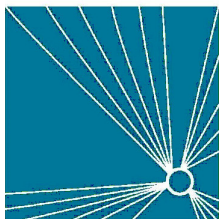


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## Assessing Democracy Assistance:

# Palestine

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The Occupied Palestinian Territories (OPTs) receive some of the highest sums of international aid per capita in the world. They also represent a uniquely difficult case, in which humanitarian aid, governance assistance and Israel's occupation inter-relate in complex ways. This report is one of a series of case studies looking at local civil society actors' views of democracy aid. The report does not examine the peace process per se in detail, but it does look at some of the difficult linkages between democracy support and the Israel-Palestinian conflict. Another distinctive feature of the OPTs compared to other case studies lies with the fact that donors are helping to build quasi-state institutions from a relatively low base; hence, in this report we include a broad range of governance assistance that donors present as contributing to an eventually democratic, fully-sovereign Palestinian state. In line with other cases under the rubric of this project, our main aim is to report on local views from the West Bank and the Gaza Strip.

The report is based on an extensive series of interviews carried out in the West Bank and Gaza. Our Palestinian interlocutors welcome the enormous increase in international funds but lament that donor acknowledgement of local priorities is – in their view – still limited. The lack of Palestinian ownership of security sector reforms is a particularly acute concern. The risk of ploughing ahead with security reforms in the absence of democratic governance and a constitutional order is that donors will shore up opaque governance structures.<sup>2</sup>

<sup>1</sup> The authors would like to thank all interviewees for their time and opinions shared during fieldwork. The research methodology for this report is explained in an appendix at the end of the main text. Responsibility for this report and the views expressed are solely those of the authors, and do not necessarily represent the positions of either FRIDE nor the funders.

<sup>2</sup> Y.Sayigh, 'Policing the People, Building the State: Authoritarian Transformation in the West Bank and Gaza', Carnegie Papers, February 2011.

Donors must not mistake funding for state-building as an end in itself. According to those interviewed by FRIDE for this report, state-building has become a convenient substitute for the lack of progress in peace talks. The Hamas-Fatah division is – despite the recently signed unity pact – as detrimental to international democracy efforts as it is to internal Palestinian unity. Donors now discretely contravene their own ‘no contact’ rule with Hamas and should recognise that governance initiatives must include all relevant actors. The outcomes of eventual peace talks are more likely to be accepted by all parties if they have been included in such discussions. If donors are genuinely committed to listening to local actors, in the OPTs this would entail boosting efforts to reverse a slide into authoritarianism and extending support beyond technical state-building programmes. This change of direction is rendered even more urgent by the stagnant peace talks, the ostensible cooperation efforts between Fatah and Hamas, and the ongoing upheavals across the Arab world.

## Democracy: the state of play

It is widely agreed that democratic standards are in regression, both in the West Bank and the Gaza Strip. The aim of creating one democratic proto-state has given way to the emergence of two separate, authoritarian political systems. The Palestinian Authority (PA) is the body created pursuant to the Oslo accords to administer parts of the West Bank and Gaza Strip. It cannot be directly compared with the polities of independent states, as it lacks full sovereignty over Palestinian territory. However, its governing functions are sufficient for the decline in democratic rights to engender genuine concern.

It is well known that since 2007 Prime Minister Salam Fayyad has taken forward an ambitious institution-building programme, the Palestinian Reform and Development Plan (PRDP). This has attracted widespread praise. Security is much improved in the West Bank. Economic growth has picked up. Palestinian governing institutions have managed to assume some competences in areas previously under full Israeli control. This progress has been made in the West Bank after Hamas took control of the Gaza Strip in 2007. The PRDP is set to be succeeded by the Palestinian National Plan (PNP) for 2011-2013.

However, this set of policies has not represented a democratic state-building project. On most indicators, democracy is declining in the West Bank. Respected analysts observe that the government has become even more of an obstacle to democratic rights than it was during Yasir Arafat’s leadership, although he was known for his prevarication on reform promises. Freedom House today ranks the PA-administered territories as ‘not free’. The 2010 score dropped from 5 to 6, which is the second-lowest score possible for political rights. Other rankings concur that trends are negative and that effective democratic rights stand drastically emasculated.

Recent years have witnessed an increased concentration of power in the executive. The Palestinian Legislative Council (PLC) has not sat since 2007. Many Hamas members elected to government in 2006 are in Israeli (or Palestinian) jails. Under the Prime Minister’s reform plan large numbers of new administrative rules have been introduced without legislative oversight.

President Mahmoud Abbas’s term in office expired in January 2009, yet presidential elections have been put back several times. Local elections were cancelled in July 2010. Fatah, the ruling party in the West Bank, insisted that these be cancelled because it was unable to get its electoral lists agreed and submitted on time (although the formal reason given was that more time was needed for reconciliation); Hamas had already announced a boycott. Local authorities are now appointed, as a form of rewards distributed to political supporters. Notable political figure Mustafa Barghouti has argued that the cancellation of local elections was a particularly big blow for democracy: while most Palestinians accept that West Bank-Gaza reconciliation is needed prior to presidential elections, local polls were seen as the means of ‘keeping the seeds of democratic principles and systems alive’.<sup>3</sup>

<sup>3</sup> M. Barghouti, ‘The slow death of Palestinian democracy’, *Foreign Policy*, 21 July, 2010.

At the time of writing, the PA has just called elections and a unity pact between Fatah and Hamas has announced the formation of an interim administration in preparation for the polls. These are potentially paradigm-shifting steps. However, at present there are still doubts over whether the full set of elections will indeed take place; whether Hamas will agree to participate; and whether terms can be finalised between Fatah and Hamas for interim power-sharing. The unity accord may open the way for democratisation, but deeper problems still persist. Electoral laws at the national (although not local) level restrict the participation of Fatah's key political rivals. No standard multi-party system has taken shape. All debate that occurs is a mirror of internal Fatah factional struggle.

There is less, not more, separation of powers than a decade ago. Increased executive meddling in the judicial system militates against impartial rulings. An increasing recourse to military courts compromises due process and rights protection. Security services often ignore judicial rulings. While president Abbas did invite NGOs to inspect prison conditions and report back to him with recommendations, practical improvements in the penitentiary system are still awaited. In January 2011 the PA promised to cease using military tribunals for civilian cases; it remains to be seen how thoroughly this commitment is implemented.

Increased executive meddling is also evident in the violation of the Associations Law by authorities and internal security services in the West Bank and Gaza. Many civil society organisations have been shut down, and others now face pervasive administrative controls or unpredictable raids. In both the West Bank and Gaza associations seen to be affiliated to the opposition continue to be targeted for dissolution, ostensibly because of illegal activities or administrative mismanagement.<sup>4</sup> Repression of journalists has increased. The West Bank has one of the lowest rankings of all Middle Eastern states in the Press Freedom Index compiled by Reporters without Frontiers<sup>5</sup>. Although the state of integrity in public services has significantly improved under Fayyad, the OPTs are widely perceived as one of the most corrupt places in the world.<sup>6</sup>

Security reform is the best known success story of the Fayyad plan. However, while security has improved, democratic control over security forces has weakened.<sup>7</sup> Illegal arrests have increased. Political purges are becoming more frequent, with officials being forced out on specious security grounds. The security clampdown does not enjoy strong democratic legitimacy; indeed it is the subject of strong popular resentment. Ordinary policing has been an outstanding success, but the intelligence and security services function in a more politicised and less benign fashion, outside the scope of the law. NGOs point to increased use of torture and illegal detentions. The combination of a weak judiciary and strong security forces presents the danger of Palestine becoming a police state.

The aim of security reform was to establish a more professional and de-factionalised national security force. Reform has been remarkably effective in tackling the West Bank's gangland-style justice. It has also succeeded in re-incorporating the main West Bank militia through an amnesty programme.<sup>8</sup> The Al-Aqsa Martyrs Brigades have been rendered un-operational. The number of Israeli controlled check-points has decreased. At the same time, the security reform plan has served as a blanket for rounding up Hamas sympathisers and closing down Hamas organisations in the West Bank, and purging security forces suspected of links to Islamists. It has effectively stopped Hamas' ability to operate as a political party in the West Bank. Even teachers and civil servants have been removed under the banner of so-called security reform. Moves have also been made against mosques. Some arrests have been extra-judicial.

<sup>4</sup> Examples of organisations recently closed down in the Gaza Strip include Sharik Youth Institution, Bonat Al-Mustaqbal Society, the Women and Children Society, Palestinian Mini Parliament, the National Reconciliation Committee, and The Palestinian Surgeons Association. EMHRN Freedom of Association Assessment Report 2010; 'The Euro-Mediterranean Region, A Threatened Civil Society', p.59 – 63.

<sup>5</sup> <http://en.rsf.org/press-freedom-index-2010,1034.html>.

<sup>6</sup> For an excellent overview of these trends in Palestinian politics, see Nathan Brown, 'Are Palestinians Building a State?', Carnegie Commentary, June 2010. See also the Freedom House 2010 Country Report for the Palestinian Authority-Administered Territories.

<sup>7</sup> Y.Sayigh, 'Policing the People, Building the State: Authoritarian Transformation in the West Bank and Gaza', Carnegie Papers, February 2011.

<sup>8</sup> International Crisis Group, 'Ruling Palestine II: The West Bank Model?' Middle East Report 79, 17 July 2008.

The stated aim of Fayyad's PRDP was also to strengthen the interior ministry, to boost civilian control over security forces. In practice, such control has weakened. Cooperation between Palestinian forces and the Israeli Defence Forces (IDF) has been much commented on. But it remains eminently possible that PA forces would switch to fight against the IDF if the overall political context deteriorates. PA forces are still not allowed near Israeli settlements in the West Bank and still cannot stop Israeli incursions. There are limits to their operational cooperation with the IDF. The constantly remarked fear is of co-optation: that is, of Palestinian forces simply undertaking security at the behest of the IDF. These concerns are not helped by reports that PA forces are given names of suspects by the IDF that they then go to arrest.<sup>9</sup> Conversely, PA forces still show reluctance to move against other terror suspects for fear of being seen to be doing the IDF's bidding. In sum, progress on security on the West Bank has been impressive but rests on fragile and not strongly democratic foundations.<sup>10</sup>

In Gaza trends have drifted in a similar direction since Hamas appropriated control. *The Economist* has noted, somewhat provocatively, that, 'in Palestine's cloven halves, governance is remarkably similar.'<sup>11</sup> Observers agree that Hamas has further embedded its control and become more authoritarian. It has flooded public bodies and civil society with its supporters, while expelling political opponents from Gaza. It has followed Fatah in preventing local elections being held across the Gaza Strip. It allows no independent media and has restricted the freedom of assembly and association. It has closed down civil society organisations and Fatah-aligned trade unions. Some writers insist it has harassed worshippers at mosques not formally affiliated to Hamas<sup>12</sup>, has sought to impose use of the veil and has closed down many places of entertainment.<sup>13</sup>

At the same time, there is some evidence that Hamas has become more pragmatic towards the peace process. The organisation has said it is willing to extend its truce to a ten year period in return for a final settlement on a Palestinian state. Prior to the latest round of peace talks it said it would not oppose Abbas representing the Palestinians in peace talks. Polls show Hamas supporters in Gaza to be no less supportive of the peace process than Fatah supporters.<sup>14</sup> A struggle is increasingly evident inside Hamas, mirroring debates within political Islam in general. One faction remains militarily hardline and rejects democracy (even after Hamas' 2006 electoral victory) as incompatible with the pre-eminence of divinely revealed truth. But another faction sees the Turkish AKP's pragmatic evolution as the model to be followed.<sup>15</sup> The recent national unity accord signed by Hamas, Fatah, and 11 other Palestinian factions may reflect the growing influence of this latter current of opinion.

A distinctive feature of debates over democracy in Palestine is their inextricable linkage to the state of the peace process. With the late-2010 collapse of peace talks, lively debate has emerged among Palestinians over whether a fundamental change of strategy is merited. It is well known that the focus on state-building has been the central pillar of a gradualist approach to sovereignty. Fayyad's reasoning has been that if effective Palestinian institutions can be developed, this will have a beneficial impact on peace talks. But with the latest effort to revive peace talks now moribund, does such logic still hold?

On the one hand, it might seem that Fayyad's plan to have a de facto state completed by August 2011 is even more than before the only game in town. On the other hand, voices are growing more audible for a more direct approach to attaining sovereignty. Fatah and Hamas have taken a decisive first step. There is also increasing talk of alternative strategies: some insist it is time to forget the gradual approach of building state institutions and that the PA must exert direct pressure in the United Nations Security Council for the

<sup>9</sup> For a comprehensive overview of developments in the security sector, see International Crisis Group, 'Squaring the Circle: Palestinian Security Reform Under Occupation', Middle East Report 98, September 2010.

<sup>10</sup> *Ibid.*, p. 21.

<sup>11</sup> 'Under threat from all sides', *The Economist*, 12 August 2010.

<sup>12</sup> Those harassed include Salafist elements who challenge the truce between Hamas and Israel. 'Radical Islam in Gaza', International Crisis Group, 29 March 2011.

<sup>13</sup> H. al-Masri, 'Palestinian reconciliation is delayed and tied to the fate of negotiations', Arab Reform Initiative Brief, November 2010, p. 5.

<sup>14</sup> M. Jaraba, 'Hamas and the Peace Process: Part of the Problem or Part of the Solution?', Arab Reform Bulletin, 10 November 2010, Washington, Carnegie Endowment for International Peace.

<sup>15</sup> *Ibid.*

immediate ceding of sovereignty.<sup>16</sup> Abbas himself has mooted the possibility of dissolving the PA and asking Israel to assume direct responsibility for the OPTs. Palestinians have reached the point of despair, with many arguing that if Israel will not allow effective control they should at least be obliged to pay for the occupation.

In short, the collapse of peace talks may undermine the motivation for the state-building programme. This has not been a democratic programme so far; but it at least serves as a fragile base from which to operate democracy assistance strategies.

## Donor activities

It is well known that international funding has poured in to back the Fayyad reform programme. The inception of Fayyad's plan changed donors' focus from channelling money directly to the president's office back to supporting the prime-ministerial office and a broader range of institutions. Donors pledged nearly 8 billion dollars over three years at a first donor conference in Paris in December 2007 – well in excess even of the PA's maximalist request. This new wave of funding marked a turnaround from emergency relief back to longer-term institution-building – for the first time since the latter had effectively been aborted by the second intifada.

Total aid to the OPTs was running at nearly USD 3 billion a year by 2008. The EU (European Commission plus member states) accounts for the largest share of this, at half the total aid spent. The Commission is by far the single largest donor, giving three times more than the US and Saudi Arabia, the second and third largest donors respectively. External aid per capita is now over USD 800 and external funding amounts to two thirds of Palestinian GDP. At the time of writing the Commission has just approved an additional financial package worth EUR 85 million, this reaffirmation of support for the PA's institution building programme comes in the wake of Israel's decision to temporarily halt the transfer of tax revenues to the PA in protest at the rapprochement between Fatah and Hamas.

The biggest increase in donor assistance as a whole has been for direct budget support. Arab donors have channelled their funds mainly to direct budget support (although the Arab Fund for Social and Economic Development has also provided half a billion dollars over the last ten years for separate social and relief projects); they do not engage in democracy assistance as such. A challenge in the OPTs is that it is difficult to distinguish between institution-building support and democracy assistance as traditionally defined. According to one local calculation, a broadly defined 'Governance' category represents around 10 per cent of total aid. More narrowly delineated 'Democracy enhancing' projects received less funding after the 2006 elections; by 2008 they accounted for only 3 per cent of total aid.<sup>17</sup>

A number of features are common to all donors' general governance assistance in the West Bank. First, the focus is heavily on backing the PRDP in enhancing the capacity to implement service delivery aims; while labelled by donors as institution-building, much funding covers direct running costs. Second, much support now goes directly to the prime minister's office. Third, part of the support that is offered is in essence about the peace process rather than resembling a straightforward democracy-enhancing aid profile. In the case of all these features, the genuinely democracy-deepening value of much aid defined as such is questionable.

What follows gives a summary of a select number of the principal donors funding governance-related projects; with over 100 donors present in the OPTs we do not offer an exhaustive summary of every single active funder.

<sup>16</sup> For example, Mouin Rabbani, 'Palestine at the UN: An Alternative Strategy', Middle East Report, 19 November 2010.

<sup>17</sup> J. Devoir and A. Tartir, 'Tracking external donor funding to Palestinian non-governmental organisations in the West Bank and Gaza' 1998-2008, Jerusalem, Palestinian Economic Policy Research Institute, 2009, pp. 15-17, p. 23 and p. 41.

## General Governance Assistance

In overall terms, the European Union (the European Commission plus member states' bilateral funding initiatives) remains the biggest provider of democracy and governance aid to the Palestinians. The European Commission now provides a total of EUR 500 million a year, taken from an array of budget lines providing support at both governmental and civil society levels. Member states provide another billion euros of overall aid a year.

The Commission has run two funding initiatives since Hamas' election in 2006 forced a restructuring of funding processes. The Temporary International Mechanism (TIM) subsequently became PEGASE (Mécanisme Palestino-Européen de Gestion de l'Aide Socio-Economique), with a three year mandate starting in February 2008. These frameworks were designed to channel funds directly to the PA in the West Bank, circumventing Hamas in the Gaza Strip. They have provided EUR 2.5 million of running costs to the PA every month since 2006.

An EU-PA European Neighbourhood Policy (ENP) Action Plan was adopted in May 2005. This was closely dovetailed to and promised to back up the PRDP – its listed priorities are essentially those identified by the latter. Cooperation was stalled until Fayyad was appointed. The first ENP joint committee meeting for three years took place in May 2008. As support for the PRDP has increased, humanitarian aid has decreased; ECHO (the European Communities Humanitarian Office) disbursed nearly EUR 100 million in 2006 and will have a budget of EUR 42 million for 2011. ECHO now limits its interventions to those parts of the population judged to suffer extreme vulnerability as a result of the conflict.

European Commission aid is complex, flowing from several budgetary sources. It is estimated that of the average 500 million euro yearly allocation, around EUR 180 million goes to direct running costs, mainly PA salaries. Contributions to the United Nations Relief and Works Agency (UNRWA) and ECHO humanitarian aid represent the other two main slices of funding. Governance aid strictu sensu has been calculated to be only around 12 EUR million a year.<sup>18</sup> In short, governance is a small percentage of overall aid; in turn, democracy aid is a small percentage of governance-capacity funds.

The Commission's two main priorities are those of the Fayyad plan: budget consolidation and security sector reform. The largest share of Commission aid goes to enhancing the strategic planning capacity of PA institutions and the latter's basic technical expertise. Examples of major projects include: help to boost the PA's audit plan; strengthening the State Audit and Administrative Control Bureau; job training to officials at the Ministry of Finance; and ministry risk assessments. Much governance support is linked to the PA adopting EU standards: most funding for the Palestinian Quality Framework and the Palestinian Standards Institute comes from the European Commission.<sup>19</sup>

The Berlin Conference on civil security and rule of law in June 2008 aimed to revive judicial support. Most European rule of law support aims at helping remove the huge backlog of cases in Palestinian courts (60,000 by 2009). Funds are used to appoint new judges and prosecutors. The Commission also supported the setting up of the Palestinian Judicial Training Institute. The Commission provided EUR 20 million to the justice sector in 2010. Commission officials on the ground estimate that in 2011 around EUR 25 million will be available for rule of law programmes. The so-called Seyada project aims to strengthen the professional competence of the judiciary, mainly through the provision of technical advice. Now in its second phase, Seyada II continues to use much of its budget to fund court buildings, but also aspires to work more on legal aid and juvenile justice. With the justice sector seen to be somewhat over-crowded in terms of international support, the Commission aims from 2011 to tighten a distinctive focus on the relationship between judicial reform and security – this is to include a particular effort to enhance capacity in the penitentiary system.

<sup>18</sup> A. Bertrand-Sanz, 'The conflict and the EU's assistance to the Palestinians', in E. Bulut Aymat (ed), 'European Involvement in the Arab-Israeli Conflict', Chaillot Paper 124, Paris, EU Institute for security Studies, 2010, p. 44.

<sup>19</sup> Communication from the Commission to the European Parliament and the Council, 'Implementation of the European Neighbourhood Policy in 2008: Progress Report on the Occupied Territories', SEC(2009) 519/2.

Palestinian NGOs have also received generous increases since 2007. European donors tend to be the most oriented towards supporting local civic groups; US funds are more likely to be channelled through large international NGOs, although also support local Palestinian organisations.<sup>20</sup> Under the rubric of the Paris agenda on local ownership, Palestinian ministries oversee local aid coordination bodies. However, the Commission recognises that cooperation on human rights has been more problematic, limited and tense than other areas of support. A first EU-PA subcommittee on human rights, governance and the rule of law was convened in December 2008. Most civil society support is provided through the EU's Partnership for Peace, with funding related to the peace process specifically.

A broadly similar orientation towards state-enhancing technical capacity is evident in EU member states' bilateral aid programmes. The UK provided EUR 50 million of total aid for 2008-2009. Sixty seven per cent of this went to 'Governance', 30 per cent to 'Humanitarian assistance'. The largest portion of governance assistance has been used to support the PRDP. Other listed 'Governance' projects in recent years include work on PA planning and budgeting capacities; public sector financial management; small and medium sized enterprises; support to the president and prime-minister's offices and to the Negotiations Affairs department; and provision of a governance advisor to the Quartet representative. In October 2010, an additional EUR 16 million programme was announced on the governance of service delivery, mainly used to fund new school places.<sup>21</sup> DFID (the Department for International Development), one of two ringfenced areas amidst broader UK spending cuts, recently announced an increase in its budget for the OPTs by USD 10 million to USD 85 million for 2011. Based on figures from its 2010 allocations, at least USD 35 million will be direct support to the PA, USD 27 million to UNRWA, USD 14 million to wealth creation, and USD 4 million to governance. Whilst not explicit on the issue of conditionality, by administering its budget through a World Bank trust fund DFID is able to encourage reform. DFID praises Palestinian engagement with the donor community; one of our interviewees claimed that, 'MoPAD [the Ministry of Planning and Administrative Development] can do the donor stuff inside out.' On the issue of helping to bankroll an inefficient Palestinian authority, and in the light of regional upheavals, DFID recognises that it will not be able to continue spending such amounts of money without questions being asked of it by UK ministers and citizens.

German funding originates from several different entities. The German Development Service (DED) runs Germany's democracy assistance programme in the OPTs. This amounts to a relatively limited EUR 0.5 million a year. It has a bottom-up focus on capacity-building for grass roots CSOs. A declared priority is to link democracy-building projects to the costs of occupation, for example by supporting communities trying to organise to protest against Israeli demolitions. Officials recognise that the grass roots focus is more limited in the OPTs than in the profile of German aid in most other countries.

Much larger amounts of German money flow from the GTZ (now GTI). This agency has 6 projects running, of around EUR 4 million each. These include: a Fund for Policy and Reform Advice, providing technical advice on strategic planning and medium-term expenditure monitoring, through the prime minister's office, the Ministry of Planning and the Ministry of Finance; a Programme of Advisory Services to the Prime Minister's Office, in particular offering advice on inter-ministerial coordination; a Programme of Support for Civil Society, mainly related to the provision of basic services and investment planning; and a German-Palestinian Local Government Forum.<sup>22</sup>

The German Stiftungen are active, albeit on a modest scale. The Heinrich Böll foundation spends around EUR 1 million a year; coordinating its Middle East programme in Ramallah, the Böll foundation also supports some regional initiatives out of this fund. It estimates that around half of the total goes to democracy-related programmes. Core funding is provided for CSOs. Media freedom is another distinctive priority, in particular covering 'new media'. Böll has made an effort to engage with some CSOs based in Gaza. The Friedrich Ebert Stiftung, which also does not shy away from working in Gaza, operates on an equally modest

<sup>20</sup> Devoir and Tartir, op. cit., p. 33.

<sup>21</sup> <http://projects.dfid.gov.uk/Default.aspx?countryselect=WB-West%20Bank%20>

<sup>22</sup> For information on GTZ projects, see <http://www.gtz.de/en/weltweit/maghreb-nahrer-osten/palestinensische-gebiete/20750>.

budget of EUR 600,000 from the German Ministry of Development Corporation. Its focus is on political party cooperation; it enjoys particularly strong links with al-Fatah and al-Mubadara, partly due to a shared common framework under Socialists International: 'support for Fatah is less of a conscious choice than it is a natural partner,' explained one of our interviewees. FES stays away from security sector reform, citing 'lots of antidemocratic tendencies' and a cautious hint that the PA should not 'overdo the security aspect at the expense of democracy and participatory discourse ... Palestine does not need more guilt money pumped in from Germany; it needs courageous politicians.'

Spain promised EUR 240 million for 2007-2010, but without a particularly prominent democracy dimension. Its focus has been mainly on grass roots development, boosting institutional capacity to identify the development needs of local communities. AECID's budget in the OPTs has increased steadily over the past three years: EUR 113 million in 2008, EUR 119 million in 2009, EUR 153 million in 2010. AECID's main implementing agency is the Oficina Tecnica de Cooperacion, (OTC), which oversees a total of 141 projects. Agriculture and economic development account for 38 of these, followed by 32 humanitarian projects and 29 civil society projects. Although only 11 projects make up the governance section, they benefit from over a third of total funding. Spanish aid funds the Palestinian representation in Madrid. High levels of funding are forthcoming for Spanish NGOs in the OPTs, but the list of their activities does not explicitly include democracy; rather, it is limited to humanitarian relief, education, reconciliation, and health.<sup>23</sup> France provides less aid, at around EUR 30-40 million a year; it funds about thirty NGOs, but the focus is on cultural cooperation rather than political aid.<sup>24</sup>

Sweden focuses slightly more than other donors on civic organisations holding ministries accountable, although its funding levels are relatively modest. The Swedish development agency, SIDA spends around EUR 25 million a year in the OPTs. Its main contributions in the area of democratic governance are: EUR 7 million over three years for a programme on access to justice implemented by the UNDP; a EUR 1.5 million 'quick impact' fund for the justice sector, designed to speed up the prime minister's reform efforts held in abeyance by institutional inertia; and a EUR 16 million contribution over three years to the Human Rights Secretariat. This last initiative is jointly funded with Denmark, the Netherlands and Switzerland, and supports the Palestinian NGO Development Centre (NDC) to decide on the allocation of funds for human rights projects. It aims to streamline procedures for CSOs applying for funds and clarify criteria for resource allocation. An emerging Swedish focus is also the strengthening of municipal level governance.

The Netherlands allocated EUR 72 million to the OPTs in 2008, including contributions to UNRWA and humanitarian agencies. This makes the OPTs the second highest per capita recipient of Dutch aid, after Surinam. Of this total, EUR 6 million went to support good governance in the justice sector. The Netherlands chairs the donors' Rule of Law working group. Judicial support is now dovetailed closely to the new PNP. Support is also forthcoming for the Negotiations Affairs Department. As mentioned, the Netherlands is one of several funders of the Human Rights Secretariat initiative.

The OPTs are the second largest recipient of Norwegian development assistance. Norwegian annual aid amounts quadrupled in the decade from the late 1990s to the late 2000s, reaching EUR 102 million a year by 2008. Norway has a traditional focus on emergency relief work. It has also in recent years increased ministry-to-ministry institutional cooperation, through a dense network of sectoral agreements. Current priorities include support for the president's negotiating team; the Central Electoral Commission; and the Central Bureau of Statistics. It admits that the relative weight of NGO support has declined. The list of NGOs supported by Norwegian funds does not show any organisation working directly or explicitly on democracy.<sup>25</sup>

The Canadian development agency (CIDA) is engaged mainly in the justice sector, to which in 2007 it committed USD 100 million over five years. Half this budget is slated for building courthouses. Of the remaining share: USD 14 million buys equipment and training for the Attorney General's office; USD 20 million supports forensic techniques; USD 7 million goes to the UNDP's justice programme, mentioned

<sup>23</sup> AECID 'Cooperación Española con los Territorios Palestinos', Madrid, AECID, undated.

<sup>24</sup> [www.diplomatie.gouv.fr/en/rubrique\\_imprim.php3?id\\_rubrique=6023](http://www.diplomatie.gouv.fr/en/rubrique_imprim.php3?id_rubrique=6023).

<sup>25</sup> NORAD, 'Review of Norwegian support to Palestine through Norwegian NGOs', Norad Report 7/2009, March 2009.



above; and USD 5 million goes to training that includes a dimension related to understanding the concept of judicial independence and civic participation in justice. Canadian officials opine that twinning and mentoring initiatives have proved most effective.

US political aid is divided into a number of separate projects, all implemented through large US private contractors. A USD 20 million Palestinian Authority Capacity Enhancement programme works on 'the institutional capacity of targeted PA ministries in the delivery of key services'. Projects have targeted the PA's financial and human resource management and accountability systems in particular. While defined as democracy-related, USAID's own list of successes under this programme are extremely practical: a new system of postal codes; a reformed Land Authority facility; strengthened property tax, licensing, road repair; birth and death registration departments; a new road standards manual; IT equipment; a public outreach campaign; training in customer services.

The US's USD 14 million Netham Rule of Law programme works with the Ministry of Justice and High Judicial Council. It helps with financial controls, archive storage and strategic planning within the judiciary; pays to renovate courthouses; raises citizen awareness of the judiciary; funds internships and new law libraries; and offers new teaching methodologies in the rule of law. A USD 37 million Local Democratic Reform programme aims to 'improve service provision among partner municipalities and to build participation in government at a local level'. It has set up ten Youth Shadow Local Councils and dialogue forums between citizens and local authorities. A Civic Engagement programme offers community-based grants. A USD 6 million Independent Media Development programme focuses mainly on professional standards in the coverage of local news stories. A USD 6 million Electoral Assistance programme works with the Central Elections Commission on voter registration and basic training.<sup>26</sup>

Of other American organisations, the National Democratic Institute (NDI) has perhaps the most established on-the-ground presence. NDI benefits from a yearly budget of around USD 1 million, mostly from the Middle East Partnership Initiative. A strong focus is placed on offering campaign training for political parties' youth cadres, especially in university elections. NDI has engaged with four of the main parties; it does not have formal contact with Hamas. The organisation sees as one of its main successes help in organising internal Fatah primaries prior to the movement's pivotal 2009 national conference. NDI is waiting for the election cycle to recommence before considering work on electoral process. It remains to be seen how NDI will react to the recent Hamas-Fatah reconciliation agreement. It also sees the deepening of familial and tribal dynamics in Palestinian politics as a challenge to be incorporated into future programming.

Turkey provides EUR 200 million for the PRDP. It has exceeded the amounts pledged in the last Paris conference every year to date. Its bilateral cooperation in the OPTs focuses mainly on the fields of health, school construction, and humanitarian relief in Gaza. Although it did send election monitors in 2006 and supported a media centre at the Elections Commission, Turkey maintains that what may be seen as the right solution by the international community is most likely perceived as meddling by the Palestinians. In this respect, Turkey is unique in not actively seeking out implementing partners; it lets those concerned approach it with projects.

The UNDP 'Support to the Governance Strategy Group', with just over half a million dollars between 2007 and 2009, aims to coordinate donors' governance support around the Fayad plan through 'greater integration of donor projects with PA priorities'.<sup>27</sup> The UNDP has tried to unify the different legal traditions in different parts of the Palestinian legal system into a more standard and coherent system. This includes projects to strengthen the judiciary, work on juvenile and gender justice, and facilitating access to legal aid. Almost a quarter of the UNDP annual budget is set aside for rule of law. UNDP governance programmes overall receive up to USD 100 million per year. The UNDP matrix consists of public administration and service reform; rule of law and access to justice; local governance; civic education; and civic engagement. Frustrations expressed by UNDP staff on the ground include the limited success of such high quantities of money in the context of the Israeli occupation. One example given is that of the situation in Gaza, where the UNDP is 'sitting on a

<sup>26</sup> For details on US projects, see <http://www.usaid.gov/wbg/dgo.html>.

<sup>27</sup> UNDP project Factsheet, 'Support to the Governance Strategy Group'.

huge amount of money but for lack of basic construction materials allowed in by the Israelis cannot activate it.' Neither can its partners such as Japan (who focus on waste water treatment) or Saudi Arabia (who focus on building schools and homes) begin implementing projects on the ground. In an analysis which could be employed for the conflict as a whole, one UNDP interviewee claimed that 'you can start to plaster but you cannot construct.'

All this work is limited to the West Bank. In Gaza there is little to no support for institution building: assistance is cash based emergency relief and a small amount of funding for non-Hamas humanitarian civil society organisations. Norway is one of the few Western governments to have engaged with Hamas, but not on a systematic enough basis to carry out any democracy assistance projects with it. External support for Hamas has increased from Syria and Iran, as well as Qatar; there are no democracy elements to such support. European governments have gradually relaxed their attitudes, and have engaged in ad hoc informal contact with Hamas officials. More moderate officials in technocratic positions have been targeted for such dialogue. But none of this has sufficed to unblock cooperation on governance issues.

### **Security reform and support**

Security sector reform is a priority for all donors working in the field of governance. Most visibly, US security support has massively increased. In 2011 the US security allocation will reach its highest level so far. The US has centred its efforts on the Presidential Guard and the National Security Forces. Around 500 officers have gone through leadership courses. Much US-funded security cooperation with Palestinian forces focuses on basic law and order; but much other work is more akin to direct counter-terrorism back up for Fatah forces against Hamas. A huge number of joint missions are now deployed between Palestinian and Israeli security forces under the watch of the US. It is not clear that US actions have always aimed to assist the democratic elements of security reform. Indeed, the US actively pushed Abbas to tighten his control and decrees over the security forces.<sup>28</sup>

The EU has undertaken two security missions. The EUPOL COPPS mission aims to strengthen civil policing. In 2010 the mission was allocated 6.6 million euros. It has 88 staff and has now trained over 3000 officers. Seventeen member states, plus Canada and Norway participate. EU diplomats define COPPS as a rule of law mission not a standard police mission. As one official justifies: 'The better the rule of law is, the safer it is for Israel.' COPPS is mainly about training a civilian police force; imbuing a civil policing ethics and morality; and embedding policing within the context of more effective rule of law. Much support to the Palestinian forces provides basic practical skills.

Strands of the overarching mission include: building an effective police headquarters; improving prison services; coordination between different security forces; community policing techniques; supporting the Jericho Police School; mediating between Israelis and Palestinians to attempt to convince the former to remove particular checkpoints. Officials say that local ownership of policing is a particular priority. In response to observations that most operational attention has been on direct policing support, officials insist that COPPS' focus is shifting to the judiciary. They define the focus as 'full spectrum rule of law', with a particular attack on economic crime and fraud. 'We are not here to implement European policing', insists a COPPS senior figure interviewed for this report.

The mission now works with the three main judicial institutions – the Ministry of Justice, the Attorney General's Office and the High Judicial Council. COPPS now houses 13 international and 3 Palestinian lawyers. The rule of law budget is still a relatively limited 180,000 euros a year and thus focuses on small scale (under EUR 10,000) projects aimed at flexible and quick impact. Projects work through study visits, expert training, awareness-raising and the provision of materials. Substantive COPPS priorities now include: oversight and accountability mechanisms within the civilian police; defendants' rights, for example through the provision of defence lawyers for detainees; gender rights within judicial institutions; and cooperation with legal aid

<sup>28</sup> N.Thrall, 'Our man in Palestine', The New York review of Books, 14 October 2010.

NGOs. Technical advice was provided for the drawing up of a new penal code, which strengthens basic rights protection (although this code is still to be introduced). Most COPPS support is still aimed at basic case management skills, processing cases faster and getting IT into courts - this is all seen as having a relevance to rights protection, to the extent that the police are enjoined to gather evidence more professionally to back up detentions. COPPS officials eschew direct political pressure on the Ministry of Justice, keen to retain a technical profile to their work. A key role is to mediate between the three main judicial institutions when rivalries between them block reform.

EU member states chip in additional support to civil policing. One of the UK's largest projects on civil policing has provided radios to Palestinian forces. Civic policing is also listed as Spain's main contribution to good governance. The Dutch raised their contribution in 2010 from two to five officers.

The International Crisis Group observes that donors have mostly focused on traditional 'train and equip' support – arrest techniques, crowd control measures and administrative skills. Donors insist that they have pressed PA forces to refrain from torture and the ill-treatment of detainees, as a condition for continuing funding to security sector support. Some reduction in reported human rights abuses carried out by security forces was registered during 2009; but in 2010 such cases increased again. Some officials say that donors have actually encouraged the extra-judicial round ups of Hamas supporters.<sup>29</sup>

## Local views

Our extensive range of interviews with Palestinian civil society and PA officials reveals a number of concerns over international funding. International support is welcomed but strikingly strong criticisms are voiced against the way in which it is delivered. Local actors express doubts that democracy assistance and security reform are confronting the overarching issue of Israeli occupation and settlement expansion. Many believe that a dependency on aid is depriving the Palestinians – both financially and politically – of progressing towards sovereignty. We report here on some of the most salient local views we heard (without implying that all such views are objectively correct).

According to those interviewed for the purposes of this study, the all-pervasive nature of the Israeli occupation, the lack of Palestinian sovereignty and the internal split between Gaza and the West Bank are irredeemable barriers to effective democracy assistance. In an analysis of the PRDP, an academic-civic activist said it was 'neither a realistic option nor an appropriate form of development in the context of territorial fragmentation, limited economic space, vulnerability to external shocks, poor market conditions, and landlocked status.' In this context an alternative form of development suggested by certain local actors would be to downplay statebuilding and civil society under occupation in favour of a resistance strategy that involves the dissolution of the PA.<sup>30</sup> The frequency with which we heard this option raised was sobering.

The lengthy and varied **exposure to the donor community** means that the Palestinian Territories suffer many of the generic problems of democracy aid in intensified form: from the geographical and institutional concentration of assistance, to the recognition that securitisation trumps democratisation in the priorities of both donors and regime, local views demonstrate awareness of hypocrisy and knowledge of how to 'play the donor game'.

Factors which weaken democracy assistance can be split into various categories: **factors inherent to the realities of the Israeli occupation**, and **factors which are rooted in donor practices and programming**. One of the questions posed to local civil society actors was whether there should be a reorientation of the overarching donor focus. The answer was invariable affirmative. Instead of funnelling more project aid into the OPTs, donors must seek to empower their recipients in a more sustainable fashion, it was argued by our interviewees.

<sup>29</sup> International Crisis Group, 'Squaring the Circle', p. 33.

<sup>30</sup> See authors such as Ghada Karmi, Sara Roy, Mandy Turner, etc.

Palestinian civil society depends almost entirely on foreign funding. Many local actors recognise and deplore the **overfunding of the PA**: 'to achieve gains in human rights, it's easier to be associated with NGOs than with the PA', said one Ramallah-based human rights leader. Representatives from another prominent NGO pointed out the irony of an international community which on the one hand echoes the Israelis in their accusations of a corrupt PA, but on the other hand pumps in money with seemingly few conditions. The PA is seen by locals as a large recipient pot into which money is poured but from which very little trickles out. As for a **surfeit of funding in the NGO sector**, the billions of dollars poured in every year have led to a saturation of the NGO field, with many duplicate programmes and organisations. Having common aims and coordination strategies is one thing; competition for the same funding and the same projects is another, it is widely lamented. In this case, both donors and recipients are guilty: the former for not narrowing their calls for proposals sufficiently, and the latter for being willing to change their priorities in order to access more funding from variegated sources. A **surfeit of training** is a common side effect of bankrolling civil society: 'we need a chance to practise what we've learnt in the classroom' insisted one civil society representative in a common lambasting of 'over-training'. Whilst some of our interviewees call for more diverse ways of absorbing everything the international community throws at them, including study trips abroad and increased scholarships for students, many say that they could actually achieve more with less. Several NGOs mentioned the German Stiftungen as taking the fore in keeping their budgets low, their projects well-defined, and their partners local.

Donor support is predominantly **technical in nature**. This means that local NGOs, rather than being involved in the decision making process and planning procedures, find themselves on the receiving end of decisions made by international NGOs or governments. Partners are then sought out from the plethora of local organisations. The technical nature of assistance results in a need to adhere to guidelines and follow management procedures more than a focus on implementing the programme itself. Whilst from the donors' perspective this contributes to a professionalisation of local NGOs, the recipients merely resent the lack of consultation and partner status. This familiar point was raised in all our consultations. For many Palestinians development aid is seen – whether fairly or not - as an attempt to undercut resistance efforts to the occupation. Some of those we spoke to called for an international system that brings together different actors and ensures both the effective follow up of projects and the independent evaluation of NGO activities - although nothing of a concrete nature was suggested when we probed further what this might entail. The civil society group PNGO (Palestinian NGO Network) is apparently working on a code of conduct to which it hopes international NGOs and donors will adhere.

The Central Elections Commission requests an institutional budget of 10 million a year but is invariably granted less than this. The CEC is trusted by both the PA and international donors. The CEC has been faced until recently with the issue of the **split between Hamas and Fatah** perhaps more so than humanitarian NGOs and grass roots groups. It works with all parties including Hamas. We found the CEC to be amongst the most contented recipient of external support, although one which also warned that admirable slices of project assistance could not compensate for passivity on the OPTs' broader political context.

In terms of **geographical concentration**, democracy assistance is far less wide reaching than humanitarian efforts, development projects and charitable outreach. Although the Palestinian Territories do not suffer from the same degree of concentration as Amman and Cairo, major efforts are nevertheless based largely in Jerusalem or Ramallah. Again, this can be explained by factors on the ground and/or biases inherent to donor outlooks. The former includes the no-contact rule with Hamas which, when upheld, makes operating in Gaza more difficult; and the logistics of the occupation which make moving around the West Bank incredibly time-consuming. The latter includes the tendency of donors to cluster together, and the fact that many are not able to afford (or chose not to dedicate funds to) local staff in the more remote areas of the West Bank. Yet given the manageable area of the West Bank (under 6000 sq km) and Gaza (360 sq km), it is the physical hindrances such as obtaining permits, negotiating checkpoints, and importing materials that impact most negatively on the potential for decentralisation.

PASSIA, a Jerusalem-based think tank which works with all factions, is concentrating its efforts on trying to establish a 'Jerusalemite umbrella', claiming that much international focus is shifting to Ramallah. PASSIA cites its shrinking capacity as a direct result of this shift: locals are moving to Ramallah to avoid increasing taxes in the Jerusalem municipality and in search of housing and jobs. As one senior member explained, 'We want dedicated researchers who will stay; not just those who will use PASSIA as a stepping stone to fly somewhere else such as the UNDP or UNRWA.' The construction boom of the last few years in Ramallah certainly supports these observations. Another NGO worker attributes the absence of social movements in Palestine partly to the tendency of qualified grassroots activists to take up employment with international NGOs.<sup>31</sup>

Aside from geographical concentration, there is a discernable institutional or even personal concentration. The sheer number of NGOs in Palestine<sup>32</sup> should ensure wide choice for recipients of donor aid; yet donors tend to favour a select few organisations over others. This is understandable in terms of donors seeking reliable partners, yet leads to accusations of bias towards '**donor darlings**' from other local actors. Many of the younger NGOs founded since the second Intifada have not had the institutional investment to build up their capacity. This study is equally guilty of being drawn towards the larger recipient NGOs, in that they tend to be the easiest to contact, the ones most frequently recommended by donors, and the ones most spoken of by local activists. The so-called donor darlings are well-versed in the idiosyncrasies of donor-speak. When interviewed about their needs, they produce sophisticated analysis: 'the current donor-partner paradigm should move more towards that of a partner-partner paradigm ... the mistake of international governments has been to channel all their funding to the PA and its ministries since the 2006 elections; relief efforts should be parallel to development efforts', summarized one of the most prominent Ramallah-based organisations.

Just as certain local organisations have acquired a preferential status amongst donor funding priorities, so certain donors have acquired a reputation amongst local recipients. The issue of **conditionality** is present in some cases and absent in others. It is widely known, for instance, that cooperation with USAID and subsequent signing of the clause preventing contact with Hamas opens the way to larger grants. Many of those interviewed preferred not to work with state-funded USAID but had enjoyed good relations with the privately-funded Ford Foundation. The latter were praised by one of their decade-long recipients of core funding for not imposing any conditions. The trend in academia and amongst donors in recent years has been to argue for a decoupling of aid from conditionality in favour of recipient priorities and locally-driven projects. Yet in areas such as Palestine where there is so much donor funding pouring in, and such a tense political backdrop, one would expect to see increased levels of conditionality. Most local activists interviewed saw donor money as 'connected with the peace process' more than with democracy as an end in itself. One warned of a failure to distinguish between the PA and NGOs, whilst another claimed that donors have turned what used to be a culture of volunteerism into an incentives based race for cash.

In broader terms, conditioning Palestinian statehood on good governance is only part of the picture. An often heard local complaint is that this conditionality means that **statehood is becoming something to be earned as opposed to a right in itself**. An NGO which encourages Palestinians to focus on self-help rather than appealing for aid warns of this perception embittering relations between donors and recipients. In that international aid creates a paradigm of givers and receivers, Palestinians are invariably presented as needy and passive.<sup>33</sup> Local activists recognise that Fayyad's plan is very much in line with the donor's vision of earning statehood through institutional strengthening, service creation and good governance. Yet they are also quick to point out that donors are merely 'tinkering around the edges', while the occupation is allowed to persist. Donors must decide if they want to directly confront the occupation, or keep treading gingerly around its proverbial and physical walls. Those interviewed distinguish the clarity of the EU action plan for Israel from the ambivalent approach to Palestine: an acknowledgement of problematic issues on the Palestinian side coupled with an unwillingness to confront them head on.

<sup>31</sup> 'Geographies of Aid Intervention in Palestine', Conference held at Birzeit University, Sept 2010.

<sup>32</sup> In August 2009, the total number of registered associations in the West Bank was 2,100. In the Gaza Strip, the number of registered and functional associations reached over 1000 in 2009. EMHRN Freedom of Association Assessment Report 2010, p.59 – 63.

<sup>33</sup> 'Geographies of Aid Intervention in Palestine', conference held at Birzeit University, Sept 2010.

Fayyad's **unilateral measures** towards obtaining recognition of statehood are welcomed by many local activists who are fed up with declarations of intent from the international community. Development discourse in Palestine emphasises good governance and capacity building for the public sector but makes little mention of ending the occupation. Our interviewees criticised this; but, reflecting a fine balance in their concerns, many feared that unilateral recognition was not a panacea and would probably cause additional problems on the ground. Many Palestinians express support for – although not all are convinced by – steps such as seeking recognition from Latin American and Eastern European states. One such member of civil society criticises Fayyad's plan for being a 'non-plan with a lack of a political process: without international diplomatic pressure for political process all Fayyad will achieve is a state under occupation.' Another urges the PA to seize the opportunity left by the crumbling of US led peace talks.

The support for GONGOs evident in Egypt and the funding of Royal NGOs in Jordan do not feature to such a great extent in the OPTs. Proof that civil society is nevertheless **associated with politics** can be seen in the attitudes to certain local NGOs. Panorama, the Palestinian Centre for the Dissemination of Democracy and Community Development, was criticised in the early 1990s because its founder was involved with the Israelis in two-track negotiations. A senior Panorama figure claims that 'if you work hard, you will be attacked'. She refers to the fact that lack of consensus between Palestinians (individuals as well as political parties) over an eventual solution to the conflict leads to some NGOs being criticised for 'normalisation [of relations with Israel]' and others being criticised for exactly the opposite, refusal to work with Israeli organisations. This same discrepancy was evident in a bilateral conference of the Peace NGO Forum: a peace which satisfies both parties is incredibly complex to achieve when half the room speaks of greater normalisation, and the other half speaks of boycotting or cutting relations with counterparts from respective sides of the Wall.<sup>34</sup> One activist sees the danger of 'the ticking time clock of the two-state solution exploding'. The Peace NGO Forum, whilst by no means a political body, recognises that in Palestine, 'everything is politics'. Human rights are seen as a struggle against the politics of isolation, human rights groups are portrayed in Israel as leftist and often illegitimate, and human rights activists are accused of anti-Zionism.

Partly due to the make-up of the governing authorities and partly due to the distance most NGOs wish to maintain from the PA, the risk is instead that some larger local NGOs are associated with a **foreign agenda**. For instance, the 1979 establishment of al-Haq (the first human rights organisation in Palestine) as a branch of the International Commission of Jurists was regarded by many as cultural imperialism or interference by the CIA.<sup>35</sup> Today, al-Haq is respected by all for the quality of its documentation, its first hand research, and its independent legal activists who regularly take cases to court on settler violence, housing demolition, and political prisoners. Its core costs are funded by the NDC, a consortium of Swiss, Swedish, Dutch and Norwegian donors (along with the World Bank, the Arab Fund for Development and the Islamic Development Bank). Al-Haq members praise their donors for not interfering, and urge the EU not to impose the same no-contact clause to its funding as the American donors. They cite previous experience with a Canadian organisation as proof that any proposals coming from a Hamas-affiliated organisation/charity/project are turned down.

In the midst of political associations and cautious relations stands the Independent Commission for Human Rights (ICHR), recognised by both locals and internationals as a **Palestinian ombudsman**. Established specifically by decree under Yasser Arafat, it functions as a state institution governed by the Paris principles, and is a member of civil society without being an NGO. It occupies the unique role of monitoring the activities and the institutions of the PA and the PLO. Its General Commissioner has been quoted as saying that the PA is a police state without being a state.<sup>36</sup> He criticises the high percentage (almost a third) of the PA's budget

<sup>34</sup> The Peace NGO Forum Annual Bilateral Conference, Jericho, Jan 2011.

<sup>35</sup> S.Hanafi and L.Tabar, 'The Emergence of a Palestinian Globalized Elite: Donors, International Organisations and Local NGOs' (Muwatin and Institute of Jerusalem Studies; 2005).

<sup>36</sup> 'Why isn't the PA supporting the Egypt uprising?' – Interview with ICHR Commissioner General; published 03.02.11 in Haaretz <http://www.ichr.ps/etemplate.php?id=240> In the same interview the Commissioner is asked about recent repressions of demonstrations in solidarity with the Egyptian and Tunisian uprisings. He says of the PA: 'That's the result and the price of being dragged to the status of a regime, before liberation, while giving up on the agenda of a national liberation movement. As a regime, they must identify with regimes.'

attributed to security, stating that these allocations come at the expense of health and education. He also highlights the ratio between security personnel and civilians, one of the highest in the world. Another ICHR figure seconds this view, pointing to EU and US funding for security reform as contributing to the occupation, or bankrolling a security state. The ICHR – amongst many others interviewed – favour decreasing the responsibilities of the PA in favour of returning the leadership core to the PLO. At the macro level, the ICHR recognises the irony of operating as a human rights ombudsman under foreign military operation where the occupying power does not recognise the application of international human rights law in the territories.

Local views on US security support are not positive. All Palestinian human rights organisation voice strong criticism of US security support for breaching basic human rights standards, and even engaging in torture on a systematic basis. The US is criticised for turning the West Bank into a police state, a militarised autocracy. Several large-scale protests by Palestinians voice complaints that US commanders do not give Palestinian forces sufficient operational say, and that the latter are also subjugated in operations by Israeli forces. The powerful figure of the United States Security Coordinator (USSC) assumes more prominence than it legitimately should.<sup>37</sup> Similarly, senior US officers anger their Palestinian counterparts by taking credit for much of the progress made, and often making statements about the PSA helping IDF aims. This is quite obviously seen as undermining the value of security sector support provided. Negative counter effects of this securitisation strategy have pushed Hamas to shore up its own security forces, and led to a tit for tat conflict between the West Bank and Gaza. Although the US operation is now talking more about 'Palestinian ownership', much damage has been done. As for local views on the EU's role in such security support, some state that COPPS are trying to do more than they should. Others criticize attempts to transplant experience from Europe to the Middle East.

Overseeing the UN organisations present in the OPTs is UNSCO (Office of the United Nations Special Coordinator for the Middle East Peace Process); it has a diplomatic and political mandate. UNSCO answers in part to the Quartet, and has counterparts in both the Israeli government and the Palestinian Authority. According to an UNSCO representative interviewed for this study, Fayyad has taken gigantic steps with his security plan; places like Jenin, Nablus and Ramallah are now safe. Yet in places such as Hebron, the Palestinian police remain subordinate to the IDF and to settlers: 'when a settler attacks an old woman, the Palestinian security forces have to let it go, their order is to turn away.'<sup>38</sup> According to Fayyad, these security improvements are untenable without ceding concessions to the Palestinians. The only concession made by Israel so far has been a nominal increase in work permits. As an UNSCO representative put it, 'how can the Palestinians negotiate over the pizza if the Israelis keep on eating it? It would be impossible for us to say there is a receptive interlocutor on the Israeli side when actually the MFA is not diplomatic and Foreign Minister Liebermann is a pathetic negotiating partner.'

Local restlessness since these interviews were carried out has, in the light of Egyptian and Tunisian revolutions, become more pronounced. The co-founder of *The Electronic Intifada*, Ali Abunimah, has joined those calling for the PA to sacrifice itself by collectively resigning.<sup>39</sup> The strategy calls for handing back responsibility for the Palestinian Territories to Israel, which would be obliged to uphold its duties as an occupying power under the Fourth Geneva Convention of 1949. Any semblance of self-governance by the PA would be removed, and Israeli apartheid laid bare before the international community. Other senior analysts however, claim that there are not many forms of popular resistance left which have not 'been tried and found wanting.'<sup>40</sup> Nathan Brown points out that Palestinians are not facing an isolated autocrat such as the protestors ousted in Tunisia and in Egypt, but rather, 'a tactically adept occupation.'<sup>41</sup>

<sup>37</sup> N.Thrall, 'Our man in Palestine'.

<sup>38</sup> This comment does not represent the official version of the IDF rules of engagement.

<sup>39</sup> A.Abunimah, 'Towards Palestine's Mubarak Moment' <http://english.aljazeera.net/indepth/opinion/2011/02/2011224141158174266.html#>.

<sup>40</sup> N.Brown, 'Palestinians: The Unsustainable may no Longer be Sustainable', 22/02/2011, Carnegie Endowment for International Peace.

<sup>41</sup> Ibid.

## Local views from the Gaza Strip<sup>42</sup>

Civil society in the Gaza Strip has been described as 'resilient and ingenious'.<sup>43</sup> It has to be. One Gaza-based civil society organisation laments that the Hamas government 'does not have a clear idea about the role of civil society in Gaza.' As seen by its recent moves to restrict NGO operations in Gaza, Hamas views human rights and democracy organisations with suspicion and as opponents rather than partners. UNDP insists that the 'services offered by NGOs and CBOs [in Gaza] are more flexible, diversified, innovative and dynamic [than government-provided services]'.<sup>44</sup> There are now over 1500 NGOs in Gaza. An estimated 10 per cent of international aid is channelled through these civil society organisations.<sup>45</sup>

Human rights activists in Gaza claim that 'Hamas is stronger than ever before and their control of citizens is stronger than ever before.' For their part, international organisations operating in Gaza are often accused of short term vision, of caring more about immediate efforts with visible results: 'they want to feed our stomachs but not our minds.'

Once again local activists warn of the lens through which any donor-recipient relationship in Gaza must be examined: the Israeli siege. Recently labelled a prison camp by British PM David Cameron, Gaza's lack of sovereignty over its borders and the lack of ability to import/export goods (other than in limited quantities from/to Israel and the West Bank) have led many locals to call for international political pressure to end the siege over and above international humanitarian assistance: 'actions speak louder than words; and increasing sums of money cannot compensate for the lack of international movement', says the representative of one Gaza human rights group. In the context of the occupation, local analysts say it is not surprising that extremism is increasing, arguably to the benefit of Salafi groups that have risen to challenge Hamas: 'unemployment, power cuts, the deteriorating medical situation, education, poverty, and isolation; all are factors leading potentially to extremism', admits one local respondent. Another aspect of international support raised in reconciliation meetings (normally chaired by an independent human rights group, and attended by members from all political factions) is the need for a guarantee from the international community that the results of future elections will be respected. As one local representative said, 'international hypocrisy is damaging to our civil society.'

The tendency to seek change to the status quo in Gaza by pouring in large sums of money has led to 'competition amongst donors to dump the money, with a significant lack of tracking mechanisms and coordination oversight', according to Gaza-based UNDP representatives. In this regard, similar issues are expressed by recipients in Gaza as by their counterparts in the West Bank: job creation is not the same as one-off, short term projects; genuine change can only be achieved through sustainable projects. International NGOs are encouraged to partner with local NGOs, as much for a deeper understanding of the dynamics as for legitimacy in the eyes of the local population. Whether the governing authorities will allow them or not is another matter. To get round this several NGOs interviewed in the West Bank with branches in Gaza have either registered as non-profit making companies instead of the required charitable societies, or have not registered under Hamas. They complain that international policies have made their life harder.

<sup>42</sup> Interviews with representatives from Gazan civil society were carried out by telephone due to logistical difficulties in gaining access to the Gaza Strip.

<sup>43</sup> 'One Year After Report: Gaza Early Recovery and Reconstruction Needs Assessment', UNDP/PAPP; May 2010.

<sup>44</sup> 'One Year After Report: Gaza Early Recovery and Reconstruction Needs Assessment', UNDP/PAPP; May 2010.

<sup>45</sup> J. Devoir and A. Tartir, Tracking external donor funding to Palestinian non-governmental organisations in the West Bank and Gaza 1998-2008, Jerusalem, Palestinian Economic Policy Research Institute, 2009.



## Policy considerations

From this picture of existing donor activities and local reactions to current funding patterns, a number of policy recommendations suggest themselves. The over-riding warning is that local organisations place a far higher priority today on ending occupation and easing the Israeli blockade than on democracy funding. The hope that democracy-building would open the way for mutual concessions in peace talks is today perceived to have been misplaced by the vast majority of our Palestinian interviewees. In contrast to other case studies carried out in this project, improvements to the way in which democracy aid is carried out can be expected only to have modest impact, absent changes to the broader political parameters. Having said this, as our brief in this paper was to focus not on the peace process per se but on the delivery of governance assistance, these are the policy implications we believe emerge from our consultations on this specific issue:

*Countervailing power.* Donors have been correct to focus on building the basic policy-implementation capacity of PA institutions; this is indeed a basic prerequisite to crafting a democratic polity. But they now need to complement this approach with a far more systematic focus on mechanisms of democratic accountability. The head of one civil society organisation pleads: 'Occupation must stop being used as a pretext for a weakening of monitoring and accountability mechanisms'. The international community should heed her words.

Donors should deploy the standard range of democracy aid, that has been conspicuously absent in the OPTs to date. Support to civil society should be targetted. Civil society has been over-funded, sometimes to what is arguably a degree of overly-cushioned comfort, largely to fulfil relatively 'soft functions'. Funding should be limited more to the essentials of what CSOs really need and oriented towards them playing more genuinely independent roles of political oversight. One European official laments: 'we have taught Palestinians to be very good at log-frame applications, while their government abuses basic human rights with impunity.'

Assistance in party building may help the over-due move away from resistance 'movements' to more standard political party agglomerations, although this would require prior movement in the election cycle. One pending challenge is how to build in the deeply-rooted dynamics of familial and clan loyalties, while also aiming at a modernisation of Palestinian party politics. In the field of elections, donors have provided much good support to the CEC; they should work to ensure that its pronouncements and efforts to hold elections are not countermanded by the PA. A huge amount of funding has flowed into the justice sector, but this now needs to take on a less technocratic focus that pushes for less executive interference in legal decisions. There is now so much of the narrower, technical capacity-building aid in the justice sector that much funding cannot be disbursed.

*Palestinian-led coordination.* No conversation in the OPTs on international aid lasts long without angry admonishments being directed at the lack of donor coordination. The PA accuses donors of chaotic disorganisation and a refusal to follow Palestinian priorities; donors berate the PA for failing to specify priorities or organise a clear plan for how and where aid should be used, notwithstanding several recent documents that purport to do just this. Duplication and harmful competition between donors persists.

A plethora of initiatives to improve coordination have been launched; it might even be suggested that a coordination of coordination efforts is now required, similar to the Local Aid Coordination Secretariat. In accordance with the principles of the Paris agenda, coordination should be Palestinian-led. The Ministry of Planning will need to deliver promptly on its plans to introduce a systematic process of 'strategic consultations'. So far, none of the several coordination initiatives have extended much beyond general information-sharing. Most crucially, deeper accountability and transparency need to be built into coordination mechanisms – the opaque nature of such initiatives is becoming an increasing source of social criticism. NGOs themselves could be made more accountable by opening up to greater public scrutiny as opposed, to reporting back to donors.

*Security sector reform.* Much good work has been achieved in enhancing security in the West Bank. But, as perhaps the most respected expert on this topic observes, SSR support as so far carried out risks boosting a militarised authoritarianism.<sup>46</sup> Security cooperation with the IDF is good, but doubts persists that the IDF really accepts that this is a first step towards sovereignty as opposed to an opportunistic alliance against Hamas. Worryingly, we have heard Palestinians pondering whether they should not now let Israel incur the costs of dealing with radicals, to avoid PA-led security efforts simply breeding internal Palestinian division. The antipathy of Palestinian civic organisations towards the security services is striking – especially as the latter have been increasingly deployed to break up protests that are simply anti-Fatah rather than of genuine security risk.

Civil society needs to be brought into the security agenda in order to close this damaging breach. The EU must mitigate the local perception that its support for security reform is about ‘controlling us [the Palestinians]’ but not ‘equipping us to defend our state externally’ - the legitimate function of any other army. Paraphrasing one senior security official: your treating us like Boy Scouts is pushing many back towards a logic of resistance.

One policy option that has been discussed is that of the EU deploying a security (CSDP) mission. If it were to do so, it must not get dragged even more into acting simply as supplementary military power for the IDF. Of course it would have to help meet Israel’s legitimate security concerns. But it would need to do so in a way that feeds into a more ‘locally owned’ and democratic form of Palestinian security provision. Hard-line Israeli foreign minister Avigdor Lieberman may be pressing for the EU to deploy a mission that takes responsibility for cutting arms smuggling into the OPTs. But the EU should resist this kind of overly instrumental blandishment. Much more valuable over the longer term would be for the EU to boost the rule of law dimensions of its security reform projects, that so far have been disappointingly limited.

*The Peace Process Link.* A current debate in the OPTs is over whether funds for institution-building are now rendered ineffective by the collapse of peace talks. Many European diplomats, in particular, express frustration that support for state-building has not been a catalyst for final settlement negotiations. Interviews reveal growing doubts over the value of continuing to prioritise institution-building to quite the same extent. A commonly heard sentiment is that state-building was supposed to be a means, but has become an end in itself. State-building has now become a substitute for the lack of progress in the peace process. Some diplomats lament that the international community keeps pouring money into training programmes when Palestinians are probably the most over-trained people in the world. There is emerging debate among donors over the balance between governance assistance, on the one hand, and diplomacy aimed more directly at a final settlement and Palestinian sovereignty, on the other hand.

These reflections are understandable, but the stalling of peace negotiations makes democratisation more not less imperative. The perception that the US and other governments have switched between different institution-building strategies and indulged abuses in an instrumental attempt to shore up a small number of Fatah ‘reformers’ cannot be divorced from the peace process’ stagnation.<sup>47</sup> The creeping doubts suggest that institution-building needs to regain public support and engagement quickly. For this, donors must press for it to become a participatory rather than technocratic enterprise.

*The Gaza predicament.* This report is not concerned per se with the debate over engaging Hamas. This is the issue that has attracted most attention in analysis since 2006; Western governments have been widely criticised for refusing to engage with the democratically elected Hamas government. The question of concern here is that Hamas’ isolation has rendered democratic governance assistance largely impossible in Gaza. In light of the recent Hamas-Fatah reconciliation pact, the international community should be mindful of the need to focus on this issue of democracy in the Gaza Strip. A strange situation persists at present: it is well known that in practice most donors contravene their own ‘no contact’ rule with Hamas but do so in such a covert way that they gain little leverage over governance issues.

<sup>46</sup> Y. Sayigh, ‘Security sector reform in the Arab region: challenges to developing an indigenous agenda’, Arab Reform Initiative Thematic Papers.

<sup>47</sup> M. Dunne, ‘A two-state solution requires Palestinian politics’, Carnegie working paper 113, June 2010.

Donors should press harder to gain access to deliver some form of political aid in Gaza. Flexibility could be introduced to include the whole range of relevant actors in governance initiatives without aid directly boosting Hamas. Turkey has been especially outspoken in insisting that state-building aid cannot be fully effective while the international community remains so reluctant to press Israel to lift its blockade on Gaza. Turkish officials protest, 'you want us to exert moderating influence over Hamas but we cannot even get into Gaza to offer training in democracy.' The EU could help reduce Gaza's isolation by resuming its border control mission at the Rafah crossing as a means to help with the lifting of the blockade and oversee cross-border traffic with Egypt. It will be necessary to engage with Hamas officials to make an open border work.<sup>48</sup>

It is clear that the 'West Bank first' strategy has failed and must be revisited. Even if a deal had been struck between Israel and Abbas, it may not have been implemented by a whole sector of the Palestinians. The disbanded talks failed to broach this uncomfortable reality. Israel's blockade of Gaza has been counter-productive. The partial easing agreed in the summer of 2010 is not capable of having any major effect. The blockade empowers Hamas, to the extent that it regulates tunnel smuggling and the associated revenues.

The more Hamas is excluded from talks, the less incentive it has to respect their outcome. Despite this, in previous talks Hamas leaders had surprised observers with an offer to accept the results of a referendum on a peace deal, should this be reached. The organisation has got little recognition for sticking to ceasefires. Internal dissent is growing inside Hamas. More radical groups like Islamic Jihad are ready to gain support. It has been suggested that the Quartet should not abandon the three principles asked of Hamas but work with flexibility towards their attainment being the end of a process.<sup>49</sup>

The US has been cool towards Egyptian efforts to mediate Fatah-Hamas reconciliation. The EU has been more supportive, if rather passively so. European policy is still shot through with contradiction, however. The EU takes with one hand, and gives with the other. It is complicit in the isolation of Hamas. Then to compensate, it injects humanitarian aid into Gaza. Certainly some consistency is needed. Many who justify the isolation of Hamas argue that engagement is the best means of softening Israeli intransigence. On the other side of the equation, many who advocate engagement with Hamas are at the forefront of those wanting Israel ostracised. Either engagement is seen as right, or it is not. In general, the US and EU are scaling back on sanctions across the world. New engagement with the Taliban makes it harder to sustain the no-contact rule with Hamas.

Moreover, it is of little utility just pressing Hamas for moderation; the international community must press Israel to budge if Hamas budes. At present Hamas judges that it will not do so – the typical Prisoners' Dilemma that needs to be overcome in so many stalled peace processes. The secret will be to find a formula that helps Hamas save face in changing its entrenched positions - this is more important than seeing strategy through the lens of 'defeating' the organisation, however unpalatable some of its attitudes.

A final observation: It is routinely pointed out by Palestinian organisations and donor representatives in the OPTs that the Palestinian culture is one that could not accept authoritarianism and that democracy is merely in abeyance waiting a final settlement. It is still common to hear the claim that 'democracy will come naturally after peace'. It may indeed be the case that democracy will not need to be retrofitted to a Palestinian constitution in the same way that reforms must be introduced into other Arab polities. But if the current, democracy-weakening situation is left too long, such views on political reform may begin to look just a little too sanguine.

<sup>48</sup> M. Asseburg, 'Ending the Gaza Blockade – But How?', SWP Comment 18, July 2010.

<sup>49</sup> C. Goerzig, 'Transforming the Quartet Principles: Hamas and the Peace process', EU ISS, Occasional Paper 85, Sept 2010.

## Appendix: Country Report Methodology

### Scope and aims of this report

This report assesses external democracy assistance in one country according to the views of local democracy stakeholders.

The report does not aspire to provide an exhaustive record of external democracy assistance to the country in question. Neither does it aspire to be a representative survey among local civil society at large. The scope of this project allows reports to provide only a rough sketch of external democracy assistance to the country assessed, and of the tendencies of local civil society activists' views on the latter.

### Sample of interviews

The report's findings are based on a set of personal interviews that were carried out by the authors in January 2011.

For each country report, between 40 and 60 in-country interviews were carried out. The mix of interviewees aimed to include, on the one hand, the most important international donors (governmental and non-governmental, from a wide range of geographic origins), and on the other hand, a broad sample of local democracy stakeholders that included human rights defenders, democracy activists, journalists, lawyers, political party representatives, women's rights activists, union leaders and other stakeholders substantially engaged in the promotion of democratic values and practices in their country. Wherever possible, the sample of interviewees included representatives from both urban and rural communities and a selection of stakeholders from a broad range of sectors. While governmental stakeholders were included in many of the samples, the focus was on non-governmental actors. Both actual and potential recipients of external democracy support were interviewed.

### Donors

The term 'donor' is here understood as including governmental and non-governmental external actors providing financial and/or technical assistance in the fields of democracy, human rights, governance and related fields. Among all the donors active in the country, authors approached those governmental and non-governmental donors with the strongest presence in this sector, or which were referred to by recipients as particularly relevant actors in this regard. An exhaustive audit of all the donors active in this field/country is not aspired to as this exceeds the scope of this study. While many donors were very open and collaborative in granting interviews and providing and confirming information, others did not reply to our request or were not available for an interview within the timeframe of this study. While we sought to reconfirm all major factual affirmations on donor activities with the donors in question, not all donors responded to our request.

We do not work to a narrow or rigid definition of 'democracy support', but rather reflect donors', foundations' and recipients' own views of what counts and does not count as democracy assistance. The fact that this is contentious is part of the issues discussed in each report.

### Anonymity

External democracy assistance to local activists is a delicate matter in all the countries assessed under this project. It is part of the nature of external democracy assistance that local non-governmental recipients, especially when openly opposed to the ruling establishment, fear for their reputation and safety when providing information on external assistance received to any outlet that will make these remarks public. In a similar vein, many donor representatives critical of their own or other donors' programmes will fear personal consequences when these critical attitudes are made public on a personal basis. In the interest of gathering a maximum of useful information from our interviewees and safeguarding their privacy and, indeed, security, we have ensured that all interviewees who requested to remain anonymous on a personal and/or institutional basis have done so.

### **Interview methodology**

In order to carry out field work, authors were provided with a detailed research template that specified 7 areas of focus:

1. A brief historical background and the state of democracy in the country;
2. A short overview of donor activities;
3. A general overview of local views on impact of democracy aid projects on the micro, meso and macro levels (including best practices and variations of the local and international understandings of the concept of 'democracy');
4. Local views on specific factors that have weakened the impact of democracy aid;
5. Local views on diplomatic back-up to aid programmes (including conditionality; diplomatic engagement; donor coordination; relevance, quality, quantity and implementation of programmes, etc);
6. An illustration of the above dynamics in one or two key sectors of support;
7. A conclusion outlining the main tendencies of local views on external democracy assistance.

Along these lines, semi-structured interviews were carried out by the authors in the country in January 2011.

### **Key sectors of support**

Transitions to democracy are highly complex political, economic and social processes. No study of this scope could aspire to fully do justice to them, or to external assistance to these processes. Aware of the limitations of our approach, we have encouraged authors to let their general assessment of local views on external democracy support be followed by a closer, slightly more detailed assessment of the dynamics in one or two key sectors of support. These were chosen by the respective authors according to their estimated relevance (positively or negatively) in the current democracy assistance panorama. In none of the cases does the choice of the illustrative key sectors suggest that there may not be other sectors that are equally important.