revival*, June 2009.

31 OCHA, *Locked In: The Humanitarian Impact of Two Years of Blockade on the Gaza Strip*, August 2009.

Palestinians are presenting two different sets of reconstruction plans by two competing 'governments.'

ponents. First, the Palestinian schism and Hamas's coup d'état have resulted in the lack of a representative government and contributed to the international community's embargo on the de facto government. Second, the lack of communication, let alone cooperation, between the main Palestinian factions has led to the absence of a consensual national plan for reconstruction. While the debate over the requisites for a successful post-conflict intervention is far from over, local ownership and a nationally developed and communicated reconstruction plan have been established as necessary components.³² Instead, Palestinians are presenting two different sets of reconstruction plans by two competing 'governments.'

Hopes for Palestinian reconciliation have been dashed following Hamas's refusal to sign the Egyptian reconciliation document in October 2009. As outlined above, Hamas's decision not to allow the legislative elections in Gaza to take place on 24 January 2010 following the presidential decree signals the making of a further crisis, one which might see the breakdown of the PA. As major regional and international players continue refusing to deal with Hamas, the latter's insistence on 1) being present in any border arrangements with Israel and Egypt, and 2) being party to the internationally funded reconstruction efforts have contributed to the stalled reconstruction initiative.³³ While it is legitimate for local representatives to demand ownership of reconstruction programs and control of borders, the particulars of the Palestinian situation require greater flexibility by all parties involved, including Hamas.

The immediate alleviation of the alarming levels of poverty and hardship and the welfare and rights of Palestinians must come before power struggles and quests for external recognition. In acknowledgement of tensions with the PA as well as main regional and international actors, one suggestion is for Hamas to agree to the establishment of a national, independent Palestinian reconstruction committee responsible for coordinating efforts (particularly with the UN and the tens of multilateral organizations and international NGOs working on the ground).³⁴ This should in no way replace an inclusive political settlement, but should be regarded as a means to kick-start reconstruction. The proposed reconstruction committee could also liaise with all relevant parties including the PA, Israel, Egypt, and major world actors to reach an agreement that would allow for the movement of people and goods to and from the Gaza Strip. Such an idea has been reinforced by calls and initiatives from independent Gaza dignitaries as well as civil society and private sector leaders. On the eve of the Sharm El Sheikh donor conference, a Civil Society and Private Sector Initiative on Gaza's Reconstruction and Development was issued on 23 February 2009. The initiative stressed that "[t]he duty to protect the reconstruction effort and to ensure its success is a national, professional, and moral responsibility."³⁵

32 These principles include clarity of aims and objectives, local legitimacy, common purpose, coherence of effort, accountability, pragmatism, effective and impartial communication, and a regional focus. See Harris, A., *Reconstructing Gaza – Lessons from Lebanon*, United States Institute of Peace (USIP), March 2009. Also see *International Peace-Building for the 21st Century: The Tswalu Protocol and Background Papers*, Royal United Services Institute Whitehall Report 2-08 (2008). Also Post-Conflict People, <http://www.postconflictpeople.org>.

33 Interview with Ahmed Sourani, Director of Projects & Cooperation, Agricultural Development Association (PARC)-Gaza, November 20 2009.

34 Interview with Ahmed Sourani, Director of Projects & Cooperation, Agricultural Development Association (PARC)-Gaza, November 20 2009. Also see Barakat, S., Zyck S., Hunt J., *The Reconstruction of Gaza, A Guide Note for Palestinian and International Stakeholders*, Post-war Reconstruction and Development Unit, The University of York, January 2009.

35 The Civil Society & Private Sector Initiative on Gaza's Reconstruction and Development, Gaza, 23 February 2009. Available online at www.palestinejournal.net/.../Gaza_Civil_Society_Private_Sector_Initiative_-_February_23_2009_-_Final.doc

While the West Bank-based PA lacks control of Gaza, and while its government capacity has been compromised since Hamas's takeover in June 2007, its role in the reconstruction initiative has been disappointing. Beyond the rhetoric, the PA's contribution to Gaza after the war has been limited to the payment of salaries to public employees and various other public expenditures. While this consists of half of its operating budget and provides the only regular cash transfer to Gaza households, salary payment is insufficient. The PA is yet to offer an implementable vision to pull Gaza out of the current impasse. Furthermore, the PA needs to show much more assertiveness in pursuing political and economic solutions to the deep crisis in Gaza.

The PA presented a two-year Early Recovery and Reconstruction Plan (ERRP) to the Sharm El Sheikh donor conference but failed to follow it up. The Plan stated that the following steps³⁶ are imperative for the efficient and successful implementation of its program:

- Internal divisions must be overcome, cooperation restored, and political risk reduced.
- Full and unfettered freedom of movement for people and goods into the Gaza Strip must be restored for all relief, recovery, and construction materials, in accordance with the 2005 Agreement on Movement and Access.
- Coordination mechanisms must be established to reduce overlaps and ensure all stakeholders' interests are addressed in the plan.
- The financial sector and banking services must be reactivated, with increased liquidity injected into the system.

However, the ERRP did not spell out how to implement these imperatives. Almost one year after the release of the ERRP the above requirements remain unmet. Moreover, the plans have been criticized for focusing on physical rebuilding of the destroyed buildings and infrastructure rather than on social, political, and economic reconstruction. The ERRP lacks a clear development perspective and did not include civil society and private sector representatives in the consultation process. The PA reconstruction plan included support for its 2009 budget, raising the concern that funds destined for the reconstruction of Gaza may be used by the PA to alleviate its budgetary deficits.³⁷

A comprehensive reconstruction plan must also take into consideration and fully utilize available, albeit scarce, resources. However, the ERRP was based on a needs assessment that omitted the appraisal of assets. For example, Gaza farmers have been able to construct more than 30 km of agricultural roads using rubble from destroyed buildings. Under harsh blockade, Gaza farmers have been developing survival and adaptation techniques such as the shift from importing chemical pesticides to producing organic pesticides. There has also been an increase in self-sufficiency farming by non-farmers, with Gazans growing vegetables and other agricultural products in their own backyards. While such initiatives are insufficient to regenerate Gaza's economy, they should be encouraged as an immediate source of employment and food dependency reduction.³⁸ Developing

The ERRP lacks a clear development perspective and did not include civil society and private sector representatives in the consultation process.

³⁶ Palestinian National Authority, "The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010", Sharm El-Sheikh, March 2, 2009.

³⁷ CIDSE, 'The EU's Aid to the Occupied Palestinian Territories, The Deepening Crisis in Gaza', Policy Note, June 2009.

³⁸ Interview with Ahmed Sourani, Director of Projects & Cooperation, Agricultural Development Association (PARC)-Gaza, November 20 2009.

resilience and coping strategies must be an integral part of Gaza reconstruction, which has been historically subjected to repeated economic shocks.

4. Revisiting a Failed Policy: International Post-Conflict Intervention in Palestine

This is not the first crisis Gaza has seen, and the West Bank has been subject to a constant shrinking and encirclement of its territorial base. In fact, most of the destroyed infrastructure and public institutions were rebuilt under the extensive and generous international reconstruction and economic development programs of the preceding period. The world will be rebuilding a rebuild.

Today, the international community supports a PA-initiated *state-building* program in the West Bank³⁹ and a *recovery and reconstruction* plan for the devastated Gaza Strip. These two initiatives rely on the existing mechanisms of the post-Oslo peace-building program. The Palestinian Authority state-building plan includes Gaza. However, the internal split has resulted in the plan being implemented only in the West Bank.

With the failure to uphold the Israeli-Palestinian peace process, international attention has turned to internal Palestinian institutional settings. In March 2003, mounting international pressure persuaded Yasser Arafat to appoint a prime minister and oversee a series of institutional and financial reforms. International involvement in recent years has been shifting from Israeli-Palestinian peace-building to a Palestinian state-building program. At an international donor conference held in Paris on 17 December 2007, the PA sought US\$5.6 billion to support its three-year Reform and Development Plan entitled ‘Building a Palestinian State’. While the figures are still incomplete and largely contested, it was widely reported that the international community’s financial pledges exceeded US\$7 billion. Tony Blair, who co-chaired the event for the Quartet of Middle East peacemakers, said it was about “state-building, not just raising the \$5.6bn the Palestinian Authority is seeking.”⁴⁰ Blair’s logic, as was the logic during the Oslo interim period, was, and still is, that Palestinians are at the pre-state stage and international financial contributions should aim to lay the foundations for the emerging state. This logic has ignored the situation on the ground (i.e. the difficulties pertaining to the realization of the two-state solution) and the Palestinian needs in areas of empowerment, coping strategies, and provision of an enabling environment, not only for institutional and economic efficiency, but also, and equally important, resilience.

Furthermore, the 13th PA government, headed by Prime Minister Salam Fayyad, issued in August 2009 its two-year program entitled “Ending the Occupation, Establishing the State.” The document stated that, “the program which sets out our national goals and government policies centers around the objective of building strong state institutions capable of providing, equitably and effectively, for the needs of our citizens, despite occupation.” The document also stressed that “this can and must happen within the next two years.”⁴¹ On 22 September 2009, the

39 Palestinian National Authority, Ending the Occupation, Establishing the State, Program of the Thirteenth Government, August 2009; Palestinian National Authority, Palestinian Reform and Development Plan 2008-2010, December 2007.

40 The Guardian, ‘Paris donor nations pledge billions for Palestinians’, 17 December 2007. Available online at <http://www.guardian.co.uk/world/2007/dec/17/france.israel>.

41 Palestinian National Authority, ‘Ending the Occupation, Establishing the State’, Program of the Thirteenth Government, August 2009.

PA's state-building plan received broad support from the highest donor coordination body established following the Oslo Accords, the Ad Hoc Liaison Committee (AHLC). The chair's summary of the meeting stressed that the AHLC welcomed the PA's Program for the Thirteenth Government, and supported incorporating the plan as "an important platform for donor co-ordination with the PA, with the focus on continued assistance on developing a sustainable economy and building robust state institutions."⁴²

There are two important points to be made here. The first has to do with the growing approach of undertaking extensive state-building programs under foreign military occupation, such as in Afghanistan and Iraq. This approach treats state-building as a pre-requisite for statehood and not an output of it. The second is the notion that, in conflict and transitional cases, state capacity and the effective provision of public services provides legitimacy.

Implicit here is the assumption of a negative relationship between effective state capacities and occupation. That is to say, occupation is a) present because of the lack of state institutions and b) that it will end once state capacities are fully established. Yet, this is not the experience of the post-Oslo period, nor does it resonate with the situation of either Iraq or Afghanistan. By 1999, Palestinian institution-building tax collection and state-like public services had reached a level described by the Council on Foreign Relations Task Force as follows: "the PA has achieved levels of service delivery, revenue mobilization, financial accountability, and utilization of international assistance that are at least commensurate with, and in some aspects exceed, those in countries of comparable development and income."⁴³ Yet, a year later at the final talks of Camp David, the institutional relative success proved less of an asset in the face of political intransigence.

While each case has its own particular context and a one-size-fits-all approach cannot be applied, the cases of Palestine, Iraq, and Afghanistan share two common features. The first is a deficit in legitimacy that the international community assumes can be compensated for by the development of state institutions, and the second is the misrepresentation of all three cases as 'post-conflict' areas. According to prevailing practice, what designates a post-conflict country is not the end of occupation and the beginning of an organic internal political settlement but rather the start of an externally backed state-building initiative.

The myriad and increasingly disconnected international 'post-conflict' interventions in the Palestinian context not only attests to the complexity of the Israeli-Palestinian conflict and the significance attributed to resolving it, but also exposes the failure surrounding international involvement. Because of the crippling internal situation described above, third party intervention is all the more critical in the Palestinian context. While the current international intervention in Palestine involves disconnected initiatives, the post-Oslo peace-building program included both state-building and reconstruction in the West Bank and Gaza. The following section assesses the post-Oslo peace-building experience in order to highlight the efforts that did not succeed and draw lessons for renewed international involvement.

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42 Meeting of the Ad Hoc Liaison Committee, New York, 22 September 2009, Chair's summary.

43 Council on Foreign Relations, 'Strengthening Palestinian Public Institutions', *Task Force Report*, June 1999. Available online at http://www.cfr.org/publication/3185/strengthening_palestinian_public_institutions.html.

The Post-Oslo Peace-building Program: What Went Wrong?

Knowing the outcome, i.e. Oslo's failure, does not necessarily help us understand how we got there. Most donors were not involved in the Oslo process for completely cynical reasons. After the event, it was clear that the process had failed and that, in many key respects, donors lacked the capacity to enforce and implement critical parts of the agreements. A number of sophisticated arguments have emerged that explain this as a lack of political will on the part of the international community to enforce any agreements on Israel. It has been argued, for instance, that for some donors involvement was meant to compensate for their lack of political will, or to compete for "Low Politics", as opposed to the "High Politics" monopolized by the US and Israel.

While to a great extent the post-Oslo international aid program implementation failure can be described as a failure of political will on the part of the international community, this argument does not fully explain why donors embarked on the process with such enthusiasm, or why many aid practitioners were genuinely surprised and dismayed when it became clear that the outcome was not going to be the desired one. Most donors likely did not realize that they lacked the institutional or political capacity to implement key aspects of the accords, or indeed that the strategies they were following may have been inappropriate for solving the problem. If this were the case, their subsequent involvement would only have been for political expediency, or at best an exercise whose futility should have been obvious from the outset. Attributing the expenditure of vast amounts of taxpayers' money on this basis would be implausible. Nor is such a view consistent with my experience of working closely with donors (as a staff member of the United Nations Office of the Special Coordinator in the Occupied Territories) during the early stages of the peace process, when genuine commitment to the process by several donor agencies, and a belief that it had a realistic chance of success, were obvious.

It was assumed that the two-state solution was in the strategic interest of Israel. Consequently, the international community hoped that enforcement would not be required for such a peace agreement *as far as Israel was concerned*. The critical issues of settlements, precise borders, particularly of Jerusalem, and the Right of Return for Palestinian refugees still remained but were seen to be matters of detail by the international community as they developed the perception that "we all know what the solution is."⁴⁴ It is also credible that donors truly believed that they had the political will to enforce the deal because they perceived that any significant opposition would most likely come from the Palestinians, and they believed that such opposition could be overcome by a particular strategy of aid. In those circumstances, the economists' tool of 'revealed preference' can be used as a way of uncovering the priorities of donors, given the political difficulties attending full disclosure and transparency of objectives in these circumstances. Revealed preference shows clearly that donors must have adhered to what we can loosely describe as a combination of carrots and sticks, each of which had an internal and an external component.

The internal carrot was the provision of large amounts of loosely earmarked aid that could be used to buy off internal Palestinian political opposition, while the external carrot was donor support for Israeli strategies of economic integration and the use of Palestinian territories as labor pools for Israeli investors. The

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⁴⁴ Nabulsi, K. 'The Peace Process and the Palestinians: A Road Map to Mars', *International Affairs*, Vol. 80, No. 2-221, (2004).

internal stick was the provision of significant amounts of financial and technical assistance to build a security apparatus that could deal with internal opposition, while the external stick was the implicit threat that there was no other option on the table, so the failure of this strategy would entail “exiting history” for Palestinians. The political will from the donors’ perspective was therefore aimed at making fiscal resources available for this package, together with presenting a united front on the options available to Palestinians.

The question before us is not whether Oslo was a good deal from the Palestinian perspective, since it clearly had many deficiencies. Rather, the question is whether Palestinian opposition to the peace process can singlehandedly explain its poor implementation and eventual collapse. There was undoubtedly Palestinian opposition, from Hamas, other militant groups, the Palestinian Diaspora, and occasional violence within the territories, but, in the main, the donor strategy of carrots and sticks was remarkably successful in achieving Palestinian acquiescence within the territories to the peace process, despite the widespread opposition. If viability is judged in terms of *realpolitik* rather than the desirability or justice of the outcome, the donor strategy was well-designed as far as the Palestinian side of the bargain was concerned, and had the necessary political will needed for it to be effective and credible to the mainstream Palestinian movement as encapsulated by the PLO.

In the end, implementation was not essentially a Palestinian problem but mainly an Israeli one. Not only did Israel fail to vacate existing settlements, it accelerated the construction of new ones *after* signing the accords. And instead of using economic integration of Palestinian labor as a carrot to enforce the peace deal, Israel used Oslo to set up what Khan (2004) describes as “asymmetric containment” and Halper (2000) as the “matrix of control.”⁴⁵ This occurred not only because of a failure of political will on the part of the international community but a failure of locating the attempted political settlement in the political realities of *both* sides, particularly within the dominant party, i.e. Israel. Had the international community assessed the political realities more accurately, the requirement of enforcement on Israel would have been clear from the outset. The donor community would then have had a choice of either losing valuable resources by engaging in a futile exercise, creating the political consensus in their home constituencies for enforcing a settlement on Israel, or conserving their resources and not engaging in the process. The argument here is that *appropriate* political will and enforcement requirements were not addressed at the outset of the Oslo peace process because donors were operating on a flawed set of assumptions about Israel’s interests.

The question is whether there was a viable constituency in the Palestinian territories that saw the prospective package of political and economic as sufficient benefits to support the Palestinian leadership’s agenda of state formation. In this very limited interpretation of viability, we find that the failure of Oslo cannot be attributed to the absence of a significant Palestinian constituency supporting this agenda, or the presence of a significant Palestinian constituency sabotaging the implementation of the Accords from the Palestinian side.

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⁴⁵ Khan, M. H., *State Formation in Palestine: Vitality and Governance during a Social Transformation*, London and New York: Routledge, 2004; Halper, J., ‘The Key to Peace: Dismantling the Matrix of Control’, *Israeli Committee Against House Demolitions*. Available online at <http://www.icahd.org/eng/articles.asp?menu=6&submenu=3>

The Oslo Accords were indeed inadequate and unfair to Palestinians, and the Palestinian leadership had indeed submitted to their conditions out of desperation. If the Accords simply reflected Israel's greater power and preferences, and Palestinian weakness and disunity, and if the international community (particularly the US) was truly complacent about the unequal deal that the Palestinians were being forced to accept, then why was Oslo not implemented?

Thus, the process through which these assumptions unraveled is of substantial importance for all to understand: Palestinians, donor countries, and scholars interested in the analysis of the role of aid in post-conflict peace-building and reconstruction. With regards to Israel, it is essential to understand the extent of the failures of planning, understanding, and political analysis by international actors and to incorporate this understanding into any future round of donor involvement in peacemaking in the region and elsewhere. The arrangements that were made for enforcing any implementation or agreements on Israel were derisory. That can be interpreted in two ways. It can be interpreted as evidence that donors lacked political will when it came to dealing with Israel from the very beginning. Alternatively, it can be interpreted as a lack of preparedness, based on inadequate and one-sided analysis, which led many donors to set up toothless coordination and enforcement mechanisms on the assumption that they would not be required as far as Israel was concerned.

The question then is: if donors assumed that it was in Israel's interest to create a Palestinian state, why did they continue supporting Palestinian state-building when Israel's intentions and policies began to reveal themselves early in the peace process? (This is all the more important today given that Israel's lack of interest in a Palestinian state is all the more apparent.) There may be several explanations, but most donors, as I can attest during my several encounters with their representatives during 1996-1999, were still hoping against hope, believing -- or at least wanting to believe -- that Israeli obstacles were temporary and that a two-state solution was still possible.

Clearly, there is a substantial lack of political will on the part of the international community in engaging with the possibility that Israel is an obstacle to peace. There are a number of historical reasons for this reluctance in the West that are too well-known to require repeating. This lack of political will on the part of the international community to enforce international law, commitments, and agreements on Israel, involves an omnibus explanation that can be interpreted in different ways. It has been suggested that Israel can do as it pleases and Western countries who lead the "international community" will not take any action against it. If this interpretation is correct, we should despair. It is to be hoped, however, that this is not a fair reflection of all the countries involved in determining international policy. An alternative interpretation is that Israel has been much more successful in creating confusion about its real interests and strategies, and this has allowed most donors to keep burying their heads in the sand. If this is the reality, it is important to spell it out in detail, so that such mistakes will not be repeated again and that any future financial involvement by the international donor community is informed by a better reading of the political realities in Israel and matched by the appropriate political will.

The experiences of international financial assistance during the Oslo period, and the constructed framework, reveal the false assumption that a rapid movement towards a viable two-state solution was in Israel's strategic interest. This

The arrangements that were made for enforcing any implementation or agreements on Israel were derisory.

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allowed the international community to participate without insisting on any meaningful leverage over Israel. In fact, not only was there a vast asymmetry between the two parties, more significantly there was a lack of consensus, or even considerable agreement, within the polity of the dominant party over the key features of the “end game.” That meant that the international community’s strategy of “staying in the margins”, leaving the two sides to “sort it out” and simply making agreements “work” was doomed to fail.

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5. Conclusion and Recommendations

Israel’s almost total siege on Gaza, preventing the entry and exit of people and most goods, including building materials, is the most immediate impediment to Gaza’s reconstruction. Israel’s long practiced policy of collective punishment, i.e. pressuring the Palestinian people in Gaza to de-elect Hamas, has and will continue to fail. It fails for two reasons: 1) the people of Gaza do not blame Hamas for Israel’s blockade and 2) the blockaded Gazans’ immediate interest is to simply survive. Two and a half years since the imposition of the blockade, Hamas’ control of the Gaza Strip is only growing stronger as Gaza’s population slides into a humanitarian calamity aggravated by economic collapse and public service meltdown. Economic deprivation does bring political change, but not in the desired direction. In such adverse circumstances, the likelihood is that groups to the right of Hamas will gain more favor. Providing a visible horizon for an Israeli-Palestinian political settlement, and lifting restrictions on movement, would provide a much better environment for popular organization.

Once Israeli obstacles have been removed, both the PA and Hamas have a long way to go to reduce the feeling of abandonment of the people of Gaza. Hamas needs to prioritize the welfare of people under its control over narrow political considerations. In such desperate circumstances, all internal and external efforts to rebuild the shattered Strip must be encouraged, not blocked. Proposals such as the establishment of a Palestinian independent reconstruction committee that could bypass hurdles caused by the refusal of key parties to deal with Hamas must be immediately considered. Hamas’ intransigence with regards to national reconciliation denies the reconstruction process its foundation, i.e. national planning, implementation, and ownership.

The PA, on the other hand, cannot wash its hands of the impasse on the basis that its monthly transfers to Gaza in the form of public employment salaries and recurrent expenditures exceed half of its budget. Continuing to pump cash into Gaza is absolutely necessary, but not sufficient. An updated reconstruction plan that incorporates the developments of the last year, focusing on utilizing local resources, engaging the private sector and civil society, and providing a long term national development framework, is required. Beyond the planning, should the current deadlock in reaching a reconciliation agreement continue, the PA must show more assertiveness in pursuing alternative routes for initiating and implementing the reconstruction initiative, particularly through the UN and various on-the-ground multilateral organizations and international NGOs.

The international community’s ongoing assumption that Palestinians are at a pre-state stage is no more accurate than it was under Oslo. A closer reading of the political realities within both Israeli and Palestinian polities is called for. Here the long-held assumption that the realization of a two-state solution, as imagined

A more sensible strategy for donors, in addition to institutional support, is to support enabling conditions for the Palestinian economy and polity with a focus on empowerment, coping strategies, and the provision, not only for institutional and economic efficiency, but also for resilience.

by Palestinians and the international community, is in Israel's strategic interest is not accurate. A more sensible strategy for donors, in addition to institutional support, is to support enabling conditions for the Palestinian economy and polity with a focus on empowerment, coping strategies, and the provision, not only for institutional and economic efficiency, but also for resilience.

Beyond this, given the current political climate, and drawing on the lessons of the post-Oslo involvement, the assumptions driving external post-conflict intervention in Palestine need to be reconsidered. Linking the post-2006 intra-Palestinian political process to the post-Oslo Palestinian-Israeli political settlement was a fatal mistake. The international community's approach to reconstruction and state-building, which misread political realities and underestimated the significance of legitimacy, is partly responsible for the current Palestinian schism. An inclusive and organic Palestinian political process may not produce all of the outcomes hoped for by the international community, but it will increase the chances not only for the absence of war but for real lasting peace. It is imperative to bolster Palestinian attempts to strengthen democratic and inclusive political representation that would yield an equal partner for international post-conflict interventions.

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