

**MIDDLE EAST ENDGAME II:
HOW A COMPREHENSIVE
ISRAELI-PALESTINIAN
PEACE SETTLEMENT WOULD LOOK**

16 July 2002



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MIDDLE EAST ENDGAME II: HOW A COMPREHENSIVE ISRAELI-PALESTINIAN PEACE SETTLEMENT WOULD LOOK

I. INTRODUCTION

This ICG report is one of three, published simultaneously, proposing to the parties and the wider international community a comprehensive plan to settle the Israeli-Arab conflict.¹ In the first report, *Getting to a Comprehensive Arab-Israeli Peace Settlement*, we argue that approaches that rely on the gradual restoration of trust, the prior cessation of violence, fundamental Palestinian reform or various incremental political steps are all inadequate to alter the underlying dynamic that is fuelling the conflict. As much as we would wish otherwise, we fear that the appalling resort to terrorist violence against Israelis, and the large-scale Israeli attacks that are destroying all hope on the Palestinian side, will not be stopped by these means.

Instead, we recommend an approach that, while persisting in the effort to reach a cease-fire, improve the situation on the ground, reform Palestinian institutions and rebuild their shattered economy, seeks to deal with the ultimate political issues up front. Our conclusion is that the international

community, led by the United States, should now initiate a comprehensive settlement strategy. This should involve not only the Israeli-Palestinian track, although this is obviously at the time of publication the most immediate and serious problem requiring major attention, but the Israel-Syria and Israel-Lebanon tracks as well, which if left unresolved will inhibit the necessary comprehensive reconciliation between Israel and the Arab world. What in ICG's judgment is needed to settle these latter problems is the subject of the third companion report, *Israel, Syria and Lebanon – How Comprehensive Peace Settlements Would Look*.

In the present report, the second of the three, *How a Comprehensive Israeli-Palestinian Settlement Would Look*, we spell out in detail our proposals for the content of both a bilateral agreement between Israelis and Palestinians, and an associated multilateral agreement whose signatories, in addition to the parties, would be the core international players – the U.S., EU, Russia and UN “Quartet,” and the key regional supporters of the bilateral agreement, the Egypt, Saudi Arabia and Jordan “Trio” – with others as appropriate.

As to the elements of the bilateral settlement, ICG has been engaged in intensive discussions with Israelis, Palestinians and others in the international community for a number of months. The terms of the settlement outlined here reflect our best assessment of what both sides can accept as fair, comprehensive and lasting and what, ultimately, their agreement more or less will have to look like.

¹ ICG Middle East Report N°2, *Middle East Endgame I: Getting to a Comprehensive Arab-Israeli Peace Settlement*, 16 July 2002; ICG Middle East Report N°3, *Middle East Endgame II: How a Comprehensive Israeli-Palestinian Settlement Would Look*, 16 July 2002; and ICG Middle East Report N°4, *Middle East Endgame III: Israel, Syria and Lebanon – How Comprehensive Peace Settlements Would Look*, 16 July 2002.

We propose that a U.S.-led international Contact Group, whose core members would be the signatories mentioned above, present these bilateral settlement terms to the parties. There would be no question of them being *imposed* on Israel and the Palestinians, but they would be publicly and forcefully advocated to both their leaders and their publics.

ICG's proposals are far-reaching, and may prove in the short term to be more than the present international policy market can bear. But the unhappy truth is that no lesser alternatives seem remotely likely to bring to an end the death, injury, destruction and misery that have been associated with the Israeli-Palestinian conflict for far too many years already.

II. A VIABLE BILATERAL AGREEMENT

A. EXPLANATION AND COMMENTARY

The following proposal is based on the notion that peace will require the partition of the land into two viable and sovereign states, one identified as the national homeland of the Jewish people, the other as the national homeland of the Palestinian people. It also seeks to satisfy the fundamental interests of both sides. For the people of Israel, those include preservation of the Jewish nature of the state, permanent security and recognition, the maintenance of sacred links to Jewish holy sites and the certainty that the conflict with the Arabs has ended. For the Palestinian people, they include genuine sovereignty over the land lost in 1967, independence and real control over their lives, governance of the Muslim and Christian holy sites in East Jerusalem, a just solution to the refugee problem, and a guarantee that any agreement will be fully implemented.²

Because this proposal is designed to resonate with the Israeli and Palestinian peoples, it inevitably draws on the many prior discussions that have been held between the two parties. It also draws on more recent Israeli-Palestinian track II discussions, in some of which ICG has been involved.³ Importantly, it seeks to take account of over twenty months of Israeli-Palestinian violence and therefore departs from the results of the 2000-2001 negotiations in three important ways:

- It relies far more heavily on a U.S.-led multinational presence to reassure both sides and to overcome their deep mutual distrust.⁴
- It provides greater clarity regarding the territorial trade-off. While Israel would annex

² See Hussein Agha and Robert Malley, "The Last Negotiation," *Foreign Affairs*, May/June 2002, p. 13.

³ Because of the sensitive and hitherto private nature of these discussions, they cannot be referenced with more precision in this report.

⁴ Indeed, the ICG proposal could be taken a step further and include the establishment of an international civil administration "trusteeship" in Palestine in the post-agreement period, both to help the Palestinians train their personnel and build their institutions and to reassure the Israelis regarding the character of the new entity: see further, section III A below.

minimal amounts of land to incorporate a majority of its settlers, Palestine would get through territorial exchanges the equivalent of 100 per cent of the land lost in 1967.

- It provides greater clarity regarding the refugee issue. The agreement makes clear that there would be no return to Israel on the basis of a general right of return.

1. Territory

In line with other Arab precedents, the borders of the new state of Palestine would be based on the lines of 4 June 1967. Unlike other Arab cases, however, the presence of populated Israeli settlements (some 200,000 settlers living in roughly 140 settlements: see Map 1) will require some territorial accommodation. The proposal detailed below incorporates the concept of land swaps, already accepted by both Israeli and Palestinian negotiators in 2000-2001.

The two most contentious territorial issues during those negotiations concerned the amount of land to be annexed to Israel and the ratio of the land swap. ICG's proposal is based on the notion that the annexed settlements should as a general matter be close to the Green Line and should seek not to break up Palestinian territorial contiguity or absorb Palestinian communities. At the same time, they should seek to incorporate as many settlers as possible within these constraints. As for the swap, the fairest formula and indeed the one that is most easily sold on logical grounds, is to opt for a one-for-one ratio.⁵ The Gaza strip in its entirety would fall under Palestinian sovereignty.

During 2000-2001, Israeli negotiators had requested the annexation of various blocks of settlements but toward the end of the process had essentially focused on three (excluding the Jewish neighbourhoods of East Jerusalem): Gush Etzion, south of Jerusalem; the Jerusalem "satellites," including Ma'ale Adumim to the east and Givat Zeev and Givon to the north; and Ariel, further north. Palestinian negotiators never agreed to the annexation of all these areas; at some stages they seemed more inclined to challenge the Jerusalem

satellites and at others Ariel. In both cases, they argued that the settlements encroached deep into Palestinian territory and therefore threatened the new state's contiguity and economic viability.

We have illustrated in Map 2 what would be involved in Israel's annexation of all three settlement blocks, amounting to a territorial annexation of just under 4 per cent of the West Bank. What is depicted on the map would allow for the incorporation into Israel of a majority of settlers living in their current location, while also enabling the creation of a viable, largely contiguous Palestinian state.⁶ We nonetheless acknowledge that it would be difficult for the Palestinians to agree to the annexation of all three settlement blocks, given their cumulative territorial impact. The most obvious difficulty lies with Ariel, which, while it comprises a large number of settlers, stretches deep into Palestinian territory, adversely impacts on contiguity and probably would entail the incorporation of a significant number of Palestinians into Israel. Since such a territorial encroachment also would pose real security challenges for Israel, in ICG's view serious consideration ought to be given, in the final drafting of this settlement proposal, to dropping Ariel from the list of annexed settlement blocks.

To make possible Palestinian contiguity between the West Bank and Gaza without dividing Israel in two, the proposal includes a corridor linking the two, with Israeli sovereignty but movement along it under full Palestinian control.

⁵ See Map 2. ICG has not yet been able to obtain sufficient information to complete the task of identifying land within Israel proper that would be appropriate for the proposed swap.

⁶ The "Clinton parameters," which the U.S. president presented to the two parties on 23 December 2000 as a basis to conclude a deal, contemplated Israeli annexation of 4 to 6 per cent of the West Bank, full Palestinian sovereignty over Gaza, and a land swap equivalent to 1 to 3 per cent of the West Bank. The Clinton parameters are attached as Annex A. At Taba, Israeli negotiators presented a map in which they would have annexed 6 per cent of the West Bank (keeping another 2 per cent for a long-term lease); the Palestinians in turn presented a map in which annexed territories would have amounted to roughly 3.1 per cent. The EU Special Representative to the Middle East Process, Ambassador Miguel Moratinos, summarised the outcome of the Taba negotiations in a "non-paper" that was reprinted in the Israeli daily *Ha'aretz*. It is attached at Annex B.

2. Security

Two years of violence marked by shootings and utterly unconscionable terrorist bombings from the Palestinian side, and repeated incursions and military attacks from the Israeli side have hardened each party's perception of its own security needs. Among Israelis, it has reinforced the need for a fully non-militarised Palestinian entity and for strict provisions to prevent weapons smuggling and border infiltration. Among Palestinians, it has strengthened resistance to any residual Israeli military presence in Palestine or to any residual right to enter their territories. In particular, reality demands that the borders between Israel and Palestine, as they will be defined by any agreement, be 'hard' – i.e. physically secure and fully controlled – for the whole of their length, including in Jerusalem.

Both sides had contemplated, at Camp David and subsequently, that any agreement would require the presence of a U.S.-led multinational force (MNF) on the West Bank and in Gaza, during a transitional period and beyond. The widening gap between the two sides has made the establishment post-agreement, and indefinite maintenance, of such a force an even more compelling necessity. Its role would essentially be that of monitoring and verifying compliance with all the terms of the agreement, including the non-militarised nature of Palestine and Israel's timely withdrawals; deterring by its presence attacks against either party; giving Israel greater confidence in the inviolability of its borders with the new state of Palestine; and monitoring movements across Palestine's other international borders. It would be highly desirable and perhaps vital for the UN Security Council to endorse the establishment of the MNF and – to enable it fully and effectively able to carry out its role – to recognise the legitimacy of it exercising the full range of powers available under Chapter VII of the UN Charter.⁷

As to the size of such a force, while final assessment would depend on more precise analysis of functions and deployment needs than is attempted here, all the military advice available to ICG suggests that a force of some 25,000 personnel would be necessary during the transitional phase of some two years – while boundaries are being established and Israeli settlements vacated – with this number being scaled down subsequently to the extent that conditions permitted. As to the duration of its presence, while open-ended commitments are hardly popular in the international community, it would be highly preferable for the MNF not to be terminated until such time as both Israel and Palestine agree that the peace agreement has been fully implemented and the security situation is such that its presence is no longer required.⁸ The continuation of the mission should be reviewed by the two parties in consultation with the U.S. and other troop contributing countries, five years after the coming into force of the agreement – and at five-yearly intervals thereafter in the absence of other agreement.

In relation to the Old City of Jerusalem, it is proposed that a special security regime be instituted – involving the establishment of a specially constituted Jerusalem International Police Force – to protect the arrangements described below.

Israel has other security needs that require specific accommodation. The question of Israeli use of Palestinian airspace vexed prior negotiations. While both sides agreed that Palestine would enjoy sovereignty over its airspace, Israel insists that it have access to Palestinian airspace for training purposes and in the event it has to intercept hostile aircraft.⁹ The Palestinians have rejected these demands in the past, but ICG believes they are reasonable and should be accommodated in the agreement. So should the Israeli requirement for early warning radar stations, primarily to detect low flying incoming aircraft (made necessary by the region's topography and the inability of

⁷ The Clinton plan contemplated an Israeli military presence in the Jordan Valley as part of the multinational force for a period of three years after Israel's withdrawal. This was also the Israeli position in Taba. ICG is concerned that a lengthy Israeli presence could become the focus point for renewed tension; a multinational force with full authority ought to be able to perform effectively in defence of Israel's security interests.

⁸ This was the position adopted by the United States in 2000. A fallback position, if one is required is that the MNF Commander be empowered to declare the peace agreement implementation satisfactory and to recommend to the Contact Group the cessation of the MNF mission, which would make a final decision.

⁹ ICG interview, Tel Aviv, June 2002.

satellite surveillance to fully meet this need).¹⁰ In order to minimize potential hostile reaction among the Palestinians, these stations should have low visibility, and to the extent possible should be situated away from existing population centres.

During the course of past negotiations, Israel also insisted on the right to maintain and operate manned and equipped forward deployment areas for use in the event of military emergency.¹¹ ICG discussions in the region have led it to conclude that the risks of formalizing Israeli emergency deployment areas and allowing Israel to operate them – in terms of serving as a magnet for Palestinian popular resentment – outweighed what were acknowledged by Israeli military experts to be somewhat marginal benefits.¹²

Finally, Israel has long insisted on having a physical presence at Palestine's international crossing points with countries other than Israel, i.e. Jordan and Egypt, in particular to control any potential arms smuggling. ICG believes that while Israel's concerns are legitimate, it ought to be able to rely on the protective role of the MNF in this respect. But a case can be made that, at least for an initial period, Israel should be able to participate in verification of border crossings through passive monitoring arrangements, for example 24-hour remote-controlled cameras, and to have some liaison officers present. It would be a significant encroachment on Palestinian sovereignty to go beyond this, with Israel having its own personnel formally manning and controlling borders other than its own.

3. Jerusalem

The ICG proposal on Jerusalem broadly mirrors the ideas that were put on the table during the 2000-2001 negotiations. In terms of religious sites,

it is based on the notion that communities should administer their respective holy places. In other words, Jewish holy places should be administered by Israel, and Muslim and Christian holy places should be administered by Palestine.

Politically, the ICG proposal is based on the notion of "ethnic-national separation between Israeli Jews and Palestinian Arabs."¹³ Today's Jerusalem is a city that is "united in theory and divided in practice."¹⁴ There is little physical interaction between the two communities, except in the Old City, and the two communities have their separate public institutions, transportation systems, medical services, and so on. For both political and demographic reasons, Israel has no interest in ruling over the roughly 200,000 Palestinians currently living in East Jerusalem – areas with which Israelis feel very little affiliation or familiarity.¹⁵ Instead, the capital of the state of Israel would consist of West Jerusalem and Jewish neighbourhoods of Jerusalem that were not part of Israel prior to the 1967 war but that today are home to roughly 200,000 Jews. For its part, the capital of the State of Palestine would consist of the Arab neighbourhoods of East Jerusalem.

One significant difference with the outcome of prior Israeli-Palestinian discussions is that in the ICG proposal Jerusalem would not be an open city (except for the Old City, for which there would be special arrangements, discussed below). Instead, it would be divided by a physically secure and fully controlled border like that proposed for the rest of the border lines between the two states. The violence of the past months has been leading the two sides to that conclusion, whereas both previously favoured the idea of an open city.¹⁶

One of the most difficult issues contemplated at Camp David and afterwards was the political status of the Historic Basin, which includes the Old City and certain adjacent areas of religious, historic and cultural significance, such as the Jewish cemetery

¹⁰ An Israeli request for three such stations was in fact acceded to by the Palestinian side at Camp David.

¹¹ The Clinton parameters accepted the principle of emergency deployment areas but sought to strictly define conditions for their use. In Taba, the Palestinians asked that there be only two such areas and that they be operated by the international presence, not by Israelis.

¹² ICG interview, Tel Aviv, June 2002. Any Israeli forward basing also would complicate the MNF's mission, as it will have to monitor these areas - a situation that could provoke unhelpful friction between the MNF and the Israeli Defense Forces.

¹³ *Israelis, Palestinians Coexisting in Jerusalem*, Italian Centre for Peace in the Middle East (2001), p. 255. The book is an invaluable resource for ideas on how to resolve the Jerusalem issue.

¹⁴ Menachem Klein, *Jerusalem: The Contested City* (1991), p. 65.

¹⁵ See Jerome Segal, *Negotiating Jerusalem*; "Jerusalem: Historical Parameters and Contemporary Affinities," *Middle East Insight*, January-February 1999.

¹⁶ ICG interviews, Ramallah, Tel Aviv, May-June 2002.

on the Mount of Olives, the Muslim cemetery below the eastern wall, the City of David and the archaeological gardens. During the negotiations, both sides at one point appeared to accept the notion of legally dividing the Old City, with the Jewish quarter falling under Israeli sovereignty and the Muslim and Christian quarters falling under Palestinian sovereignty, the status of the Armenian quarter (essentially populated by Palestinians but containing some Jewish areas) remaining in dispute.¹⁷ Israel also took the position that it should exercise sovereignty over the areas of special significance to Jews, such as the Jewish cemetery, the City of David and the archaeological gardens. The Palestinian position was that any degree of Israeli control short of actual sovereignty was acceptable.

Since that time, many prominent Israelis from Left and Right have argued against an attempt to divide sovereignty, advocating instead the internationalisation of the Old City and the attendant sites in the Historic Basin. ICG believes that this option may well have merit, and should be acknowledged as an appropriate alternative.

The ICG proposal that follows, therefore, offers two options. Option A would divide the Old City into two distinct sovereign areas. This arrangement was contemplated in prior negotiations and, in that respect, Palestinians will consider it hard to walk back. Under Option B, the parties would agree to the establishment of an international protectorate over the Old City and sites in the Historic Basin.

Regardless of the option that is selected, the unique status of the Historic Basin requires some special arrangements, including a strong international presence to provide security and guarantee the area's preservation. While the Old City in principle should remain internally open, and would indeed be very difficult to physically divide, the problem from a security perspective is that a Palestinian (Israeli) might enter the Old City from the Palestinian (Israeli) side and then cross into Israel (Palestine) unimpeded. One of the roles of the international presence will be to ensure, in coordination with the Israeli and Palestinian police, that individuals entering the Old City from one side exit from that side as well.

The underlying logic that guides the ICG proposal (each side governing its people and its religious sites) breaks down when it comes to the Temple Mount/Haram al-Sharif, which is holy to both. There, the key is to find a solution that addresses the core interests of both sides.¹⁸ For Israelis, the Temple Mount is the embodiment of Jewish memory, the single most powerful symbol of the history of the Jewish people, of their affinity to and presence on the Holy Land. The Palestinian denial of a Jewish connection to the site in 2000-2001, therefore, was viewed as deeply offensive and alarming, a denial of Israel's basic right to exist. As a result, it is an almost unanimous view among Israeli Jews – religious and secular alike – that “there can be no peace, no final status settlement in Jerusalem, unless an arrangement is found that honours the Jewish national narrative [regarding the Temple Mount] alongside that of Palestinian Muslims.”¹⁹

At the same time, however, this insistence that the Jewish connection be acknowledged does not translate into a desire for physical control. To the contrary: the unique holiness of the site, paradoxically, has led to a long-standing Halachic (Jewish law) position that Jews should not go on the Mount lest they desecrate the area. The Temple Mount has not been the site of active Jewish worship since the destruction of the second Temple some two thousand years ago. Since 1967, the Israeli government-sanctioned practice has been that while Jews can visit the Temple, in effect they cannot conduct public prayers there.²⁰ A key interest from the Israeli point of view is that there be no activity on the site (excavations or building) that might tamper with the remains of the Temple.

For Muslims, the Haram is the site of the Prophet Mohammed's ascent to heaven to receive his final revelation. Most importantly, and in contrast to the Jewish experience, for the past 1200 years the site has been an active, exclusive site of Muslim worship. Indeed, even after the 1967 occupation Israeli authorities gave Muslims a large degree of autonomy in managing the Haram. For the most part, “routine public order, the security of the

¹⁷ The Old City constitutes one square kilometre of walled city. Roughly 90 per cent of the population of the Old City is Palestinian. See Segal, op. cit., p. 6.

¹⁸ See Hussein Agha and Robert Malley, “The Last Negotiation,” *Foreign Affairs*, May/June 2002.

¹⁹ Yossi Alpher, former Director of the Jaffee Center for Strategic Studies, Tel Aviv University, in www.bitterlemons.org, 3 June 2002.

²⁰ Klein, op. cit., pp. 58-60.

Islamic holy sites, their religious management, prayer services and tourism is in the hands” of Muslim bodies.²¹ As Menachem Klein writes, “Israel may have paramount sovereignty, but this is not felt in the day-to-day functioning of the site.”²² For the Palestinians, therefore, the key in any permanent status agreement is to “make it plain to their people and the larger Arab and Muslim worlds that the Haram is theirs.”²³

The ICG proposal seeks to accommodate the two sides’ aspirations. Under the divided sovereignty option, the suggested agreement recognizes the Jewish narrative and its historic and religious link to the site by providing for Israeli sovereignty over the Wailing Wall, freedom of access to the Temple Mount/Haram al-Sharif and full Israeli control over and access to the Hashmonaim tunnel that runs parallel to much of the Western Wall in the Muslim Quarter. At the same time, it protects the sanctity of Jewish artefacts by prohibiting all excavation or building on the site other than that strictly required for maintenance.²⁴ It addresses the core Palestinian interest by granting sovereignty and day-to-day administration over the Haram to the Palestinians.

Under the international protectorate approach, neither side would have sovereignty over the Temple Mount/Haram al-Sharif or the Wailing Wall, but Palestine would administer the former and Israel the latter, under the supervision of the governing body of the protectorate.

4. Refugees

Perhaps as much as anything else, the issue of a right of return for refugees has led the Israeli people to question the sincerity of the Palestinian commitment to a two-state solution. While the Palestinian position has often been significantly distorted – during the negotiations, for example, the Palestinians never demanded an unfettered right of return for four million refugees – their

insistent request that the right of return be recognised in principle and that refugees be given a choice (however constrained) to live in Israel has distressed numerous Israelis.

A viable final status agreement, if it is to genuinely signify an end of the conflict, must give rise to a Palestinian state as the national homeland of the Palestinian people living alongside the State of Israel as the national homeland of the Jewish people. An unfettered right of return of Palestinian refugees to Israel is, at its core, inconsistent – even at war – with that construct.

That is not to deny the significance of this issue for the Palestinian people, whose self-identity first and foremost is as refugees who have been unjustly dispossessed of their land and property. The absence of any recognition of their right to return, as a matter of principle, undoubtedly would be difficult to accept. At the same time, it is ICG’s belief that numerous Palestinian leaders now hold the view that a solution to the refugee question that does not include any explicit recognition of a right of return to Israel can be found in the context of a wider, acceptable political settlement.²⁵

The solution proposed by ICG seeks to accommodate the legitimate Israeli concern with the no less legitimate Palestinian aspiration for justice and redress. It would have both sides agreeing simply that “the terms of UN General Assembly Resolution 194²⁶ are satisfied by” a variety of

²¹ There is an Israeli police presence, but it principally has been to deal with problems posed by extreme Jewish groups whose activities on the Haram threaten public order. The Israeli police also is in charge of external security. *Ibid.*, p. 316.

²² *Ibid.*

²³ Agha and Malley, *op. cit.*, p. 14.

²⁴ See Daniel Seidemann in www.bitterlemons.org, 3 June 2002.

²⁵ ICG interviews, West Bank, May-June 2002. In a piece published by *The New York Times*, Arafat acknowledged the need to take into account Israel’s demographic interests: “we seek a fair and just solution to the plight of Palestinian refugees who for 54 years have not been permitted to return to their homes. We understand Israel’s demographic concerns and understand that the right of return of Palestinian refugees, a right guaranteed under international law and United Nations Resolution 194, must be implemented in a way that takes into account such concerns.” He added: “We are ready to ... negotiate ... creative solutions to the plight of the refugees while respecting Israel’s demographic concerns.” Yasir Arafat, “The Palestinian Vision of Peace,” *The New York Times*, 3 February 2002.

²⁶ Resolution 194 provides, in its pertinent parts, that “the [Palestinian] refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return and for loss of or damage to property which, under

resettlement options and compensation provisions then spelled out.²⁷ As to the refugees' permanent location, they would be offered the options of living in Palestine, in third countries or in their current host countries (subject, of course, to the sovereign decisions of those states) – and in addition would be offered the option of going to land now in Israel, adjacent to the West Bank and/or Gaza and turned over to Palestinian sovereignty as part of the land swap (which could perhaps be specifically designated for refugee return and substantially developed for their integration). Furthermore, Israel would agree to continue its programs of family reunification and humanitarian absorption and to establish such other programs as may be specified in the bilateral agreement.

The proposed solution also includes substantial internationally-provided and operated funds to compensate for the material losses, displacement and suffering of Palestinian refugees and to facilitate their rehabilitation and resettlement. There would be an agreed Israeli contribution to this fund as compensation for lost property and assets. It will be crucial that the international community, including non-neighbouring Arab states, offer Palestinian refugees genuine opportunities to relocate and acquire citizenship. In the post-11 September world this may have become more problematical, but it is no less urgent.

5. Implementation and End of Conflict

We propose that the agreement contain an agreed implementation timetable for all relevant provisions, including a period of two years for the final evacuation of Israeli settlements on Palestinian land, the establishment of new physically secure borders and the associated withdrawal from Palestine of Israeli forces.

For Israelis, a key concern is that this agreement will put an end to the conflict and that no supplemental demands will be raised. For

Palestinians, a key concern is that the agreement will in fact be implemented. ICG's proposal seeks to accommodate these twin interests through a robust international role, including endorsement of the agreement by the UN Security Council with a statement that the agreement fulfils all the relevant United Nations resolutions; a strong presence on the ground to monitor implementation;²⁸ and an acknowledgement by the Palestinians that implementation of the agreement satisfies all claims stemming from this historic conflict.

principles of international law or in equity, should be made good by the Governments or authorities responsible.”

²⁷ It is notable that the Arab League Beirut Declaration Of 28 March 2002 (see Appendix C) does not specifically use “right of return” language: rather the call is for “Achievement of a just solution to the Palestinian refugee problem to be agreed upon in accordance with U.N. General Assembly Resolution 194”.

²⁸ This would involve a civilian as well as military component. See further below.

B. ELEMENTS OF A COMPREHENSIVE ISRAELI-PALESTINIAN PEACE TREATY

1. Territory

- (a) The borders of the State of Palestine will be based on the line of 4 June 1967, with agreed modifications.
- (b) Palestine will have sovereignty over all of Gaza, all but that part of the West Bank annexed as agreed, and that part of Israel transferred as agreed.
- (c) As to the West Bank land to be annexed by Israel, the applicable principles are that:
 - (i) Israel should be able to accommodate a majority of its settlers while withdrawing from the majority of its settlements;
 - (ii) and that the land so annexed should:
 - (iii) adjoin the Green Line;
 - (iv) minimise the number of Palestinians brought within Israel;
 - (v) minimise the impact on and ensure the contiguity of Palestinian territory;
 - (vi) not impede Palestinian access to bordering Arab countries (Egypt and Jordan); and
 - (vii) not affect Palestinian access to its natural resources, in particular the water aquifers.
- (d) In applying these principles, the boundary line will be drawn so as to bring within the land annexed by Israel most - if not all - of the settlement blocks illustratively indicated on Map 2 (i.e., Gush Etzion, Ma'ale Adumim, Givat Zeev, Givon and Ariel), in a way that totals no more than 4 per cent of the land area of the West Bank.
- (e) As to Israel's evacuation from non-annexed land:
 - (i) Israel will withdraw its forces from Palestine and evacuate settlements not included in the annexed areas over a period of no more than two years.
 - (ii) Israel will leave intact the housing and infrastructure in territories it evacuates.
- (f) As to Israeli land to be transferred to Palestine:
 - (i) Any land to be annexed to Israel will be compensated with a swap of land of equal size, and actual or potential value, adjoining Gaza and/or the West Bank.
 - (ii) Such international support as is necessary to develop the transferred land will be the subject of separate multilateral agreement.
- (g) Palestine will have control over a corridor linking the West Bank to Gaza that will ensure free and unimpeded access to Palestinians:
 - (i) The area of the corridor will remain under Israeli sovereignty.
 - (ii) Provision will be made to ensure that use of the corridor does not jeopardise Israel's security, for example by the use of fences and barriers.
- (h) Israel and Palestine will recognize each other's territorial integrity and inviolability.

2. Security

- (a) Palestine will be a non-militarised state, but with a strong internal security force. The agreement will specify weapon categories, numbers and capabilities that the security force will be allowed to possess in

order to perform the duties of border control, counter-terrorism, law and order maintenance, emergency rescue missions and the like.

- (b) There shall be no military presence in Palestine other than as provided in the agreement. The parties will agree not to enter into any military or hostile alliance or agreement aimed at the other, or to station any troops from third parties other than as provided in the agreement.
- (c) There will be physically secure and fully controlled borders between the states of Israel and of Palestine.
- (d) The parties will agree to invite a *Multinational Force* (MNF) established by separate multilateral agreement, led by the U.S. and drawn from countries acceptable to both sides, to be located in the West Bank and Gaza for the purpose of:
 - (i) monitoring and verifying all military aspects of the implementation of the agreement, including the withdrawal of Israeli forces from Palestinian territory, and the achievement and preservation of Palestine's non-militarised status. Both parties will furnish the MNF with information necessary for it to perform its role, including on the precise timing of Israeli withdrawals and the location, type and strength of Palestinian personnel, weaponry and facilities and installations of all relevant types;
 - (ii) ensuring the safe passage of persons, vehicles and goods along the West Bank-Gaza corridor;
 - (iii) monitoring, in coordination with Palestinian personnel, Palestine's borders, crossing points and territorial waters, in particular to ensure against border infiltration and weapon smuggling;
 - (iv) deterring by its presence any hostile act against Israel or Palestine; and
 - (v) performing such other functions as are agreed by the parties and the force command.
- (e) Israel and Palestine will agree to engage in intensive security cooperation, in coordination with the MNF, to prevent terrorism and other hostile acts directed against either. Israel and Palestine also will agree to pursue effective law enforcement action to end and prevent hostile actions by groups operating within their respective territory.
- (f) The MNF mission will terminate when both parties agree that the peace agreement has been fully implemented and the security situation is such that its presence is no longer required. The continuation of the mission shall be reviewed, in consultation with troop contributing countries, at a date five years after the coming into force of this agreement, and at five-yearly intervals thereafter except as otherwise agreed by the parties.
- (g) Palestine will accept the maintenance by Israel of up to three early warning stations in Palestinian territory and will allow Israel the necessary access to those sites.
 - (i) Israel will accept a Palestinian liaison presence in the early warning stations that will not impede or interfere with their operation.
 - (ii) The status of the early warning stations will be reviewed after ten years, with any change being by mutual agreement.
- (h) Palestine will have sovereignty over its airspace, but:
 - (i) Palestine will allow Israel use of Palestinian airspace to protect its vital security interests, for example for the purpose of rapid interception of hostile aircraft, and for military training.
 - (ii) Israeli military access over Palestinian airspace shall be otherwise in conformity with rules regulating military over-flight over Israel's airspace.
 - (iii) Israel will provide compensation to Palestine for any loss of life or property damage resulting from military air activity in Palestine's sovereign air space.

- (iv) Palestine will allow the MNF to exercise such access and control over its airspace as is necessary for the MNF to perform its agreed functions, including, if it so wishes, the exercise of civil air traffic control functions for the duration of its mission.
- (i) Palestine will have sovereignty over its electro-magnetic field, but:
 - (i) Palestine will furnish Israel with guaranteed access to sufficient spectrum to meet its security needs.
 - (ii) A panel of U.S., Israeli and Palestinian experts will be established to advise the parties on what is required in this respect, and the modalities of access.
- (j) During the initial three years of this agreement, Israel will be able to monitor Palestine's international border crossings through 24-hour passive monitoring via remote controlled cameras, and to have present some liaison officers to work with the MNF.
- (k) During the agreed schedule for Israel's withdrawal from Palestinian territories, the Israeli government shall maintain responsibility for the safety and security of Israeli settlers, who shall remain subject to Israeli law and jurisdiction pending the transfer of these areas to full Palestinian control.

3. Jerusalem

3.1. Boundaries

- (a) West Jerusalem, as defined by the cease-fire line of 4 June 1967, together with Jewish neighbourhoods of East Jerusalem, will fall under Israeli sovereignty and constitute the capital of Israel.
- (b) All other areas of East Jerusalem within the current municipal boundaries will fall under Palestinian sovereignty and constitute the capital of Palestine.
- (c) In defining the boundaries of the two capitals, contiguity will be ensured between all Palestinian areas and all Israeli areas respectively.
- (d) For an indicative illustration of how these requirements might be satisfied, see attached Map 3.
- (e) There will be a physically secure and fully controlled border between the Israeli and Palestinian capitals, except in the Old City as provided for below.
- (f) An umbrella mechanism will coordinate services between the two municipalities, including infrastructure, roads, electricity, sewage, and waste removal.

3.2. Old City and Historic Basin Sites – General

- (a) A special regime will be established for the Old City to preserve its unique character and to ensure that it remains open and secure, with free and unimpeded access for people of all faiths and nationalities.
- (b) That regime will also extend to special arrangements for certain sites of religious and cultural significance in the Historic Basin adjacent to the Old City.
- (c) Both sides will agree to the establishment, by separate multilateral agreement, of a *Jerusalem International Police Force* (JIPF), which will have primary responsibility for policing the Old City and, as provided below, ensuring free and unimpeded access to certain sites within the Historic Basin.
- (d) Both sides will agree to the establishment, by separate multilateral agreement, of a *Jerusalem International Sites Commission* (JISC), comprised of representatives of the parties and other members of the international community as agreed, which shall be responsible for general policy and civil administration as appropriate in relation to the Old City and certain Historic Basin sites.
- (e) Both sides will seek registration of the Old City in the UNESCO World Heritage List.

- (f) The special regime proposed for the Old City and the Historic Basin sites will involve either a divided sovereignty regime (Option A below, as indicatively illustrated in Map 4), or an international protectorate, established by separate multilateral agreement (Option B below, as indicatively illustrated in Map 5).

3.3. *Old City and Historic Basin Sites – Option A: Divided Sovereignty*

- (a) In the Old City:
- (i) The Muslim, Christian and parts of the Armenian quarters will be under Palestinian sovereignty.
 - (ii) The Jewish quarter and parts of the Armenian quarter will be under Israeli sovereignty.
 - (iii) Israelis and visitors coming from the Israeli side will be required to exit the Old City from the Israeli side unless they have an appropriate visa. Palestinians and visitors coming from the Palestinian side will be required to exit the Old City from the Palestinian side, unless they have an appropriate visa.
- (b) For the Historic Basin Sites:
- (i) The Haram al-Sharif (Temple Mount) compound will be under Palestinian sovereignty. The Kotel (Wailing Wall) will be under Israeli sovereignty, and Israel will have full control over and access to the Hashmonaim tunnel, the Jewish cemetery on the Mount of Olives, the Archaeological Gardens and the City of David.
 - (ii) Palestine will uphold the status quo at the Church of the Holy Sepulchre and other Christian sites and will protect all Christian holy sites falling within its jurisdiction.
 - (iii) In recognition of Judaism's link to the Temple Mount, there will be internationally-enforced guarantees against any excavation beneath or building on the Haram al-Sharif in the absence of the consent of both parties. Any physical change shall only be allowed after prior authorisation of the two parties.
 - (iv) Provision will be made for internationally-monitored repair and maintenance of the site.
 - (v) There will be special security provisions on the compound, applied in coordination with the JIPF. The agreement will specify what arms the Palestinian security personnel may carry on the compound. No weapons other than those specified in this agreement will be allowed on the compound.
 - (vi) Free access to the Haram al-Sharif shall be guaranteed, subject to restrictions designed to preserve public order, safety and health, without discrimination on grounds of nationality, race, ethnic origin or religion.
 - (vii) The JIPF will ensure free and unimpeded access for Israelis to the Jewish cemetery, the Archaeological Gardens and the City of David.

3.4. *Old City and Historic Basin Sites – Option B: International Protectorate*

- (a) The Parties will agree to invite a group of countries to establish an international protectorate, for an indefinite and ongoing period, over the Old City and the Historic Basin sites, including the Jewish cemetery on the Mount of Olives, the Muslim cemetery below the Eastern Wall, David's City, the Archaeological Garden and Mount Zion.
- (b) The governing body of the protectorate (the *Jerusalem International Authority*, or JIA) will be composed of representatives of Israel, Palestine, the U.S., the Kingdom of Jordan, the Kingdom of Saudi Arabia, the Kingdom of Morocco and other countries or agencies agreed by them (one possible formula for the overall structure being the parties plus the five permanent members of the Security Council plus five Muslim states).

- (c) The JIA will appoint a *High Representative* to exercise sovereign powers on its behalf, including through special authorities exercising policy and enforcement functions as detailed below.
- (d) The JIA, if an international protectorate is established, will incorporate the functions of both the proposed Jerusalem International Police Force (JIPF) and the Jerusalem International Sites Commission (JISC) as described above.
- (e) As a general matter, and to the extent possible, the protectorate will be run according to the principle that Arab neighbourhoods and Muslim and Christian sites will be administered by Palestinian authorities and Jewish neighbourhoods and sites will be administered by Israeli authorities. In particular, Palestine will be the guardian of and administer the Haram al-Sharif and Israel will be the guardian of and administer the Kotel.
- (f) The JIA will ensure that there is free access to religious and cultural sites in the area under its authority, subject to the requirement of public order.
- (g) The JIA will be responsible for overall security and law and order in the area of the protectorate and for ensuring free access to religious and cultural sites.
- (h) Israelis and visitors coming into the area of the international protectorate from the Israeli side will be required to exit into Israel, unless they have an appropriate visa to enter Palestine. Palestinians and visitors coming into the area of the protectorate from the Palestinian side will be required to exit into Palestine, unless they have an appropriate visa to enter Israel.
- (i) The JIA will administer planning and zoning in the protectorate, and all archaeological activities will require its prior authorisation. In particular, the JIA will ensure that there is no excavation beneath or building on the Haram al-Sharif in the absence of the consent of both parties. Any physical change shall only be allowed after prior authorisation of the two parties.

4. Refugees

- (a) Both Israeli and Palestinian parties will agree that UNGA Resolution 194 will be satisfied by the following:
 - (i) relocation of refugees in Palestine, in unlimited numbers subject to the sovereign decision of the Palestinian state;
 - (ii) relocation of refugees in areas of Israel that will be swapped and turned over to Palestine, subject to the sovereign decision of the Palestinian state;
 - (iii) relocation of refugees in current host countries, subject to their sovereign decision;
 - (iv) relocation of refugees in third countries, subject to their sovereign decision; and
 - (v) continued Israeli programs of family reunification and humanitarian admission, and any other program established by Israel and as agreed by the parties, subject to Israel's sovereign decision;
 - (vi) with relocation in accordance with any of these options being based on the freely expressed choice of the refugees in question;together with:
 - (vii) receipt by refugees of compensation for their material losses, the value of which will be assessed, with an agreed Israeli contribution to a fund established for this purpose;
 - (viii) compensation of refugees for their hardships;
 - (ix) resettlement assistance to refugees; and
 - (x) compensation to countries (including Palestine) that have hosted refugees.

- (b) An *International Commission for Palestinian Refugees* (ICPR) will be established by separate multilateral agreement to:
 - (i) verify refugee status, explore the intentions of Palestinian refugees, and screen and process applications;
 - (ii) help with the resettlement and relocation of refugees;
 - (iii) ensure that relocation or resettlement shall be based on their freely expressed choice;
 - (iv) raise and disburse compensation funds to individuals for lost land and property, resettlement assistance, and for displacement;
 - (v) establish fast track procedures for claims of compensation for property losses that fall under a specified amount;
 - (vi) provide a clear incentive to refugees opting for rehabilitation and compensation programs in Palestine and in present host countries; and
 - (vii) raise and disburse compensation to countries (including Palestine) that have hosted refugees.
- (c) Priority for relocation and resettlement will be given to the refugees living in Lebanon.
- (d) Rehabilitation for refugees will be integrated into a broader economic reconstruction plan for the region.
- (e) UNWRA, the United Nations agency responsible for Palestinian refugees, will be phased out over an agreed period.

5. Water

- (a) Palestine will have access to aquifers that lie in areas on the Palestinian side of the line of 4 June 1967 but that are part of the territory swapped with Israel.
- (b) As a general matter, both sides will agree to the equitable utilisation of shared water resources and to cooperation in the management of these resources.
- (c) The parties will establish a joint committee to manage the shared water resources.

6. Implementation and End of Conflict

- (a) A *Civil Affairs Commission*, headed by a *Senior Administrator* and established by separate multinational agreement, will monitor and assist in the implementation of the civilian aspects of the Israeli-Palestinian bilateral agreement.
- (b) The agreement will contain an agreed timetable for the implementation of all relevant provisions, including a period of two years for the evacuation of Israeli settlements on Palestinian land, the establishment of new physically secured borders and the associated withdrawal from Palestine of Israeli forces.
- (c) Both parties will recognise that the agreement marks the end of their historic conflict.
- (d) Both parties will recognise that they can no longer raise any claims arising from their conflict except for claims relating to implementation of the agreement.
- (e) Both parties will ask the Security Council to pass a resolution endorsing this agreement and stating that it constitutes full implementation of UN Security Council Resolutions 242 and 338 and the relevant provisions of UN General Assembly Resolution 194.

III. A VIABLE MULTILATERAL AGREEMENT

A. EXPLANATION AND COMMENTARY

Given the history of missed deadlines and unfulfilled commitments by both sides, neither is likely to place much trust in the other, particularly when the stakes are a final status deal. Israelis are unlikely to have much faith in Palestinian pledges to abide by strict arms limitations, police their borders, or respect Jewish holy sites in areas falling under their sovereignty. In a similar vein, Palestinians probably will not give much credence to Israeli promises to withdraw from occupied territories in a timely manner, allow the unimpeded functioning of the corridor between the West Bank and Gaza, or limit the surveillance from their early warning stations to non-Palestinian activities. In the Old City of Jerusalem, or on its holy sites, the intermingling of Israelis and Palestinians will necessitate a third party police presence to provide reassurance and security. Finally, the two parties cannot, on their own, organise – let alone absorb the costs of – the resettlement, relocation or compensation of millions of Palestinian refugees.

To sell the agreement to both publics and to make it stick, in short, it will need to include and be accompanied by a strong international involvement, formalised in a multilateral agreement signed by all the key international players at the same time that the bilateral agreement is signed. Indeed, given the legacy of hostilities, this is likely to be one of the most crucial elements of the agreement. For political, military and historical reasons, and particularly in order to enhance Israelis' sense of security, it is overwhelmingly preferable for this international commitment to be led by the United States. But other crucial participants will be representatives of the EU, Russia and UN Secretary-General (the other three members of the Quartet), and the key regional supporters of the bilateral Israeli-Palestinian agreement (Egypt, Saudi Arabia and Jordan), together with other countries that have had a particular interest in resolving the conflict, such as Norway, Japan or Canada. The broader Arab world also will have a critical role to play in recognising Israel and normalising relations with it, particularly countries with whom Israel has

unresolved border and security issues – i.e., Syria and Lebanon.²⁹

Accordingly, the model presented in this report relies on a very active, robust and varied third party engagement:

- At a diplomatic level, the agreement would trigger broad international recognition of the states of Israel and of Palestine. In particular, Arab states would formally recognise the State of Israel, end any continuing state of war, and commit to fully normalised relations with it.
- At the political level, a high-level Contact Group and an on-the-ground civilian administration (our proposed Civil Affairs Commission) would oversee implementation of all aspects of the bilateral agreement and provide for dispute-resolution mechanisms in the event of a disagreement.
- At the military level, a robust U.S.-led multinational force (our proposed MNF) would monitor compliance with all militarily relevant aspects of the bilateral agreement, patrol and monitor Palestine's international borders, and deter by its presence attacks against either party.
- In Jerusalem, an international police presence (our proposed Jerusalem International Police Force) and civilian administration (Jerusalem International Sites Commission) specially adapted to the circumstances in the Old City and Historic Basin sites would, as necessary, police, protect and preserve these areas.
- On the issue of refugee rehabilitation and resettlement, an international commission (our proposed International Commission for Palestinian Refugees) would be in charge of all relevant aspects of the bilateral agreement, including verification of refugee status, relocation, resettlement and compensation.

²⁹ On the importance of resolving outstanding issues with Syria and Lebanon as a likely precondition of full Arab support for a comprehensive Arab-Israeli settlement, see the two companion reports to this one, ICG Middle East Report N°2, *Middle East Endgame I: Getting to a Comprehensive Arab-Israeli Peace Settlement*, 16 July 2002; and ICG Middle East Report N°4, *Middle East Endgame III: Israel, Syria and Lebanon – How Comprehensive Peace Settlements Would Look*, 16 July 2002.

- At the economic level, the international donor community would engage in a massive effort to assist in the reconstruction and development of Palestine in all relevant aspects.

A Trusteeship Model for the Post-Agreement Transition?

The approach adopted here envisages that in the post-agreement period Palestine would immediately assume full sovereign status and be led by a normally constituted government – albeit being supplemented and assisted for an indefinite period by a continuing international military presence (the MNF) and for an agreed transitional or implementation period by a supporting international civil administration (the Civil Affairs Commission, led by a Senior Administrator), together with other specific bodies with specific functions in relation to the Old City and Historic Basin sites and refugees.

It would be possible as an alternative to this approach to vest full administrative powers for an appropriate period – perhaps three or four years – not in a Palestinian government but in a transitional international administration, drawing in this respect on the different recent models provided by the UN-led administrations in Kosovo (UNMIK)³⁰ and East Timor (UNTAET)³¹ and, in particular, by the non-UN Office of the High Representative (OHR) model agreed for Bosnia and Herzegovina in the U.S.-led 1995 Dayton Peace Accords.³² Such an administration would be essentially civilian in character, but work in close

coordination with the parallel international military operation (the proposed MNF), as has occurred in the arrangements in Bosnia with the NATO-led Stabilisation Force (SFOR) and in Kosovo with the also NATO-led Kosovo Force (KFOR). Less likely, it could follow the East Timor model, where UN peacekeeping troops and military observers formed the ‘military component’ of UNTAET.³³ The arrangement might not be a ‘trusteeship’ in the precise sense contemplated by Chapter XII of the UN Charter, but it would have essentially the same purpose – to help prepare the entity in question for full political independence.

In effect, the Palestinians, having in the bilateral agreement negotiated the acquisition of state powers, would agree to suspend their full exercise for a defined period of time and transfer them to the international civil administration. Of course, insofar as the international civil administration would be acting in the place of the Palestinian state, it would have to respect and carry out the provisions of the two sides’ bilateral agreement.

Palestinian state agencies would to the extent possible exercise day-to-day functions, though they would do so under the general direction and guidance of the international civil administration, which would have the final say in resolving any dispute. Such an administration should build on and work through existing Palestinian institutions where these are reasonably effective, e.g. at the level of municipal service delivery. It would be necessary for the international civil administration to work closely with elected Palestinian officials to ensure full Palestinian support for the developing institutions. While perhaps having limited appeal in principle to Palestinians believing that their country is already amply equipped to assume full sovereign independence, this model – for a defined time-limited period – may be valuable as a means of overcoming Israeli reluctance to reach an agreement with the existing Palestinian leadership and therefore make the early achievement of that independence more likely. The argument would be that the trusteeship model will reduce Israelis’ discomfort with the idea of immediately facing a

³⁰ For UN Security Council Resolution 1244 authorising the establishment of the United Nations Provisional Administration in Kosovo (UNMIK) see www.un.org/Docs/scres/1999/99sc1244.htm; also ICG’s book-length report on the Balkans, ICG Balkans Report N°108, *After Milosevic: A Practical Agenda for Lasting Balkans Peace*, 26 April 2001, Chapter 5, and many other ICG reports and papers examining UNMIK’s and KFOR’s roles, accessible on www.crisisweb.org.

³¹ For UN Security Council Resolution 1272, establishing the United Nations Transitional Administration in East Timor (UNTAET), see: www.un.org/peace/etimor/docs/9931277E.htm.

³² For The General Framework Agreement for Peace in Bosnia and Herzegovina, signed on 14 December 1995, establishing the Office of the High Representative, see www.ohr.int; also ICG Report, *After Milosevic*, op.cit., Chapter 7, and many other ICG reports and papers examining OHR’s and SFOR’s roles, accessible on www.crisisweb.org.

³³ The Council for Asia Europe Cooperation (CAEC) has initiated a project “Comparing Experiences with State Building in Asia and Europe: The Cases of East Timor, Bosnia and Kosovo” which has produced a number of papers helpful in designing a contemporary ‘trusteeship’ model appropriate for Palestine: see www.caec-asiaeuropa.org.

fully-empowered Palestinian government, and also give them greater confidence in the achievement and sustainability of Palestinian institutional reform.

Although we have not attempted it in what follows, it would be a relatively straightforward matter to draft settlement terms embodying arrangements of this kind, perhaps with the Contact Group appointing a High Representative as the central executive authority, and incorporating our various proposed elements within a larger oversight structure of this kind. Certainly there would appear to be more practical prospect of a trusteeship arrangement being accepted in a post-agreement context than in the *pre*-agreement period discussed in our companion report.³⁴

³⁴ See ICG Report, *Middle East Endgame I, op. cit.*, section II A.

B. ELEMENTS OF A MULTILATERAL AGREEMENT SUPPORTING A COMPREHENSIVE ISRAELI-PALESTINIAN TREATY

1. Signatories

- (a) Core signatories will be representatives of the parties (Israel and the Palestinians); the U.S., EU, Russia and UN Secretary-General (the Quartet); and the key regional supporters of the bilateral Israeli-Palestinian agreement (Egypt, Saudi Arabia and Jordan).
- (b) Important additional signatories will be the broader Arab world, including, in the context of a comprehensive Arab-Israeli settlement being reached, Syria and Lebanon.
- (c) Other countries and intergovernmental organisations with a role to play – for example as regional neighbours, potential donors, troop contributors or simply supporters of the bilateral agreement – will be welcome to join as additional signatories.

2. Diplomatic Elements: Recognition and Normalisation of Relations

- (a) All signatories of this agreement will recognise the State of Palestine.
- (b) For states which have not yet done so, signature of this Agreement will be taken to mean recognition of Israel and the end of any continuing state of war with it.
- (c) All signatories will commit to fully normalised relations with Israel. The core principles for future relations between the international community and Israel and Palestine will include:
 - (i) the right of states to live within recognised, secure borders; and
 - (ii) non-use of force or the threat of force or violence of any kind.
- (d) Signatories will commit to cooperate with Israel and Palestine in the fight against terrorism and cross-border infiltration. In particular, they will agree to take action against violent groups to cut off all financial, logistical and political support.

3. Political Elements: Oversight and Civil Implementation

- (a) A senior level political *Contact Group* will be the highest authority for overseeing all policy and civil administration aspects of the Israeli-Palestinian agreement and the accompanying multilateral agreement, and resolving any dispute regarding their interpretation or implementation.
- (b) The Contact Group will be led by the United States and its core members will be the EU, Russia, UN (Secretary General), Egypt, Saudi Arabia and Jordan.
- (c) The Contact Group will be represented on the ground by a *Civil Affairs Commission*, headed by a *Senior Administrator*, whose role would be to:
 - (i) monitor and assist in the implementation of the civilian aspects of the Israeli-Palestinian bilateral agreement and accompanying multilateral agreement;
 - (ii) maintain close contact with the parties to promote their full compliance with all civilian aspects of the agreements, including the police and international civilian presence in Jerusalem, police training in Palestine, water provisions, Palestinian institution-building generally and economic support;
 - (iii) coordinate the activities of civilian organisations and agencies to ensure the efficient implementation of the civilian aspects of the agreement;
 - (iv) resolve, as the Senior Administrator judges necessary and possible, any difficulties arising in connection with civilian implementation;
 - (v) participate in meetings of donor organisations;

- (vi) provide advice as appropriate to the Multinational Force;
 - (vii) oversee the special arrangements put in place for the Old City of Jerusalem and certain sites within the Historic Basin; and
 - (viii) report regularly on progress to the Contact Group and the parties and to other interested governments and organisations as appropriate.
- (d) The Civil Affairs Commission will exist for the period of the agreed timetable for the implementation of the bilateral Israeli-Palestinian peace treaty and for such further period as is agreed by the parties to that treaty following consultations with the Contact Group.

4. Military Elements: Multinational Force

- (a) There will be established a *Multinational Force (MNF)* to be stationed in the territory of the State of Palestine, as provided in this agreement, for the purposes of:
- (i) assisting, monitoring and verifying all military aspects of the implementation of the bilateral Israeli-Palestinian agreement;
 - (ii) patrolling Palestine's borders and monitoring its crossing points; and
 - (iii) deterring by its presence any hostile act against Israel or Palestine.
- (b) The MNF shall be commanded by a senior military officer of the United States, reporting to the U.S. Government, and through that government to the Contact Group. The signatories will acknowledge that the MNF Commander shall have full authority to do all that he judges to be necessary, including the use of military force, to protect the MNF and to carry out the responsibilities assigned to the MNF.
- (c) The signatories will invite the UN Security Council to endorse the creation of the MNF, under Chapter VII of the UN Charter, and encourage all states to participate in and cooperate with it as appropriate.
- (d) More specifically, the functions of the MNF will include:
- (i) monitoring and verifying the withdrawal of Israeli forces from all areas of Palestine as required by the Israeli-Palestinian peace agreement;
 - (ii) monitoring and verifying the commitment by Palestine to non-militarised status, including confiscating and destroying Palestinian weapons not permitted under the agreement;
 - (iii) monitoring and verifying the cessation of outside military assistance to Palestine through all land, water and air routes;
 - (iv) assisting the Palestinian security forces in patrolling and securing borders, crossing points and territorial waters, in particular to ensure against border infiltration and weapon smuggling;
 - (v) generally assisting both Israel and Palestine by all available and appropriate means to prevent terrorism and other hostile acts directed against either;
 - (vi) ensuring the safe passage of persons vehicles and goods along the West Bank-Gaza corridor;
 - (vii) ensuring the effective and proper operation of the Israeli early warning stations located in Palestine;
 - (viii) assisting the international community and the parties in other supporting tasks within the capabilities of the MNF; and
 - (ix) such other functions as are agreed by the parties and the MNF.
- (e) A *Joint Military Commission (JMC)* shall be established, chaired by the MNF Commander with the participation of the parties. The Commander may invite other persons and experts to participate in the JMC.
- (f) The Commission shall function as a consultative body for the MNF Commander, and, to the extent possible, problems shall be solved promptly by mutual agreement. All final decisions on military matters shall be made by the MNF Commander.

- (g) The JMC shall:
 - (i) serve as the central body for the parties to bring any complaints, questions, or problems that require resolution by the Commander;
 - (ii) receive reports and agree on specific action to ensure compliance with the peace accord; and
 - (iii) assist the Commander in determining the compliance of the parties with the agreement.
- (h) The MNF mission will terminate when both parties agree that the peace agreement has been fully implemented and the security situation is such that its presence is no longer required. The continuation of the mission shall be reviewed, in consultation with troop contributing countries, at a date five years after the coming into force of this agreement, and at five-yearly intervals thereafter except as otherwise agreed by the parties.

5. Jerusalem Elements: International Police and Civilian Presence

- (a) Whatever governing regime is agreed for the Old City and in relation to the Historic Basin sites, a multinational presence with both security and civil administration roles will be established to help protect both and maintain free and unhindered access to them.
- (b) The Jerusalem multinational presence will only be withdrawn by mutual consent of the State of Israel and the State of Palestine.
- (c) The civil administration role will be carried out by a *Jerusalem International Sites Commission (JISC)* established for this purpose, whose functions will include monitoring, and assisting in implementing, the commitments made in the Israel-Palestine bilateral agreement, such as:
 - (i) no excavations beneath or building on the Haram al-Sharif in the absence of the consent of both parties; and
 - (ii) allowance for repair and maintenance work on the site in the event of necessity.
- (d) The security enforcement role will be carried out by a *Jerusalem International Police Force (JIPF)* established for this purpose, and working in close consultation and cooperation with the JISC, the local Palestinian and Israeli police and, as appropriate, the MNF. Its functions will include:
 - (i) administering entrance and exit points, and barring entry into the Old City on security grounds;
 - (ii) helping to maintain security on the Haram al-Sharif and around other key historical and sensitive sites as appropriate;
 - (iii) ensuring free access to the Haram al-Sharif, subject to restrictions designed to preserve public order, safety and health, without discrimination on grounds of nationality, race, ethnic origin or religion; and
 - (iv) ensuring access to, respect for and protection of other religious and historical sites within Jerusalem as appropriate.
- (e) Should there be agreement to establish an international regime over the Old City and Historic Basin sites, then this multilateral agreement will contain provisions necessary to establish such a protectorate as summarised in Option B of the bilateral treaty elements as set out above.

6. Refugee Elements: International Commission for Palestinian Refugees

- (a) There will be established an *International Commission for Palestinian Refugees (ICPR)* whose members will include the U.S., Israel, Palestine, Jordan, Saudi Arabia, Lebanon, Syria, the EU, Japan, Norway, Canada, the World Bank and other countries and institutions as agreed by Israel and Palestine.

- (b) The Commission will manage and guarantee implementation of the refugee provisions of the Israel-Palestine bilateral agreement. In particular, the Commission will:
 - (i) verify refugee status, explore the intentions of Palestinian refugees, and screen and process applications;
 - (ii) help with the relocation of refugees;
 - (iii) ensure that relocation shall be based on the freely expressed choice of the refugees;
 - (iv) raise and disburse compensation funds to individuals for lost land and property, resettlement assistance, and for displacement;
 - (v) establish fast track procedures for claims of compensation for property losses that fall under a specified amount;
 - (vi) provide a clear incentive to refugees opting for rehabilitation and compensation programs in Palestine and in present host countries;
 - (vii) raise and disburse compensation to countries (including Palestine) that have hosted refugees; and
 - (viii) ensure that priority for relocation and resettlement will be given to the refugees living in Lebanon.
- (c) Signatories of this agreement will give sympathetic consideration to the resettlement of some Palestinian refugees within their territory.
- (d) An International fund will be set up to support and finance the implementation of the provisions of the bilateral Agreement on Palestinian refugees.
- (e) In order to implement the provisions of this agreement, the International Commission for Palestinian Refugees will establish a Rehabilitation Committee and a Compensation Committee.
- (f) The *Rehabilitation Committee* will:
 - (i) determine and implement procedures for rehabilitation and relocation of Palestinian refugees in Palestine, those parts of Israel to be ceded to Palestine, or third countries, including present host countries and Israel;
 - (ii) ensure that rehabilitation and relocation is based on individual informed voluntary decisions and consistent with the principle of family unity. Applicants will list their resettlement options in order of preference. The Committee's final decision will be guided by the applicant's preferences;
 - (iii) coordinate with relevant countries to ensure smooth and rapid integration of the refugees.
- (g) The *Compensation Committee* will implement the compensation provisions of the bilateral agreement. In particular, it will adjudicate claims, help determine the value of property lost by Palestinian refugees in Israel and the value of the resettlement package in various countries.
- (h) Signatories to this agreement will cooperate in pursuing an equitable and just resolution of the issue of compensation to Jewish former refugees from Arab countries.

7. Economic Elements: Reconstruction of Palestine

- (a) The donor community will engage in a significant effort to help rebuild and strengthen the State of Palestine. The goal of the assistance will be to promote self-sustaining economic growth and good governance.
- (b) An international mechanism for the pledging of reconstruction funds and to coordinate reconstruction efforts will be created. This mechanism will cooperate with the World Bank, other relevant international organisations and bodies and donor countries.

MAP 1: WEST BANK ISRAELI SETTLEMENTS



MAP 2: PROPOSED DIVISION OF SOVEREIGNTY: WEST BANK



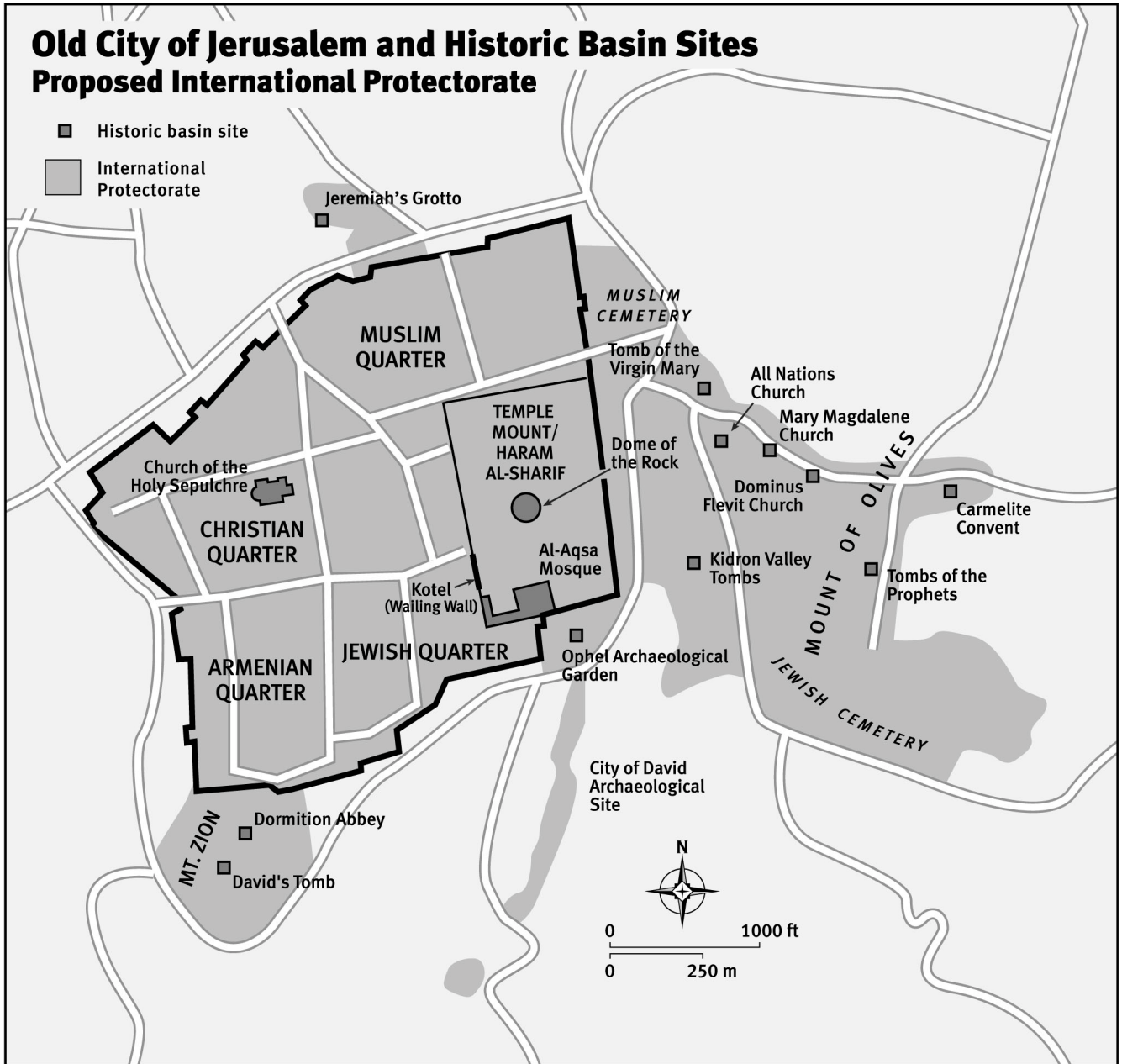
MAP 3: PROPOSED DIVISION OF SOVEREIGNTY: GREATER JERUSALEM



MAP 4: PROPOSED DIVISION OF SOVEREIGNTY: OLD CITY OF JERUSALEM



MAP 5: PROPOSED INTERNATIONAL PROTECTORATE: OLD CITY AND HISTORIC BASIN SITES



MAP 6: ISRAEL AND ITS NEIGHBOURS



APPENDIX A

PRESIDENT CLINTON'S PARAMETERS³⁵

23 DECEMBER 2000

Territory

Based on what the president heard, he believes that a fair solution would be in the mid-90s – I.e., 94 to 96 percent of West Bank territory to the Palestinian State.

The land annexed by Israel should be compensated by a land swap of 1 to 3 percent, in addition to the arrangements, e.g., Permanent Safe Passage. The parties also should consider the swap of leased land to meet their respective needs. There are creative ways of doing this that could address Israeli or Palestinian issues or concerns.

The president thought that the parties should develop a map consistent with the criteria: 80 percent of settlers in blocks of settlements, contiguity, minimum annexation of territory to Israel, minimum number of Palestinians to be affected by the annexation.

Security

The president believes that the key lies in international presence, that would only be withdrawn by mutual consent. This presence would also monitor the implementation of the agreement by both sides.

It is the president's best judgment that the Israeli withdrawal should be phased over 36 months, while the international force is gradually introduced into the area.

At the end of this period a small Israeli presence would remain in specified military locations in the Jordan Valley under the authority of the international force for another 36 months. This period could be reduced in the event of favorable

regional developments that would diminish the threat to Israel.

Early Warning Stations – Israel should maintain three facilities in the West Bank with Palestinian liaison presence. The stations should be subject to review after 10 years, with any change in status to be mutually agreed.

Emergency Deployment areas – The president understood that the parties still have to develop maps of relevant areas and routes.

Emergency means the imminent and demonstrable threat to Israel's national security of a military nature that requires the activation of a national state of emergency. The international force would need to be notified of any such determination.

Airspace – the State of Palestine would have sovereignty over the airspace but the two states should work out special arrangements for Israeli training and operational needs.

The president understood that the Israeli position is that Palestine should be defined as "demilitarised" while the Palestinian side proposed a "State of Limited Arms." As compromise the president suggests "non-militarised state." This would be consistent with the fact that in addition to a strong Palestinian security force, Palestine will have an international force for border security and deterrence purposes.

Jerusalem and refugees: General

The president's sense was that remaining gaps would have more to do with formulation than with practical reality.

³⁵ As published in *Ha'aretz*, 31 December 2000.

Jerusalem

What is Arab should be Palestinian and what is Jewish should be Israeli. This would apply to the Old City as well.

The President urges the Parties to work on maps that would ensure maximum contiguity for both sides.

Haram (al-Sharif)-Temple Mount – The gap is not related to practical administration but in the symbolic issues of sovereignty and to finding a way to accord respect to the religious beliefs of both sides.

The president knows that the parties discussed different formulations. He wanted to suggest two additional ones to formalise the Palestinian de-facto control over the Haram, while respecting the convictions of the Jewish people. With regard to either one, international monitoring to provide for mutual confidence:

1. Palestinian sovereignty over the Haram and Israeli sovereignty over the Western Wall a) and the space sacred to Jews of which it is a part; or b) and the holy of holiest of which it is a part.
2. Palestinian sovereignty over the Haram and Israeli sovereignty over the Western Wall plus shared functional sovereignty over the issue of excavation under the Haram or behind the wall. That way mutual consent would be required before any excavation took place.

Refugees

The president believes that the differences are with formulating the solutions rather than with what would happen on the practical level.

Israel is prepared to acknowledge the moral and material suffering caused to the Palestinian people as a result of the 1948 war and the need to assist in the international community's effort in addressing the problem.

International commission to implement all aspects that flow from the agreement: compensation, resettlement, rehabilitation, etc. The U.S. is prepared to lead an international effort to help the refugees.

The fundamental gap – how to handle the Right of Return (ROR). The president knows the history of the issue and how hard it is for the Palestinian leadership to appear to be abandoning this principle. At the same time, the Israeli side could not accept any reference to the ROR that would imply a right to immigrate to Israel in defiance of Israel's sovereign policy on admission or that would threaten the Jewish character of the state.

Any solution must address both needs and be consistent with the two-state approach that both sides have accepted as a way to end the Israeli-Palestinian conflict: The State of Palestine as the homeland for the Palestinian people and the State of Israel as the homeland for the Jewish people.

In a two-state solution, the State of Palestine will be the focal point for Palestinians who choose to return to the area, without ruling out that Israel would accept some of these refugees.

The President believes that the Parties need to adopt a formulation on the ROR that will make clear that there is no specific ROR to Israel itself, but that does not negate the aspirations of the Palestinian people to return to the area.

In light of that, the president suggests the following two alternatives:

1. Both sides recognize the right of Palestinian refugees to return to historic Palestine;
2. Both sides recognize the right of Palestinian refugees to return to their homeland;

The agreement would define the implementation of this general right in a way that is consistent with the two-state solution. It will list the five possible final homes for the refugees: the State of Palestine, areas of Israel being transferred to Palestine in the land swap, rehabilitation in the host countries, resettlement in third countries and admission to Israel.

In listing these options the agreement would make clear that return to the West Bank and Gaza or the areas acquired through the land swap would be a right for all Palestinian refugees while rehabilitation in host countries, resettlement in third countries or absorption into Israel would depend upon the policies of these countries.

Israel could indicate in the agreement that it intended to establish a policy so that some of the refugees would be absorbed into Israel consistent with Israel's sovereign decision.

The president believes that priority should be given to the refugees in Lebanon.

The parties would agree that this implements UNGAR 194.

End of conflict and finality of claims

The president proposed that the agreement clearly marked the end of the conflict and its implementation put an end to all claims. This could be manifested through a UNSCR that notes that UNSCRs 242 and 338 have been implemented and through the release of Palestinian prisoners.

The president believes that this is the outline of a fair and lasting agreement. It gives the Palestinian people the ability to determine their future in their

own land, a sovereign and viable state recognised by the international community; E1-Quds as its capital, sovereignty over the Haram and new lives to the refugees.

It gives people of Israel a genuine end of conflict, real security, the preservation of sacred religious ties, the incorporation of 80 percent of the settlers into Israel and the largest Jerusalem in history recognised by all as your capital.

Final comments

This is the best that the president can do. Brief the leaders and let the president know if they are prepared to come to discussion based on these ideas. If not, the president has taken it as far as he can. These are the ideas of the president. If they are not accepted, they are not just off the table; they go with the president as he leaves office.

APPENDIX B

EU NON-PAPER (THE MORATINOS DOCUMENT)³⁶

TABA, JANUARY 2001

INTRODUCTION

This EU non-paper has been prepared by the EU Special Representative to the Middle East Process, Ambassador Moratinos, and his team after consultations with the Israeli and Palestinian sides, present at Taba in January 2001. Although the paper has no official status, it has been acknowledged by the parties as being a relatively fair description of the outcome of the negotiations on the permanent status issues at Taba. It draws attention to the extensive work which has been undertaken on all permanent status issues like territory, Jerusalem, refugees and security in order to find ways to come to joint positions. At the same time it shows that there are serious gaps and differences between the two sides, which will have to be overcome in future negotiations. From that point of view, the paper reveals the challenging task ahead in terms of policy determination and legal work, but it also shows that both sides have travelled a long way to accommodate the views of the other side and that solutions are possible.

1. TERRITORY

The two sides agreed that in accordance with the UN Security Council Resolution 242, the June 4 1967 lines would be the basis for the borders between Israel and the state of Palestine.

1.1 West Bank 0

For the first time both sides presented their own maps over the West Bank. The maps served as a basis for the discussion on territory and settlements. The Israeli side presented two maps, and the Palestinian side engaged on this basis. The Palestinian side presented some illustrative maps detailing its understanding of Israeli interests in the West Bank.

The negotiations tackled the various aspects of territory, which could include some of the settlements and how the needs of each party could be accommodated. The Clinton parameters served as a loose basis for the discussion, but differences of interpretations regarding the scope and meaning of the parameters emerged. The Palestinian side stated that it had accepted the Clinton proposals but with reservations.

The Israeli side stated that the Clinton proposals provide for annexation of settlement blocs. The Palestinian side did not agree that the parameters included blocs, and did not accept proposals to annex blocs. The Palestinian side stated that blocs would cause significant harm to the Palestinian interests and rights, particularly to the Palestinians residing in areas Israel seeks to annex.

The Israeli side maintained that it is entitled to contiguity between and among their settlements. The Palestinian side stated that Palestinian needs take priority over settlements. The Israeli maps included plans for future development of Israeli settlements in the West Bank. The Palestinian side did not agree to the principle of allowing further development of settlements in the West Bank. Any growth must occur inside Israel.

The Palestinian side maintained that since Israel has needs in Palestinian territory, it is responsible for proposing the necessary border modifications. The Palestinian side reiterated that such proposals must not adversely affect the Palestinian needs and interests.

The Israeli side stated that it did not need to maintain settlements in the Jordan Valley for security purposes, and its proposed maps reflected this position.

³⁶ As published in *Ha'aretz*, 14 February 2002.

The Israeli maps were principally based on a demographic concept of settlements blocs that would incorporate approximately 80 percent of the settlers. The Israeli side sketched a map presenting a 6 percent annexation, the outer limit of the Clinton proposal. The Palestinian illustrative map presented 3.1 percent in the context of a land swap.

Both sides accepted the principle of land swap but the proportionality of the swap remained under discussion. Both sides agreed that Israeli and Palestinian sovereign areas will have respective sovereign contiguity. The Israeli side wished to count "assets" such as Israelis "safe passage/corridor" proposal as being part of the land swap, even though the proposal would not give Palestine sovereignty over these "assets". The Israeli side adhered to a maximum 3 percent land swap as per Clinton proposal.

The Palestinian maps had a similar conceptual point of reference stressing the importance of a non-annexation of any Palestinian villages and the contiguity of the West Bank and Jerusalem. They were predicated on the principle of a land swap that would be equitable in size and value and in areas adjacent to the border with Palestine, and in the same vicinity as the [land] annexed by Israel. The Palestinian side further maintained that land not under Palestinian sovereignty such as the Israeli proposal regarding a "safe passage/corridor" as well as economic interests are not included in the calculation of the swap.

The Palestinian side maintained that the "No-Man's-Land" (Latrun area) is part of the West Bank. The Israelis did not agree.

The Israeli side requested an additional 2 percent of land under a lease arrangement to which the Palestinians responded that the subject of lease can only be discussed after the establishment of a Palestinian state and the transfer of land to Palestinian sovereignty.

1.2 Gaza Strip

Neither side presented any maps over the Gaza Strip. It was implied that the Gaza Strip will be under total Palestinian sovereignty, but details have still to be worked out. All settlements will be evacuated. The Palestinian side claimed it could be arranged in 6 months, a timetable not agreed by the Israeli side.

1.3 Safe passage/corridor from Gaza to the West Bank

Both sides agreed that there is going to be a safe passage from the north of Gaza (Beit Hanun) to the Hebron district, and that the West Bank and the Gaza Strip must be territorially linked. The nature of the regime governing the territorial link and sovereignty over it was not agreed.

2. JERUSALEM

2.1 Sovereignty

Both sides accepted in principle the Clinton suggestion of having a Palestinian sovereignty over Arab neighborhoods and an Israeli sovereignty over Jewish neighbourhoods. The Palestinian side affirmed that it was ready to discuss Israeli request to have sovereignty over those Jewish settlements in East Jerusalem that were constructed after 1967, but not Jebel Abu Ghneim and Ras al-Amud. The Palestinian side rejected Israeli sovereignty over settlements in the Jerusalem Metropolitan Area, namely of Ma'ale Adumim and Givat Ze'ev.

The Palestinian side understood that Israel was ready to accept Palestinian sovereignty over the Arab neighbourhoods of East Jerusalem, including part of Jerusalem's Old City. The Israeli side understood that the Palestinians were ready to accept Israeli sovereignty over the Jewish Quarter of the Old City and part of the American Quarter.

The Palestinian side understood that the Israeli side accepted to discuss Palestinian property claims in West Jerusalem.

2.2 Open City

Both sides favoured the idea of an Open City. The Israeli side suggested the establishment of an open city whose geographical scope encompasses the Old City of Jerusalem plus an area defined as the Holy Basin or Historical Basin.

The Palestinian side was in favour of an open city provided that continuity and contiguity were preserved. The Palestinians rejected the Israeli proposal regarding the geographic scope of an open city and asserted that the open city is only acceptable if its geographical scope encompasses the full municipal borders of both East and West Jerusalem.

The Israeli side raised the idea of establishing a mechanism of daily coordination and different models were suggested for municipal coordination and cooperation (dealing with infrastructure, roads, electricity, sewage, waste removal etc). Such arrangements could be formulated in a future detailed agreement. It proposed a "soft border regime" within Jerusalem between Al-Quds and Yerushalaim that affords them "soft border" privileges. Furthermore the Israeli side proposed a number of special arrangements for Palestinian and Israeli residents of the Open City to guarantee that the Open City arrangement[s] neither adversely affect their daily lives nor compromise each party['s] sovereignty over its section of the Open City.

2.3 Capital for two states

The Israeli side accepted that the City of Jerusalem would be the capital of the two states: Yerushalaim, capital of Israel and Al-Quds, capital of the state of Palestine. The Palestinian side expressed its only concern, namely that East Jerusalem is the capital of the state of Palestine.

2.4 Holy/Historical Basin and the Old City

There was an attempt to develop an alternative concept that would relate to the Old City and its surroundings, and the Israeli side put forward several alternative models for discussion, for example, setting up a mechanism for close coordination and cooperation in the Old City. The idea of a special police force regime was discussed but not agreed upon.

The Israeli side expressed its interest and raised its concern regarding the area conceptualised as the Holy Basin (which includes the Jewish Cemetery on the Mount of Olives, the City of David and Kivron Valley). The Palestinian side confirmed that it was willing to take into account Israeli interests and concerns provided that these places remain under Palestinian sovereignty. Another option for the Holy Basin, suggested informally by the Israeli side, was to create a special regime or to suggest some form of internationalisation for the entire area or a joint regime with special cooperation and coordination. The Palestinian side did not agree to pursue any of these ideas, although the discussion could continue.

2.5 Holy Sites: Western Wall and the Wailing Wall

Both parties have accepted the principle of respective control over each side's respective holy sites (religious control and management). According to this principle, Israel's sovereignty over the Western Wall would be recognised although there remained a dispute regarding the delineation of the area covered by the Western Wall and especially the link to what is referred to in Clinton's ideas as the space sacred to Judaism of which it is part.

The Palestinian side acknowledged that Israel has requested to establish an affiliation to the holy parts of the Western Wall, but maintained that the question of the Wailing Wall and/or Western Wall has not been resolved. It maintained the importance of distinguishing between the Western Wall and the Wailing Wall segment thereof, recognized in the Islamic faith as the Buraq Wall.

2.6 Haram al-Sharif/Temple Mount

Both sides agreed that the question of Haram al-Sharif/Temple Mount has not been resolved. However, both sides were close to accepting Clinton's ideas regarding Palestinian sovereignty over Haram al-Sharif notwithstanding Palestinian and Israeli reservations.

Both sides noted progress on practical arrangements regarding evacuations, building and public order in the area of the compound. An informal suggestion was raised that for an agreed period such as three years, Haram al-Sharif/Temple Mount would be under international sovereignty of the P5 plus Morocco (or other Islamic presence), whereby the Palestinians would be the "Guardian/Custodians" during this period. At the end of this period, either the parties would agree on a new solution or agree to extend the existing arrangement. In the absence of an agreement, the parties would return to implement the Clinton formulation. Neither party accepted or rejected the suggestion.

3. REFUGEES

Non-papers were exchanged, which were regarded as a good basis for the talks. Both sides stated that the issue of the Palestinian refugees is central to the Israeli-Palestinian relations and that a comprehensive and just solution is essential to creating a lasting and morally scrupulous peace. Both sides agreed to adopt the principles and

references which could facilitate the adoption of an agreement.

Both sides suggested, as a basis, that the parties should agree that a just settlement of the refugee problem in accordance with the UN Security Council Resolution 242 must lead to the implementation of UN General Assembly Resolution 194.

3.1 Narrative

The Israeli side put forward a suggested joint narrative for the tragedy of the Palestinian refugees. The Palestinian side discussed the proposed narrative and there was much progress, although no agreement was reached in an attempt to develop an historical narrative in the general text.

3.2 Return, repatriation and relocation and rehabilitation

Both sides engaged in a discussion of the practicalities of resolving the refugee issue. The Palestinian side reiterated that the Palestinian refugees should have the right of return to their homes in accordance with the interpretation of UNGAR 194. The Israeli side expressed its understanding that the wish to return as per wording of UNGAR 194 shall be implemented within the framework of one of the following programs:

A. Return and repatriation

1. to Israel
2. to Israel swapped territory
3. to the Palestine state.

B. Rehabilitation and relocation

1. Rehabilitation in host country.
2. Relocation to third country.

Preference in all these programs shall be accorded to the Palestinian refugee population in Lebanon. The Palestinian side stressed that the above shall be subject to the individual free choice of the refugees, and shall not prejudice their right to their homes in accordance with its interpretation of UNGAR 194.

The Israeli side, informally, suggested a three-track 15-year absorption program, which was discussed but not agreed upon. The first track referred to the absorption to Israel. No numbers were agreed upon,

but with a non-paper referring to 25,000 in the first three years of this program (40,000 in the first five years of this program did not appear in the non-paper but was raised verbally). The second track referred to the absorption of Palestinian refugees into the Israeli territory, that shall be transferred to Palestinian sovereignty, and the third track referring to the absorption of refugees in the context of family reunification scheme.

The Palestinian side did not present a number, but stated that the negotiations could not start without an Israeli opening position. It maintained that Israel's acceptance of the return of refugees should not prejudice existing programs within Israel such as family reunification.

3.3 Compensation

Both sides agreed to the establishment of an International Commission and an International Fund as a mechanism for dealing with compensation in all its aspects. Both sides agreed that "small-sum" compensation shall be paid to the refugees in the "fast-track" procedure, claims of compensation for property losses below certain amount shall be subject to "fast-track" procedures.

There was also progress on Israeli compensation for material losses, land and assets expropriated, including agreement on a payment from an Israeli lump sum or proper amount to be agreed upon that would feed into the International Fund. According to the Israeli side the calculation of this payment would be based on a macro-economic survey to evaluate the assets in order to reach a fair value. The Palestinian side, however, said that this sum would be calculated on the records of the UNCCP, the Custodian for Absentee Property and other relevant data with a multiplier to reach a fair value.

3.4 UNRWA

Both sides agreed that UNRWA should be phased out in accordance with an agreed timetable of five years, as a targeted period. The Palestinian side added a possible adjustment of that period to make sure that this will be subject to the implementation of the other aspects of the agreement dealing with refugees, and with termination of Palestinian refugee status in the various locations.

3.5 Former Jewish refugees

The Israeli side requested that the issue of compensation to former Jewish refugees from Arab countries be recognised, while accepting that it was not a Palestinian responsibility or a bilateral issue. The Palestinian side maintained that this is not a subject for a bilateral Palestinian-Israeli agreement.

3.6 Restitution

The Palestinian side raised the issue of restitution of refugee property. The Israeli side rejected this.

3.7 End of claims

The issue of the end of claims was discussed, and it was suggested that the implementation of the agreement shall constitute a complete and final implementation of UNGAR 194 and therefore ends all claims.

4. SECURITY

4.1 Early warning stations

The Israeli side requested to have 3 early warning stations on Palestinian territory. The Palestinian side was prepared to accept the continued operations of early warning stations but subject to certain conditions. The exact mechanism has therefore to be detailed in further negotiations.

4.2 Military capability of the state of Palestine

The Israeli side maintained that the state of Palestine would be non-militarised as per the Clinton proposals. The Palestinian side was prepared to accept limitation on its acquisition of arms, and be defined as a state with limited arms. The two sides have not yet agreed on the scope of arms limitations, but have begun exploring different options. Both sides agree that this issue has not been concluded.

4.3 Air space control

The two sides recognised that the state of Palestine would have sovereignty over its airspace. The Israeli side agreed to accept and honour all Palestine civil aviation rights according to international regulations, but sought a unified air control system under overriding Israel control. In addition, Israel requested access to Palestinian airspace for military operations and training.

The Palestinian side was interested in exploring models for broad cooperation and coordination in the civil aviation sphere, but unwilling to cede overriding control to Israel. As for Israeli military operations and training in Palestinian airspace, the Palestinian side rejected this request as inconsistent with the neutrality of the state of Palestine, saying that it cannot grant Israel these privileges while denying them to its Arab neighbours.

4.4 Time table for withdrawal from the West Bank and Jordan Valley

Based on the Clinton proposal, the Israeli side agreed to a withdrawal from the West Bank over a 36-month period with an additional 36 months for the Jordan Valley in conjunction with an international force, maintaining that a distinction should be made between withdrawal in the Jordan Valley and elsewhere.

The Palestinian side rejected a 36-month withdrawal process from the West Bank expressing concern that a lengthy process would exacerbate Palestinian-Israeli tensions. The Palestinian side proposed an 18 months withdrawal under the supervision of international forces. As to the Jordan Valley the Palestinian side was prepared to consider the withdrawal of Israeli armed forces for an additional 10-month period. Although the Palestinian side was ready to consider the presence of international forces in the West Bank for a longer period, it refused to accept the ongoing presence of Israeli forces.

4.5 Emergency deployment (or emergency locations)

The Israeli side requested to maintain and operate five emergency locations on Palestinian territory (in the Jordan Valley) with the Palestinian response allowing for maximum of two emergency locations conditional on a time limit for the dismantling. In addition, the Palestinian side considered that these two emergency locations be run by international presence and not by the Israelis. Informally, the Israeli side expressed willingness to explore ways that a multinational presence could provide a vehicle for addressing the parties' respective concerns.

The Palestinian side declined to agree to the deployment of Israeli armed forces on Palestinian territory during emergency situations, but was prepared to consider ways in which international

forces might be used in that capacity, particularly within the context of regional security cooperation efforts.

4.6 Security cooperation and fighting terror

Both sides were prepared to commit themselves to promoting security cooperation and fighting terror.

4.7 Borders and international crossings

The Palestinian side was confident that Palestinian sovereignty over borders and international crossing points would be recognised in the agreement. The two sides had, however, not yet resolved this issue including the question of monitoring and

verification at Palestine's international borders (Israeli or international presence).

4.8 Electromagnetic sphere

The Israeli side recognised that the state of Palestine would have sovereignty over the electromagnetic sphere, and acknowledged that it would not seek to constrain Palestinian commercial use of the sphere, but sought control over it for security purposes.

The Palestinian side sought full sovereign rights over the electromagnetic sphere, but was prepared to accommodate reasonable Israeli needs within a cooperative framework in accordance with international rules and regulations.

APPENDIX C

ARAB LEAGUE BEIRUT DECLARATION

28 MARCH 2002

The Arab Peace Initiative

The Council of Arab States at the Summit Level at its 14th Ordinary Session,

Reaffirming the resolution taken in June 1996 at the Cairo Extra-Ordinary Arab Summit that a just and comprehensive peace in the Middle East is the strategic option of the Arab countries, to be achieved in accordance with international legality, and which would require a comparable commitment on the part of the Israeli government,

Having listened to the statement made by his royal highness Prince Abdullah bin Abdul Aziz, crown prince of the Kingdom of Saudi Arabia, in which his highness presented his initiative calling for full Israeli withdrawal from all the Arab territories occupied since June 1967, in implementation of Security Council Resolutions 242 and 338, reaffirmed by the Madrid Conference of 1991 and the land-for-peace principle, and Israel's acceptance of an independent Palestinian state with East Jerusalem as its capital, in return for the establishment of normal relations in the context of a comprehensive peace with Israel,

Emanating from the conviction of the Arab countries that a military solution to the conflict will not achieve peace or provide security for the parties, the council:

1. Requests Israel to reconsider its policies and declare that a just peace is its strategic option as well.
2. Further calls upon Israel to affirm:
 - I- Full Israeli withdrawal from all the territories occupied since 1967, including the Syrian Golan Heights, to the June 4, 1967 lines as well as the remaining occupied Lebanese territories in the south of Lebanon.
 - II- Achievement of a just solution to the Palestinian refugee problem to be agreed

upon in accordance with UN General Assembly Resolution 194.

- III- The acceptance of the establishment of a sovereign independent Palestinian state on the Palestinian territories occupied since June 4, 1967 in the West Bank and Gaza Strip, with East Jerusalem as its capital.
3. Consequently, the Arab countries affirm the following:
 - I- Consider the Arab-Israeli conflict ended, and enter into a peace agreement with Israel, and provide security for all the states of the region.
 - II- Establish normal relations with Israel in the context of this comprehensive peace.
4. Assures the rejection of all forms of Palestinian patriation which conflict with the special circumstances of the Arab host countries.
5. Calls upon the government of Israel and all Israelis to accept this initiative in order to safeguard the prospects for peace and stop the further shedding of blood, enabling the Arab countries and Israel to live in peace and good neighbourliness and provide future generations with security, stability and prosperity.
6. Invites the international community and all countries and organisations to support this initiative.
7. Requests the chairman of the summit to form a special committee composed of some of its concerned member states and the secretary general of the League of Arab States to pursue the necessary contacts to gain support for this initiative at all levels, particularly from the United Nations, the Security Council, the United States of America, the Russian Federation, the Muslim states and the European Union.

APPENDIX D

UN SECURITY COUNCIL RESOLUTIONS 242 AND 338

SECURITY COUNCIL RESOLUTION 242, 22 NOVEMBER 1967

The Security Council,

Expressing its continuing concern with the grave situation in the Middle East,

Emphasizing the inadmissibility of the acquisition of territory by war and the need to work for a just and lasting peace in which every state in the area can live in security,

Emphasizing further that all Member States in their acceptance of the Charter of the United Nations have undertaken a commitment to act in accordance with Article 2 of the Charter.

Affirms that the fulfillment of Charter principles requires the establishment of a just and lasting peace in the Middle East which should include the application of both the following principles:

- (I) Withdrawal of Israel armed forces from territories occupied in the recent conflict (according to the French version, des territoires occupés)
 - (II) Termination of all claims or states of belligerency and respect for and acknowledgment of the sovereignty, territorial integrity and political independence of every state in the area and their right to live in peace within secure and recognized boundaries free from threats of acts of force;
2. Affirms further the necessity
- (a) For guaranteeing freedom of navigation through international waterways in the area;
 - (b) For achieving a just settlement of the refugee problem;
 - (c) For guaranteeing the territorial inviolability and political independence of every State in the area, through measure including the establishment of demilitarized zones;

3. Requests the Secretary-General to designate a Special Representative to proceed to the Middle East to establish and maintain contacts with the States concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution;

4. Requests the Secretary-General to report to the Security Council on the progress of the efforts of the Special Representative as soon as possible.

Adopted unanimously at the 1382nd meeting.

SECURITY COUNCIL RESOLUTION 338, 22 OCTOBER 1973

The Security Council

1. Calls upon all parties to the present fighting to cease all firing and terminate all military activity immediately, no later than 12 hours after the moment of the adoption of this decision, in the positions they now occupy;
2. Calls upon the parties concerned to start immediately after the cease-fire the implementation of Security Council resolution 242 (1967) in all of its parts;
3. Decides that, immediately and concurrently with the cease-fire, negotiations shall start between the parties concerned under appropriate auspices aimed at establishing a just and durable peace in the Middle East.

Adopted at the 1747th meeting.

APPENDIX E

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (ICG) is a private, multinational organisation committed to strengthening the capacity of the international community to anticipate, understand and act to prevent and contain conflict.

ICG's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, ICG produces regular analytical reports containing practical recommendations targeted at key international decision-takers.

ICG's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made generally available at the same time via the organisation's Internet site, www.crisisweb.org. ICG works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The ICG Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring ICG reports and recommendations to the attention of senior policy-makers around the world. ICG is chaired by former Finnish President Martti Ahtisaari; and its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

ICG's international headquarters are at Brussels, with advocacy offices in Washington DC, New York and Paris and a media liaison office in London. The organisation currently operates eleven field offices with analysts working in nearly 30 crisis-affected countries and territories and across four continents.

In *Africa*, those locations include Burundi, Rwanda, the Democratic Republic of Congo, Sierra Leone-Liberia-Guinea, Somalia, Sudan and Zimbabwe; in *Asia*, Indonesia, Myanmar, Kyrgyzstan, Tajikistan, Uzbekistan, Pakistan and Afghanistan; in *Europe*, Albania, Bosnia, Kosovo, Macedonia, Montenegro and Serbia; in the *Middle East*, Algeria and the

whole region from Egypt to Iran; and in *Latin America*, Colombia.

ICG raises funds from governments, charitable foundations, companies and individual donors. The following governments currently provide funding: Australia, Canada, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, the Republic of China (Taiwan), Sweden, Switzerland and the United Kingdom.

Foundation and private sector donors include The Ansary Foundation, The Atlantic Philanthropies, Bill and Melinda Gates Foundation, Carnegie Corporation of New York, Charles Stewart Mott Foundation, Ford Foundation, John D. and Catherine T. MacArthur Foundation, John Merck Fund, Open Society Institute, Ploughshares Fund, Ruben and Elisabeth Rausing Trust, Sasakawa Peace Foundation, and William and Flora Hewlett Foundation.

July 2002

APPENDIX F

ICG REPORTS AND BRIEFING PAPERS*

AFRICA

ALGERIA**

The Algerian Crisis: Not Over Yet, Africa Report N°24, 20 October 2000 (also available in French)

The Civil Concord: A Peace Initiative Wasted, Africa Report N°31, 9 July 2001 (also available in French)

Algeria's Economy: A Vicious Circle of Oil and Violence, Africa Report N°36, 26 October 2001 (also available in French)

BURUNDI

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