

1.8. International aid in the Occupied Palestinian Territories (OPT)

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Introduction

An introductory note is obligatory as we are dealing with an issue set against a background of deep suffering, both social and individual, for both sides in the conflict. At stake are two universal values sanctioned by international humanitarian legislation: neutrality and impartiality. “Neutrality” means not supporting either of the two sides, namely not taking a position regarding whether a cause is just or valid. “*Impartiality*” means treating both sides in the same way, using the same criteria to evaluate the actions of both parties without offering advantages to one or the other¹. It is difficult to stick to these two principles when dealing with the Palestinian question, and the behaviour of the international community (as we will see within this paper) is a clear example².

International assistance

Since the end of the Second World War, the relationship between rich and poor countries has been characterized by progressively larger and more structured financial flows, which now comprise a considerable portion of the economy in many countries. This aspect of international relations has acquired specific features that have been defined by specialized agencies, sector workers and research institutions operating within the aid industry. It has acquired its own language, its own ethics, and its own seemingly incurable illnesses.

The aid granted by rich countries to low- and medium-income countries is called Official Development Assistance (ODA). Official Assistance is the name given to aid to rich countries, such as Israel, which is why it rarely appears among the major recipients of international assistance. Alongside these government funds are important private flows that come from charitable, religious, institutional or political sources; these funds are less documented and difficult to study because they are fragmented and often informally managed.

Aid agencies put their contributions into different categories; an important distinction must be made between “development assistance” and “humanitarian assistance”. Semantically the difference is obvious, but reality often escapes clear classification. Whereas the first is mainly granted to recipient states through direct bilateral agreements, the second is generally channelled by intermediary agencies. In many cases, the difference regards more the manner in which assistance is granted

than how the funds are used for local action. The choice of one channel over another normally depends on whether the donor government wishes to be associated directly with the recipient, or to keep a formal distance by working through intermediaries.

The official definitions are clearly inadequate in the atypical Palestinian situation. Whereas millions of refugees have been receiving 'humanitarian' aid for sixty years now, international assistance has been given in accordance with political and diplomatic agendas (and with the associated technicalities), as well as with the positions taken by donor governments. In reality, these funds have served mainly to cover the current expenditure of the Occupied Palestinian Territories (OPT) and of the nascent Palestinian administration. Therefore a large part of this assistance does not actually go towards supporting development or towards humanitarian aid; instead it is more a huge subsidy orientated towards maintaining the situation. However, although on one hand the generosity of international donors towards the Palestinian people may suggest a consequent political support, on the other in reality this support is being given to the occupying Israeli government, which is also the recipient of even more generous funding.

The aid provided to the Palestinian people is qualitatively different from that provided to other countries in difficulty in that it is a "free grant" i.e. no development is expected in return. The more or less explicit scope of this assistance seems to be influencing Middle Eastern politics, and any decisions made understood under this light. Furthermore, as happens in many other cases, aid also serves to dilute the claims of recipients and ease the guilty conscience of the public in donor countries.

Scale and implications of aid to the OPT

A programme of international assistance to the OPT started officially with the Oslo Agreements and the establishment of the Palestinian National Authority (PNA) in 1994. The declared objectives of this aid were to support the peace process and contribute both to social and economic development and to the birth of institutions that would be able to govern the future state of Palestine³. In the euphoria of that period, aid was seen almost as an incentive to create goodwill between Palestinians and Israelis so that they could commit towards living together peacefully.

The major donors are Arab countries, the EU, Japan, the United Nations and the USA, as well as the World Bank. The main channel of aid to the OPT is the United Nations Relief and Works Agency (UNRWA), which runs schools and health services for Palestinians registered as refugees. UNRWA managed 2.9 billion US\$ from 1994 to 2002, about 40% of the total donations of that period.

Despite the enormous financial flow it has received during these years, the OPT is still not the leading recipient in the international assistance league⁴. Before the outbreak of the second *Intifada* (September 2000), humanitarian assistance to Israel was higher in absolute terms than that offered to the OPT. It is difficult, how-

ever, to compare the global amount of aid received by the Palestinians and by the Israelis, especially because Israel is not categorized as a low- and medium-income country, consequently the aid it receives is not classified as ODA. It is also interesting to note that Israel received 134 billion US\$ from the USA alone (excluding compensation for the Holocaust and donations from the Hebrew community) from 1949 to January 2000, and about 3 billion US\$ per year since 1973⁵. In contrast, the entire world ODA for 2004 fell short of 92 billion US\$⁶.

International aid is unquestionably an essential condition for the survival of the Palestinian population. At the same time, however, as we will see below, aid helps to maintain a politically unsustainable situation (one that also is difficult to justify in terms of international law) that causes distortions within the Palestinian economy and institutions. International assistance is therefore part of the solution and also part of the problem viewed by the most critical as an inappropriate political tool that is extravagantly provided mainly to limit the damage created by a situation that has turned cancerous and too difficult to address.

Aid management

The elaborate framework created by donor countries under the Oslo Agreements to manage aid to OPT is a cascade of watchdog and liaison committees to which new branches were added at the start of the second *Intifada*, demonstrating how aid and diplomacy are inextricably linked.

The fact that the Israeli government had been included in this complex mechanism was evidence that despite the partial autonomy that the Oslo Agreements granted the just-created PNA, Israel continued to control 60% of the West Bank, East Jerusalem and a vast swathe of the Gaza Strip. The PNA lacked sovereign control of its borders, its foreign policy, its currency, and consequently its fiscal and monetary policy, as well as its natural resources. Aid workers are practically guests in Israel, as they have to use Tel Aviv airport, apply to the Israeli Foreign Ministry for a visa and can operate in the Palestinian territories thanks only to an agreement drawn up with the Israeli government.

The restriction of movement imposed on the OPT by Israel with a system of closures* has made it extremely difficult for materials and humanitarian workers to enter and for services to be delivered. The effectiveness and the coverage of aid projects have consequently been reduced. All of this has paradoxically caused the OPT to fragment further with the formation of enclaves that are increasingly isolated and often inaccessible to aid flows⁷.

Abandoning the consolidated channel for aid delivery, which was used to integrate funding into the PNA budget, with both old and new humanitarian tools has devastated the Palestinian public management patiently built after the Oslo Agree-

* For more information on human rights situations, and in particular on the Palestinian people's right to movement, see A. Stefanini, H. Ziv, *Occupied Palestinian Territory: Linking Health to Human Rights*, «Health and Human Rights» 2005, 8 (1), pp. 160-175.

ments, one that was acclaimed as a model of effectiveness and transparency. This behaviour culminated in the decision by the Quartet** to suspend aid to the PNA following the electoral victory of Hamas in January 2006 and the EU's establishment of the so-called Temporary International Mechanism, which delivered essential aid such as state employees' wages and medicines through international agencies, designating them as "humanitarian" and by-passing the PNA.

By doing so, donor countries demolished the administration system in which they had invested years of effort and resources. The return of the enormous funds granted to the Palestinian people to alleviate the effect of an international boycott decreased significantly not on account of the recipient's performance, but because of the donors' choice of improper tools to manage the situation. The International Monetary Fund itself recognized that, from its advanced position on international assistance management, the PNA plummeted into complete uncertainty and managerial paralysis⁸.

The donors themselves dominated the scene and decided the type of aid and how it should be delivered. Their decisions were not based on what the Palestinians really needed, but on purely political considerations that went against what the international community had established as "good practice" in terms of cooperation⁹. With the collapse of the peace process, aid increased exponentially passing from the 5:1 ratio in favour of development aid to the 7:1 ratio in favour of humanitarian aid¹⁰. As researchers Lister and Silkin point out: "PNA institutions built up over the years have been severely undermined, and there has been a sharp deterioration in transparency and accountability of public financial management. Much of this is directly attributable to donor behaviour. Many of the stratagems adopted by donors to keep humanitarian aid flowing while keeping a distance from the PNA are the antithesis of standard good practices concerning ownership and alignment, and the aggregate effectiveness of aid has obviously declined. Short term, hand-to-mouth approaches are debilitating both for actual service delivery and for the maintenance of institutional capacity. The OPT are witnessing a return to the classic vicious circle that the international guidelines on aid effectiveness were intended to get away from, in which distrust of state institutions leads to bypass, which leads to further degradation of state institutions and a stronger incentive to bypass"¹¹.

Influence of international assistance on the Palestinian health system

The Palestinian health system presents complex features caused by the exceptional circumstances in which it evolved and by the ways in which decisions have been stratified and services financed. Health indicators are rather satisfactory and are similar to, or better than, those of other Middle-Eastern countries. Given the conditions in which the services are provided, this is an extraordinary result brought about by a range of factors, including the competence of many health

** The so-called *Quartet* comprises the USA, EU, Russia and the UN.

workers, an abundance of resources and the political significance that the health services have acquired in the eyes of the public. This success, however, has come at a high price.

The health system is extremely fragmented in territorial, institutional, organizational, political and cultural terms. The generous foreign assistance is delivered by an excessive number of agencies, both local and foreign, which vie for space in an overcrowded area. Inefficiency is rife and costs are rising. Hi-tech health assistance models are adopted without checking whether they are appropriate or effective in the Palestinian situation. Territorial division, an unplanned health system network and the severe restrictions on movement imposed by the Israeli government cause serious diseconomies of scale.

The recipients seem to take the generous aid to the health sector for granted. Consequently services develop unplanned, free of fiscal constraints, but only because foreign funding is available. Health system technology and consequently its costs are well in excess of the internal resources available. The inevitable result is that the health system is structured so that it is dependent on long-term aid, and it would be so for a long time were the political crisis to end.

This way, old problems, such as the PNA's bloated health workforce, fragmented assistance, high pharmaceutical expenditure, or inadequate regulation, are left to exacerbate. These thorny issues are not addressed, not only because of their major political implications, but also because the abundance of aid means that unpopular and risky measures can be postponed. Furthermore the political and institutional dismissal of the PNA has made radical reforms impossible to put into practice. As time goes on, these distortions strengthen and worsen, making them increasingly difficult to correct; in the meantime dependence on aid increases.

Despite successfully providing services in a difficult situation, the Palestinian health system seems to have stumbled into a blind alley from which it cannot escape. Reform will require clear policies, courage and a political capital of which the PNA seems bereft. A period of long-term stability is also needed, but this is not on the cards either. Also required is fruitful dialogue with health service providers, such as Palestinian Non-Government Organizations (PNGOs), who play a key role in the flow of external assistance. Relations with the PNA have been strained since its inception when PNGOs explicitly stated their right to exist, their complete independence and their role as pressure groups to "harmonize government activity with democratic values and human rights"¹².

The current conflict between the PNGOs and the PNA is due to two reasons: the first is the (at times extreme) politicization that has always characterized volunteer work and Palestinian civil society, which is split into factions and parties that are often linked to traditional ideological positions; the second is the role played by donors and their political agenda, which is orientated more towards their own diplomatic interests than those of the Palestinians. The fact that both parties are dependent on the same sources of external funding means that competition is fiercer than ever¹³. PNGOs' increasing dependence on external funding has led in many cases to a creeping de-politicization of local organizations and basic initiatives, and to the formation of completely unrepresentative alternative elite struc-

tures; consequently civil society fragments even further¹⁴. For its part, the aid industry provides funding and periodically dispatches experts who propose the latest international fashions; very little consideration, however, is normally given to the prohibitive situation in which these policy proposals are to be implemented.

There is no doubt that the political, economic and administrative situation must be normalized before the health system can be rationalized. In the meantime, we must be prepared to accept that providing services in the current situation will be costly and complex. As the Palestinians themselves often point out, it is right that the additional costs of a situation imposed externally be covered externally. This convincing point of view, however, leads to the toleration of distortions that could be at least partly corrected. Many Palestinian health officials are resigned to the overturning of all rational production criteria within the health service, but this is nothing more than an additional facet of the contradictions with which they have to work and of the abstruse compromises they have to negotiate each day (with admirable creativity and tenacity) to keep the health system up and running.

Conclusion

The unique nature of humanitarian aid to the OPT can be summed up by the position of Israel (an occupying power and ‘unobliging landlord’) and by the attitude of the international community towards this position. The main dilemma is powerfully described by Israeli author and ex Deputy Mayor of Jerusalem, Meron Benvenisti: “*The Palestinians managed to survive thanks to the international aid, but [...], the beneficiary of the international community’s rallying to the rescue was their Israeli enemy. Moreover, the contributing states’ humanitarian enlistment became a safety net, enabling Israel to impose a deluxe occupation in the West Bank – total military domination with no responsibility for running the life of the occupied population, and no price tag attached. Had Israel been required to fulfil its commitment as an occupying power [author’s note: in accordance with the Geneva Conventions], it would have had to pay NIS 5-6 billionⁱ a year just to maintain basic services for a population of more than three million people. But it created an international precedent – an occupation fully financed by the international community. The harsher the Israeli measures with closures, blockades and safety fences, the larger the international aid “to prevent a humanitarian crisis”, and Israel is not held accountable*”¹⁵.

Furthermore despite the economic benefits it gains from the humanitarian aid that is supposed to go to the Palestinian people, Israel interferes in the flow of this aid by blocking access to it and thus reducing its effectiveness. “*But while piling on barriers that block aid from Palestinians and Palestinians from aid, Israel is fervent in its support of humanitarian aid in face of the international community*”¹⁶.

The behaviour of the international community towards the Israeli government demonstrates that the flow of international aid to the OPT is directed towards alle-

ⁱ The NIS (Shekel) is the currency of Israel and also used in the OPT. 1 € = about 6 NIS.

viating the crisis of the Palestinian people rather than towards promoting a permanent solution. Although the main responsibility for the serious situation in the West Bank is down to the Israeli occupation, as reported by agencies that could hardly be described as hostile to Israel¹⁷, the attitude of donors appears ambiguous, when not openly hypocritical. Israel's repeated violations¹⁸ of both international humanitarian and human rights legislation have met with insufficient responses, generally limited to vague condemnations and resolutions by the UN that have had practically no effect on Israeli policy.

Although some organizations are conducting a reconciliation effort between the two sides, the situation is made more problematic by the objective conditions of "occupier" and "occupied", as well as the clear imbalances between Israel and the OPT in terms of social and economic development, the power held by the international community, and the impact of events on world public opinion (compare the media coverage that an Israeli death receives to that for a Palestinian one). Reconciliation is generally based on the theory that by facilitating common action in sensitive areas, such as health and social sectors, an independent channel for dialogue can be created in an attempt to raise mutual understandingⁱⁱ. Contrary to this approach is the vast majority of Palestinian society¹⁹, which denounces the innate ambiguity of initiatives that offer external solutions to problems created by the Israeli occupation, but do not reflect the priorities of the presumed recipients; do not take into consideration the guilty indifference of Israel's scientific and cultural establishment; and purport to be non-political when the majority of benefits, in terms of publicity, ends up favouring just of one the two sides.

At the time this article was going to print (May 2008), the situation in the OPT, and in the Gaza Strip especially, was practically out of control and showed no signs of a tangible solution. How did we reach this point? One possible interpretation of recent events and of the factors that condition them can be found in the "End of Mission Report" (May 2006) by the UN's Middle-East envoy, Alvaro de Soto²⁰, which provides a devastating description of the failure of international diplomacy and of how interventions, including humanitarian aid, are carried out in this part of the world.

The painful and, we hope, overly pessimistic opinions expressed in this article aim to highlight the desperate need for more research and analysis on humanitarian aid. As a report by the International Red Cross states: "*There is also a need for a strong "institutional memory" and a culture of serious research in the humanitarian field. This is both because some of the dilemmas and opportunities that are faced are historically new, and because some of them are timeless. Ignorance is no excuse for repeating old mistakes or making new ones*"²¹.

ⁱⁱ See World Health Organization project "Health as a Bridge for Peace" as an example, or projects by Regione Toscana and Regione Emilia-Romagna, "Saving Children - Medicine in the Service of Peace".

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