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The peace process was more important.

The context of external assistance in the Israeli-Palestinian conflict, 1993-2000-2005

Phd-thesis

Supervisor:

Dr. Zsolt Rostoványi DSc, University Professor

Budapest, 2008

Institute of International Studies

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1. Defining the problem, accessing sources and their conclusions

The aim of the dissertation is to examine the role played by the external (Western, European) assistance throughout the Oslo Peace Process (1993-2000, 2000-2005). The principal aim of the donor community was to support the Peace Process with economic measures in line with the spirit of the Declaration of Principles. For almost fifteen years the international actors have contributed actively to the development of the territories (inside the Gaza Strip and West Bank) placed under the jurisdiction of the Palestinian Authority. On the contrary to the initial visions the relationship between Israel and Palestine is worse than it was in 2000 or in 1993. The outbreak of the second intifada (2000) and the electoral victory of Hamas (2006) indicated clearly that economic incentives do not perform more effectively when pursuing favourable political outcomes than economic sanctions with similar goals do (Pape 1997; Elliot 1998; Haas 1998; Killick 1998; Tostensen and Bull 2002). Although political developments have altered the background of the donors' activity, its principal and structural framework has remained untouched. In order to understand the reasons for their failure it is required to examine the wider context – ie. the political and economic objectives, frames declared by the Declaration of Principles (1993), the way and effectiveness of their implementation; the non-stated political goals and internal concerns of the Palestinians being the subject of the development efforts; the underpinning justifications for supporting the Peace Process as well as the related political positions of the donor countries.

According to the conteptual background the accessed literature could be structured in the following way: general nature and features of international development cooperation regime from a political theoretical point of view (SubChapter 1.2.3.); the relationship between foreign aid and variables which have a political and social impact while might as well influence economic growth (SubChapter 1.2.4.); the substance of the Oslo Peace Process, its philosophy shaped and praised by Western international actors, the inherent weaknesses of the treaties and their economically relevant regulations; the economic, fiscal and social developments of the Palestinian Authority in the concerned period(s) (Chapter 2); the political and social background of any development effort on the Palestinian side (Chapter 3); comparative analysis of American and European historical, political ties, external motives and interests to aid the Palestinian territories, as well as that of the relationship between foreign policies and development policies in European states (Chapter 4). The subject of the last (fifth) Chapter is to assess the intended effects or accidental by-products of external assistance in light of the mentioned factors and based on the accessed sources. Before summarizing the main conclusions of the relevant literature a brief overview of the context is needed:

General political frames – the background of the Oslo Peace Process

Solving the Middle East conflict, supporting the peace process and laying the basis of a sovereign, effective Palestinian state have been occupying an unique position on international agenda. The Oslo Peace Process facilitated by Norwegians not only deserved but also received a wide recognition from the international community, at least from the developed (Western) part of that. The objectives of the Declaration of Principles¹ (DoP, 1993) negotiated directly and signed by the Government of Israel and the PLO on behalf of the Palestinian people as well as the successive

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¹ According to the DoP (Article 1): "The aim of the Israeli-Palestinian negotiations within the current Middle East peace process is, among other things, to establish a Palestinian Interim Self-Government Authority, the elected Council (the "Council"), for the Palestinian people in the West Bank and the Gaza Strip, for a transitional period not exceeding five years, leading to a permanent settlement based on Security Council resolutions 242 (1967) and 338 (1973). It is understood that the interim arrangements are an integral part of the whole peace process and that the negotiations on the permanent status will lead to the implementation of Security Council resolutions 242 (1967) and 338 (1973)". (DOP 1993)

implemeting agreements appeared to reflect the then achieveable maximum. The mutual recognition preceding the official signature of DoP reflected a major breakthough (Sept 9-10, 1993). The main features of the bilaterally bargained agreement can be described by the following careful principles: constructive ambiguity (a formulating method originally invented by Henry Kissinger, gradualism (in terms of transferring power), and reciprocity (referring to the implementation of the agreements).

The signed agreements not only preserved the status quo insofar as the external (structural) borders of the occupation *de facto* has been left unchanged but also gained a *de jure* (albeit implicit) recognition by the PLO upon signing the agreements concerned.² At the same time the establishment of the Palestinian (National) Authority (PA, as of 1996 PNA) proved to be a huge step forward since for first time in history the Palestinian people had the opportunity to master the right to self-determination, and to exert certain influence over their own fate on the territories that they considered to be their national home.³

Albeit the agreements resulted from direct negotiations between Israelis and Palestinians, the way of their interpretation can be separated neither from the *de facto*, internal asymmetrical power relations between the directly involved parties, nor from the external (partly *de jure*) procedures. In the context of international law it is not exactly clear whether (i) they are treaties (or not), (ii) (if yes), are binding legally or not, insofar as only states (or international organizations) can enter into a contract according to Article 2 (1a) of the Vienna Convention (1969) (Cotran et al 1996; Watson 2000).⁴ Concerning the economic provisions of the Oslo Accords the Paris Economic Protocol (PP, 1994) formalizing the economic relations between the sides did not specify explicitly the legal nature of the cooperation which was in between a free trade area agreement and an economic (customs, monetary) union. Mainly for political purposes it was not declared clearly where the (physical or abstract) boundaries of economic sovereignty of each side could be drawn. Nor was it formulated what was the preferred final outcome – closer economic integration or separation (Kleiman 1994; El-Musa et al 1995; Einhorn 1997).

Above the mentioned practically relevant aspects the philosophy underpinning the Oslo Accords was not less ambiguous. Based on a traditionally Western way of thinking, especially on the exclusiveness of economic rationality, the interim period and the gradual transfer of powers were expected to provide a proper backgound for Palestinians to moderate their political stance due to experiencing meaningful improvement in their daily lives. Initiatives since Camp David (1978) have been built on the assumption that "happy Palestinians with jobs and steady income from employment (...) and with a functioning administrative structure at the local level, would be willing to negotiate for political settlement, even under occupation" (Nakleh 2004: 178; Ben-Ami 2006: 317). The original words of the Preamble of the first Camp David Framework for Peace demonstrate this view "[p]eace requires respect for the sovereignity, territorial integrity and political independence of every state in the area (...). Progress toward that goal can accelerate

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² "Jurisdiction of the Council will cover West Bank and Gaza Strip territorry, except for issues that will be negotiated in the permanent status negotiations." (DOP 1993, Article 4). As worded by the annex attached to the DOP (Agreed minutes to the DOP on interim self-govenrment arrangements): "The withdrawal of the military government will not prevent Israel from exercising the powers and responsibilities not transferred to the Council."

³ Even if there is a slight difference between PNA and PA, I use them as synonyms throughout this summary.

⁴ Accoring to the referred article "'treaty' means an international agreement concluded between States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation." Neither Israel in 1993, nor the PLO were among those who signed the Vienna Convention on the Law of Treaties. For further reading: Cotran – Mallat 1996; Watson 2000; Khalil 2005 and the Convention itself.

⁽http://untreaty.un.org/ilc/texts/instruments/english/conventions/1_1_1969.pdf)

movement toward a new era of reconciliation in the Middle East marked by cooperation in promoting economic development, in maintaining stability and in assuring security" (in Laqueur and Rubin 2001). The same conviction seemed to have been adopted by the PLO/Fateh upon negotiating and signing the DoP as well as cheered and promoted by the international community composed mainly of European actors at least if measured by the number of the donor states.

The role assigned to the donor community

The principal aim of the donor community was to support the Oslo Peace Process in line with the spirit of the Declaration of Principles. They not only offered help to the signing parties in order to realize their goals but definitely complied with a request inasmuch as the document had explicitely invited the international community to participate in the process. Annex IV attached to the DOP intended to create a link between the development of the Palestinian Territories and the wider Middle East region.⁵

Right upon signing the DOP (September 13, 1993, Washington) the would-be donors took the opportunity to offer – actually to reiterate – their support expressed in form of 2,1 billion USD for the five year long interim period (October 1, 1993, Washington). The donors pledged 3 billion dollar at the the second big donor conference arranged five years later, some weeks after signing the Wye River Memorandum (December 1, 1998, Washington). Between 1994 and 2000 the donor community disbursed approximately 500 million USD per year. The stalemate at Camp David (June 2000) and the outbreak of the second intifada (September 2000) marked the failure of the Oslo initiative. At the same time it created an absolutey different basis for the (lack of any) cooperation between the two directly involved parties (ie. Israel and the PLO/PNA). The political failure did not result in pending the donor support. The external assistance reached its peak between 2000-2005 with an annual average of 1 billion USD provided for Palestine. Compared to the GDP and partly due to the respective size of that the rate of the official international assistance sunk from 18% (1994) to 10% (2000),⁶ then – albeit in a restructured way but – reached the heights of 20-25% (2001-2005) (World Bank 2000; World Bank 2006).

As worded in the Co-Sponsors Summary of the first meeting conveyed by international actors in the shadow of the DOP ceremony, the donors officially sought to pursue "twin goals" in terms of immediate and longer term actions: (i) to have a short term impact on economic prospects and living standards, (ii) to ensure that longer-term assistance lays the basis for launching sustained growth" (Conference to Support the Middle East. Co-Sponsors Summary 1993). More specificly the donors meant (i) increasing the standard of living, rehabilitation in the short run and, (ii) in the long run capacity building in terms of human resources and institution system, promoting trade and private investment, developing social and physical infrastrucure and promoting regional economic integration and free market (Khadr 1999: 149; Hooper 1999: 62; Brynen 2000: 73). All in all the intentions aimed at setting the (favourably democratic) governmental institutional foundations of a potential Palestinian state as well as at developing its economic basis (Brynen 2000: 146; Le More 200Y).

⁵ "The two sides will cooperate in the context of the multilateral peace efforts in promoting a Development Program for the region, including the West Bank and the Gaza Strip, to be initiated by the G-7. The parties will request the G-7 to seek the participation in this program of other interested states, such as members of the Organisation for Economic Cooperation and Development, regional Arab states and institutions, as well as members of the private sector. The Development Program will consist of two elements: an Economic Development Program for the 'West Bank and the Gaza Strip and a Regional Economic Development Program." (DOP 1993)

The Declaration of Principles was not only an outcome of the negotiations between the Government of Israel and the PLO. It was an agreement which was historically significant enough to work in an autonomus way (ie. without marked external assistance) inasmuch as (i) it reflected consolidated intentions, necessary commitments and concessions from the two peoples and/or (ii) it was built on the recognition of the signing partners' cabilities, capacities and willingness to enforce the implementation of the principles.⁷

The aim of the dissertation is to answer the question how the role played by external players influenced the implementation of the Oslo Accords (at least on the Palestinian side) in a distortive way. The assumed mechanism goes as follows: (1993) pledges of aid at least for five years → (1993-1996) unconscious or conscious changes in the political mind of PLO/Fateh leadership → (re)considered role assigned evidently to donors, less evidently to the Palestinian political players (1994-1995) → (1995-2000) since money is fungible effective or 'abstract' changes in budget structure \rightarrow (1993-1996-1999) ignoring voices against Oslo inside and outside the PLO \rightarrow growing gap (tension) between the political elite and masses \rightarrow decreasing legitimacy of PA/PLO \rightarrow lack of needed internal empowerment for making compromise in Camp David (or asserting that compromise upon any formal agreement) \rightarrow no final agreement \rightarrow intifada, fear for PNA collapse \rightarrow (2000-2002) reforms (based on conditions set by donor community) \rightarrow enforcing democratic means and good governance in the absence of any supremacy controlling effective (de jure and de facto) political power over the territorry and population \rightarrow after Arafat (2004) the PLO/Fatah was not any more credible enough to offer a followable alternative to the 'puzzled' population \rightarrow elections 2006: an opportunity to vote against the whole 'colonial' establishment created by Oslo Accords (Shikaki 2002: 36), supported by donors.

The main features of the Oslo Process (1993-2000) and the post-Oslo period (2000-2005)

The Oslo Accords was a result of a political bargain negotiated and signed by Israel and the PLO. The agreement meant hegemonic peace (Robinson 2001). Apart from the explicitly stated or implied 'objectives' both sides had their own motivations, interests, concerns as well as their own

⁷ It is popular to recall the *European Recovery Program* (Marshall-aid, 1947) as an analogy for solving the regional problems. Apart from the absolutely different context it is worth to note two facts: (i) full sovereignity in West-Germany was restored only in 1955 while it was among the five biggest recipients of American aid; (ii) the inter-state economic coopeation required the Western European societies to face the fact that they were responsible for the past, ie. collaborated with the Nazi Germany (albeit to different extent).

It is neccessary to note that I also tried following two basic principles during the research period: (i) knowing what is not worth knowing; (ii) proportionate accuracy, ie. not going for unnecessary accuracy (quoted in Stokke 1992: 16). Assessing and evaulating negative or distortive effects would reguire (1) reliable data (facts), (2) measured correlation and explained causality between series of these data, facts or between given variables. The PA and its embrionic institution system lacked credibility in terms of bookkeeping at the beginning (Kleiman 1994: 355). Between 1994-2000 financial mismanagement and alleged corruption shadowed the accuracy of data. Aid (pledges, commitments, disburesements) data collected by PNA-MOPIC were far from mirroring a complete picture on the real capital (in)flows (private discussion with PNA-employees). Those numbers (budget revenue/expenditure lines, which served as determinants of certain economic, policial decisions in the 1990s were recalculated retrospectively between 2000-2002 (Fischer 2001: 255, 260; IMF 2003). A telling example is the share of clearance revenue collected by Israel in the Palestinian budget: even in the second half of the 1990s it was unclear how many percent of the PNA (un)official budget was remitted from Israel; according to sources published later this ratio was about 50-60% in the period concerned (IMF 2003: 62). Keeping in mind the background it seemed meaningless to devote too much energy to test any causality with statistical, eoconometrical methods.

⁹ Only main assumed links, events involved; note that the legitimacy of PA is not separated from that of the PLO/Fateh (cf: Skikaki 1998; Shikaki 2006: 5). Events and effects of Israeli security measures must be taken into consideration but these are not assessed throughout the dissertation. See the successive World Bank, IMF and UN reports dealing with this topic.

interpreatation of realities and visions (Heller 1994; Khalidi 1994; Beilin 1999; Ben-Aharon 2002: 70-75; Miller 2002: 34; Skikaki 2002: 42; Ziyyad 2002: 153-155). Israel had to face the problem of efficiency in terms of maintaining the occupation; the Palestinians (at least their representatives) had to face the fact that without legalizing their relations with Israel they would not be able to establish any independent state. The negotiators on both sides (i) must have been aware of the extremely asymmetric bargaining power measured by military means (Wormser 1993; Gazit 1994; SIPRI 1996: 161-189; 190-202; Cordesman 2002) for the benefit of Israel, and (ii) were aware of the dominance of political over economic matters (Kleiman 1994; El-Mousa et al 1995; Arnon and Weinblatt 2001). The principle of 'constuctive ambiguity' reflected by the texts of the Accords as well as their 'open-ended' nature left room for both sides to test the intentions and capabilities of the other side (Einhorn 1997; Beilin 1999: 133-134; Miller 2002: 32; Skikaki 2002: 40; Rothstein 2002: 165).

Although the Oslo Process (1993-2000) did not fulfil its political objective, ie. agreement on the final status of the Palestinian Territories, it was not a clear failure, at least not from a purely economic point of view. The Palestinian people had – would have – the opportunity to prove that they could run a normal life¹¹ in those territories that had been placed under the PA's functional as well as territorial jurisdiction, where Israeli laws and military orders had been outlawed upon the IDF's withdrawal. The West Bank and Gaza belongs to the group of lower-middle income countries, just as in 1993. Apart from it political developments appear to have moved in the opposite direction compared to the trend shown by certain indicators reflecting the economic and social state of the country. Both periods (1993-2000, 2000-2005) can be divided into two further shorter stages. Between 1993 and 1996/1997 as well as between the fourth quarter of 2000 and the first months of 2003 the main economic indicators marked a deteriorating trend.¹² The years preceding the outbreak of the second intifada (1997/1998-2000), just as the years right before the Hamas-victory (2003-2005) reflected a kind of economic recovery. The aggregated GDP (at constant prizes, annual average) increased from 2765 million USD (1990-1993) through 3642 million USD (1994-1999) and 3912 million USD (2000-2002) up to 4233 million in the years of 2003-2005 (World Bank 2006: 2).

The annual GDP and GNI growth (1997/1998-2000) was reasoned by a political *détente* that followed the lowest point of the Israeli-Palestinian political relationship (1996) since 1993. Even after a much stricter closure system regulating the transportation and movement had been applied between Palestine and Israel (IMF 2001; UNSCO 2001; Hilal and Khan 2004), the annual number of comprehensive closure days decreased, while the number of Palestinians entitled to work in Israel increased. In 1999 approximately 135 thousand people worked in Israel almost as many as in 1992-1993. The unemployment rate decreased from 23,8% (1996) to 11,8% (1999) while the

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¹⁰ The situation has reminded to the dilemmas of decolonization (Jackson 1990; Kreijen 2003). It is worth noting that for Israel (i) neither the occupation, nor preventing her borders was for free (see her defense expenditures compared to any other states); (ii) demographic realities can not be solved by military means, at least they are not presentable nowadays.

¹¹ Provided that one accepts that there is no universally valid correlation between political realities (degree of liberty) and the chance for economic or any development (cf. Soerensen 1992: 39-57; Acemoglu and Robinson 2005). Even today's advocate of good governance, ie. the World Bank was for a long time been subjectively attached to the idea that 'enlightened' authoritarian leaders could contribute to economic development, especially reforms (Gibbon 1993: 53). Probably it is a philosophical question as to how and to what extent internal political authoritarism (which has been so 'popular' in certain more or less effectively governed South Eastern Asian, Latin American, African states or in CEE and the Sovietunion before 1990) can be distinguised from external opression (Israeli occupation or traditional colonization) in particular in terms of the way it affects individual development prospects. On development, freedom, identity and violence see Sen (1999), Sen (2006).

¹² Detailed numbers and data can be found in appendices.

population increased by 3,5-4% annually. The poverty rate sunk from 27% (1996) to 20% (2000) (World Bank 2002). Bank deposits reflecting the saving habits of the population as well as the prospects for economic recovery increased from 500 million USD (1993) to 1,9 billion USD (1997) and further up to 3,5 billion USD (Kanaan 1998; UNSCO 2001). Even if the data allegedly contain certain administrative distortions due to interest in (over)recording import (Einhorn 1997), the external trade – both export and import – increased by approximately 58-60% between 1994-1999 (PNA-PMA 2006: 2). The deterioration reflected in the indicators can be reasoned by the events of the last quarter of 2000.

Perhaps one of the telling indicators reflecting the "state of psyche" within the Palestinian community¹³ is the GDP and GNI per capita, neither of which reached the level of 1993 in real sense by the end of the 1990s. Partly due to the high population increase the GDP per capita decreased from 1680 (annual average, 1990-1993) to 1536 USD (1994-1999) and further down to 1247 USD (2003-2005) (World Bank 2006: 2). The outbreak of the second intifada (September 2000) resulted in drastic changes. The aggregated Palestinian GDP was 27,7% lower (in 2002) and still 11,4% lower in 2005 than it was in 1999. As far as its per capita indicator is concerned the GDP per capita in 2002 was 64,5% of its value measured in 1999; in 2005 it was 71% of the same reference value (World Bank 2005). And even if various sources indicate slightly different trends in the Palestinian economy, it is not doubted that the situation between 2000-2003 was deteriorating. From 2003 a slow but clear recovery could be observed. The annual GDP growth in real terms was 6-8% in three successive years (World Bank 2006).

In international comparison Palestine is ranked at the 100. place in terms of its human development reflected in the Human Development Index (0,736). This value is relatively close to that of Norway occuping the first place (HDI: 0.965) and it is twice as much as that of Niger that closes the queue at the 177. place (HDI: 0,311). The probability of one's dying before the age of fourty is smaller (5,3%) than in Romania or in Albania (5,5% in both cases). A combined indicator measuring gross school enrollment is better in Palestine (81,2%) than in the Czech Republic; the illiteracy rate among the adult population (above 15) is lower (7,6%) than in Portugal (8%) (UNDP HDR 2006). As far as other indicators reflecting social "welfare" are concerned a marked improvement could be observed between 1997 and 2005. Life expectacy increased from 69,5 (1997) to 71,7 (2005). In secondary education the enrollment rate rose from 40,2% (1997) to 54,2% (2005); the number of university students doubled during the same years (from 52 thousand to 130 thousand students). The median value of daily average wages increased from 50 NIS (1997) to 62,2 NIS (2005) (PCBS 2006a). This latter is a little more than the monthly expenditure (55,3 NIS in 2005) spent on information technology and communication service by an average household (PCBS 2006b:17). The length of paved roads increased by threefold from 2055 km (1997) to 6284 km (2005). The ratio of households possessing computers (4%), television sets (84,6%), waching machines (73,2%), or main telephone lines (19,5%) rose spectacularly between 1997 and 2006 (32,8%, 95,3%, 91,5% and 45,6%, respectively). The number of local cell phone operator (Jawwal) clients increased from 23 thousand (1999) almost up to 600 thousand in 2006 (PCBS 2006a). The number of housholds with internet access increased by 78% between 2004 and 2006 (PCBS 2006b).

¹³ For public opinion on the Oslo Accords and the peace process (1993-2005) see for example: Shikaki 2006 and sources cited by him. The results measured from Autumn 1993 on could be interpreted in various ways (strongly sopportitve, lukewarm, moderate) depending on individual evaulation. For comparision Israeli public opinion (the Peace Index and Oslo Index) is measured by the Tami Steimetz Center (TAU).

Relevant sources

The nature of international development cooperation (Subchapter 1.2.3.) deserves careful attention since it is free neither from ambiguities nor from certain logical fallacies at the system level. The probably most disturbing phenomenon is reflected in the ambiguous relationship among states enjoying (formally equal) sovereignty while presenting (essentially) unequal efficiency since the era of decolonazition (Kreijen 2001). Most of the developing states have had to choose between "enjoying formal sovereignty in the form of freedom from outside intervention (ie. to be recognised as equals in the international system) and enjoying development assistance (ie. to be recognized as unequals and therefore entitled to aid)" (Sorensen 1995: 394). Other features that deserve to be mentioned are the followings: the political content of aid-related relationship between donors and recipients, with an emphasis on the function and effects of political conditionality (Sorensen 1993; Stokke et al 1995; Little and Clifford 1996; Santiso 2001; Collier and Dollar 2002); aid as a means for achieving foreign political ends, the missing role of development theories, economic efficiency in aid allocation decisions (Morgenthau 1963; Seers 1983; Maizels and Nissanke 1984; Griffin 1991; Keohane and Nye 1989; Lumsdaine 1993; Hook 1995; Alesina and Dollar 2000; Degnbol-Martinussen et al 2003: 7-25; Berthelemy 2005; Stokke 2005; Chakravati 2005); the potential and debated role of aid in peacebuilding, the concept of 'peace conditionality' (Miller 1992: 7-9; Boyce 2002: 7-8; Collier, Hoeffler and Södenbom 2006); foreign assistance as an external factor in statebuilding and its politically, societally distortive effects in connection with rent-seeking (Landell-Mills and Serageldin 1991; Bangura 1994; Doornbos 1995; Moore 1998; World Bank 1998; Anderson 1999); and the dilemmas of foreign aid (grant) as a gift in a world which is built on economic exchange (Karagiannis 2004).

Effects of aid on politically-related phenomena¹⁴ (Subchapter 1.2.4.) Finding a correlation between aid and economic growth, and measuring the effects of aid on variables determining economic growth is an increasingly popular reseach field in economics.¹⁵ Aid can contribute to sustain regimes with good policies (politics) as well as that of with bad politics, policies (Morgenthau 1963). The need for political survival often triumphs over development needs (van de Walle 2003: 116). In those countries in which possessing or participating in power is the only way to realize welfare, people in governmental positions tend to be reluctant to give up their privileges for the benefit of their people (Leonard and Straus 2003: 2-8). An other relevant question is why certain developing economies do not accept (accomodate) more effective technologies. According to researches these technologies as public goods can weaken the principal political positions by aiding the political opposition too (Acemoglu and Robinson 2000).

Development aid has become considered to be not only an instrument for realizing economic growth. Its effects and effectiveness are also determined by those factors it is supposed to change – such as economic policy related to ineffective political regimes or practices (Rodrik 1996; Casella and Eichengreen 1996; Moore 1998; Burnside and Dollar 2000, 2004; Collier and Dollar 2002); governmental-administrative practices, the quality of bureaucracy (Knack 2000); corruption (Tornell and Lane 1999; Svensson 2000, Alesina and Weder 2002). Most of the research concerned about the causality between foreign aid and public expenditures has come to the conclusion that increasing aid usually entails an increase in governmental budget expenditures (Mosley and Hudson 1995; Burnside and Dollar 1997; Feyzioglu et al 1998; McGillivray and Morrissey 2000a and

¹⁴ None of the papers referred in this paragraph contains data on the Palestinian Authority (West Bank and Gaza) in their samples, data series.

¹⁵ Since Mosley (1987) results measured at micro level are clear and encouraging: foreign aid is beneficial to economic growth. However, until recently, the macro results were inconclusive: the impact of aid on growth was positive, negative, or even non-existent (Moreira 2005: 1).

2000b; Chakravarti 2005: 47). Since the referred sources did not find convincing proof for a positive correlation – what is more, in many cases a negative correlation has been identified – between aid and those variables which were used as indicators for the political phenomena concerned, the Swedish model seems to be valid in most of the developed countries. Donors do not seem to pay too much attention to economic justifications when allocating aid or choosing the proper channels, methods (Danielson and Wohlgemuth 2005: 537-543). Even more interesting, even if not surprising, political decisions on foreign assistance are justified by those 'academic' conclusions which underpin their intentions or interests (Easterly 2006: 39-43).

Apart from – or on the contrary, because of – the previously mentioned phenomena "[a]id strategies are undergoing fundamental reassessment. In the past decade, strengthening of good governance in developing countries has become both an *objective* of and a *condition* for development assistance" (Santiso 2001: 1). So far the latter conditions have not mattered so much in aid allocation decisions (Dollar and Levine 2006). Unlike bilateral donors, the World Bank had to make a neccessary distincion: 'policy' is essentially a sphere of rational analysis, whereas 'politics' is the sphere of irrationality (Santiso 2001: 6). Based on this approach the concept of governance captures "the manner in which power is exercised in the management of a country's economic and social resources for development" (World Bank 1992: 1). As summarized by Santiso (2001) "governance encompasses the form of political regime; the process by which authority is exercised in the management of a country's economic and social resources for development; and the capacity of governments to design, formulate and implement policies and discharge functions." There are not many political regimes which would comply with this interpretation. It seems, that "the quality of governance is ultimately attributable to its democratic content" (Santiso 2001: 4).

External assistance in Palestine. Literature and sources dealing with foreign assistance channelled to Palestine since the beginning of the Oslo Process mainly focus (i) on the means-ends context set by the peace process and (ii) on constraints stemming from weaknesses in the Palestinian institutional system as well as from the occupation (AHLC-documents 1993-1997; Zagha-Jamal 1997a, 1997b; Khadr 1999; Hooper 1999; Brynen 2000; Awartani, Brynen and Woodcraft 2000; Hanafi-Tabar 2004; Nasr 2004; Keating, LeMore and Lowe 2005). (i) The first aspect is usually interpreted in comparison to the objectives declared in the Oslo Accords and the initial twin goals set by the donors in 1993. (ii) Problems with the Palestinian institutional system, the uncompleted implementation of the Accords or the gradual extension of the closure-policy, have come to be regarded as a barrier for development, the effects of which should be offset by (development, humanitarian) assistance (Brynen 2000: 64-68; 219; World Bank 2000; UN CAP 2006; Word Bank 2006: 8). As far as the first period (1993-2000) is concerned the publications reflect a consensus insofar as "the provision of such assistance has undoubtedly strengthened the political stability of the Palestinian Authority, whether by bolstering policy performance or buttressing political patronage" (Brynen 2000: 228). Another argument refers to the function and expectations on economic peacebuilding inasmuch as "donor money cannot buy peace or purchase the requisite political will" (Brynen 2000: 229). While this interpretation seems to be in harmony with the characteristics of international development cooperation regime (Subchapter 1.2.3.), it contradicts with the values, principles and norms attributed not only to general donor undertakings in postconflict reconstrucion (OECD DAC 1997), ¹⁶ but also to the donor-supported philosophy of the Oslo

¹⁶ The following principle can be interpreted both in an intra-Palestinian context and in terms of the Israeli-Palestinian relationship: "Donor money should seize the opportunity to help promote or maintain the moment for reconciliation and needed reforms...; post-conflict situations often provide opportunity ... to change past systems and structures which may have contributed to economic, social inequalities and conflict." (OECD DAC 1997: 3). Even if it was published in 1997 its message could be relevant for decades.

Process – not to mention the tensions between the twin goals set by the donors and simultanous, but non-consistent objectives pursued by the Palestinian national liberation struggle(s?!) (Chapter 3).

Experiences of the second period (2000-2005-...) brought to surface subtler opinions on the effects of foreign assistance acknowledging that ,,the way it has been used may have been part of the problem rather than part of the solution" (Keating 2005: 2). According to Palestinian public opinion polls the Palestinian society has become quite suspicious about the donors' good' intentions (Said 2005). With the establisment of PNA, UNRWA logically had a decreasing role at least in the Palestinian Territories. This trend was reflected in the decreasing amount of aid earmarked for it generating tension between the Palestinians interested in maintaining at least one of the politically relevant systems (Halper 2005; Parvathaneni 2005). Another way of interpreting foreign assistance offers an opportunity to evaluate it as a relief discharging Israel of her responsibility since being the occupying power she exercises effective control¹⁷ over the territories at least in terms of internal. and external movements (Shearer and Meyer 2005; Karmi 2006). This way of argument does not please Israel since it can be doubted what 'effective control' really means given the fact that the densily populated territories have been placed under the jurisdiction of PA for many years. Neither does it appeal to those who are convinced that foreign assistance can make a difference also in political sense by fulfilling basic needs of people. An additional potential negative impact of foreign assistance is manifested in confusing the traditional role played by the organized civil society vis-a-vis its new supremacy, ie. the Palestinian Authority (Nablusi 2005). While the World Bank and external players have tried to strenghten and empower the previously seemingly ignored (1994-1997) civil society since 1997/1998, donors failed to 'prevent' the security forces of PNA from committing human rights and other abuses against each other or its political opposition (AI and HRW reports; Robinson 1997; Ghanem 2001; Kimmerling and Migdal 2004; Parsons 2005). Donors have also failed to ignore these abuses. Various practices of financial mismanagement and alleged corruption were overrepresented but no secrets at all in the 1990s, at least not to the donors (PLC 1997; AHLC/PNA 1997; Hilal and Khan 2004: 78-80; Parsons 2005: 131; Roberts 2005: 20; Lasensky 2005: 48; Nasr 2007). The mentioned developments must be assessed in light of consequent Israeli 'warnings' from as early as 1994 that she would not tolerate any PNA cooperation with those fractions threatening her security (Ben Aharon 2004: 68).

Evaluating the whole period (1993-2005) Palestinian researchers have concluded that the donors have not done much more than what was in harmony with objectives set by themselves in 1993 (Nasr in Bir Zeit 2004; Nakleh 2004; MAS 2005). None of the official actors tried "to change past systems and structures which may have contributed to economic, social inequalities and conflict," which is even understandable if one accepts the fact that maintaining the Palestinian state should be the responsibility of the Palestinian people. On the contrary to the realities (cf. Roy 2002a, 2002b)¹⁸ which must have been known to the signers of the Agreements the donors tended to ignore not only the ambiguities and risks built in the Oslo Accords and the way of their implementation, but also the inevitable need for power consolidation on the Palestinian side before supporting the establishment of any (favourably democratic) Palestinian state. Development plans for the West

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¹⁷ "Territory is considered occupied when it is actually placed under the authority of the hostile army. The occupation extends only to the territory where such authority has been established and can be exercised" (Article 43, *Laws and Customs of War on Land (Hague IV);* October 18, 1907).

¹⁸ Keeping in mind the facts that (i) Israel signed the Oslo agreements with the PLO (and not definetly with the Palestinian people) and (ii) the PLO signed the same Oslo agreements with Israel (for any reasons or purposes) it is worth to quote Sara Roy: "Israeli occupation remained structurally intact during the Oslo period. This is the primary reason the Oslo failed and with it the expectation of meaningful political and economic reform. During this time donors sought economic change in the absence of political solution. Placing the economic cart before the political horse was destined to fail, because the locus of control remained with the occupier and reflected the occupier's interests and objectives" (Roy 2002b: 156).

Bank and Gaza just as officials, diplomats, development specialists have not aimed at achieving more in quantity or difference in quality than in any other developing – at least formally sovereign – country (Hooper 1999: 64).

2. Methodology

The chosen approach

International development cooperation – development assistance – is the subject of two main fundamental disciplines. ¹⁹ It can be assessed through the lense of international political theory on the one hand and that of (development) economics theory on the other. Stemming from this duality its effects and effectiveness also can also be evaluated through different methodological approaches. It is widely accepted that the governments do not provide foreign aid unless they indend to achieve something in their interest (Morgenthau 1963; Lumstaine 1993: 30-72; Little and Clifford 1996: 78-92; Degnbol-Martinussen et al 2003: 7-25). The quesion is what is sought to be achieved. A clear distinction must be made between the *objectives of* foreign aid (serving the interests of the donor state) and the *role played by* foreign aid in the recipient country. The latter can not only be a means to achieve a preferred end (ie. the objectives of foreign aid set by the donor) but at also an opportunity to pursue other political, economic goals set by the recipient government (Stokke 1992: 7-13; Sorensen 1993; Sorensen 1995).

Among international political theories many schools and academic approaches examine the relationships between international actors (mainly states and international organizations). Researching foreign political motivations behind providing foreign assistance forms an interesting field both within international political economy (Seers 1983; Easterly 2001, Easterly 2006) and in the narrower subdiscipline of development cooperation (Hook 1995; Stokke 2005; and Chapters 1.2.3. and 4. in the dissertation) for various reasons. First, the declared or hidden motivations can divert development aid from the optimal allocation reasoned by its stated objectives (by supporting peace process, economic growth, reducing poverty). Second, they can undermine the efficiency of the given transfers. Last but not least and in connection with the previous two phenomena these national interests can easily go against the rationality (neccessity) of testing economic effectivess. Economic effects and effectiveness can be evaluated either at the micro level (what are the effects of a given project) or at the macro level (what is the causality between aid and fiscal or macro indicators, public expenditures, unemployment, for example). If mainly political concerns assertation of foreign political interests, ideological (religious) beliefs, such as morality, responsibility (Karagiannis 2004) – stand behind development aid the evaluation of effectiveness becomes problematic. Even though it is possible methodologically, it can be irrelevant if there is not any (or agreed) link established between the political intentions of the donor and those economic, social and political objectives which have been set by or known only to an other sovereign, namely to the recipient (Stokke 1992: 7-13).

As for (development) economics (see a paragraph above and SubChapter 1.2.4.) the basic question is how development aid influences economic growth or other factors affecting economic growth. Among these factors there are some politics-, polity- or policy-related phenomena which traditionally have not attracted the attention of economics but have become more and more relevant for almost two decades. It is already a 'common wisdom' (at least in official circles) that the quality of governance, democracy, respecting human rights as well as involvement of civil society in political decision making processes contribute to economic growth. Even if it is very difficult to

¹⁹ The applied terminology (expressions, terms) are operationalized in Subchapters 1.2.3 and 1.2.4..

summarize or systematize the conclusions of relevant researches it is obvious that there is no unambiguous positive correlation existing (i) between the aforementioned factors (in particular the political form of a regime) and economic growth, or (ii) between foreign aid and the aforementioned factors (Auroi et al 1992; Sorensen 1992: 39, 47; Easterly 2001, 2006).

The limitations of the general macroeconomic model. Causality between economic prosperity and political moderation is not universally proven (even if it is rarely doubted). It is not less demanding to prove an ultimately positive correlation between foreign aid and economic growth (Easterly 2006: 39-45). Measuring and explaining connections (causality) between foreign aid (as an input) and various economic, political phenomena are equally difficult and always requires the integrity of the researcher. There are too many factors which either must be ignored or simplified so as not to have an overcomplicated model which still reflects reality. Even in cases of sovereign states enjoying a relative freedom in shaping their own economic policies it is difficult to prove credibly the extent to which development aid contributes to economic growth or policial stabilization. This is valid to a greater extent in the Palestinian case (World Bank 2000). Considering a simplified model:²⁰

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\begin{split} G_i &= \beta_0 + \beta_1 A_i + \beta_2 Z_i + \epsilon_i \\ &\text{in which} \\ G_i \text{ marks the economic growth rate per capita in state 'i';} \\ A_i \text{ equals the amount of aid channelled to this 'i' state;} \\ Z_i \text{ refers to a vector resulting from all other factors affecting economic growth;} \\ \epsilon_i \text{ reflects the error factor.} \end{split}
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With the help of a similar, albeit more complicated regression model conducted by World Bank (and based on data from the period of 1993-2005) the Palestinian economic output is mainly determined by the security-related relations between Israel and Palestine and foreign aid. The estimation concludes that the impact of foreign aid on the GDP is positive albeit smaller than that of closures: a 10% increase in aid raises the real GDP of WBG around 0,9% (World Bank 2006: 8). The main weakness of a general or any specific model is that they can only take into consideration phenomena and processes which can be measured (qualitatively or quantitatively) by already recorded indicators or by those invented (and calcualted) only for the purpose of answering a given question (the latter being quite expensive). In the referred WB model the security-related relations are measured by the closure-system the effects of which can be described with the help of three variables: workers' remittances, current movements of goods and services and future capacity to export (World Bank 2006: 8). This method can not (at least do not) measure how relations between Israel and the Palestinians would have been formed in the absence of moral, political, material foreign assistance. Similarly, it is very difficult to measure or to assess what are the conscequenses of the closure-system on the productivity or working ethic of Palestinian labour force which commutes on a daily basis between Israel and the territories or within the territories (Zagha and Zomlot 2004: 132-133). Further unmeasurable variable can be the predictable attainablity of foreign aid on the people's way of thinking, working ethic, or on adjusting (surviving/coping strategies) in the recipient society.

Considering the theoretical frames and methodological alternatives offered by the two disciplines, I see the relation between them – at least in terms of international development cooperation – definitely hierarchic for the benefit of political theory. According to the realist school of political

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²⁰ Source of the simplifed model: Szent-Iványi (2007). I owe thanks to Balazs Szent-Iványi and Istvan Bences for the discussion on the applicability of the given approach.

theory the foreign aid is not less and not more but a means to help realize certain political ends (Morgenthau 1963). Examing its role exclusively in economic or technical terms – removing it from the reality of which it is an integral part (Stokke 1991: 13) – can not offer a sufficient (efficient) anwer to the question defined in the first section.

Methodology

To assess external assistance it is inevitable to compare outcomes which can be explained by a wide range of inputs and interactions to initial objectives. And although these objectives can serve as logical reference points, it can be quite problematic to identify them mainly because usually there is a difference between the officially stated and non-stated objectives (Stokke 1991: 1-59). The Palestinian case draws attention to an other disturbing phenomenon, namely, when evaluation is difficult because there is a weak (if any) link between the stated objectives (ie. twin goals) and the overall aims (ie. attaining a final agreement by the parties concerned *and* supporting the realization of this agreement by the donors). The questionable link between economic prospects and the improvement of 'politically correct behaviour' is even secondary. What is much more interesting is that the overall aim itself was so obscure or puzzling – the Oslo Accords reflected such level of 'schizophrenia' (Einhorn 1997) – that it is also questionable what was supported by the donor community at all.

However, it is neccessary to distinguish the philosophy of the Oslo Process, the declared objectives, regulations of the Agreements, and the stated "twin" objectives of the donors on one hand from the course of real processes on the other hand. The international assistance officially served to support – or from time to time to sustain – the Peace Process but not exlusively for the sake of a vibrant Palestinian economy or the establishment of a governmental-administrative institutional system regarded as a basis for a potential Palestinian state. The nature or features of these spheres could not (have) be(en) touched 'seriously' by external players²¹ provided that the internationally accepted legal principles such as the right to self-determination, national sovereignty, and non-intervention of internal affairs are respected by the donor states.²² Even if these are recognised as competing, confronting principles and even if the Palestinian entity is far from being a state the donors have committed themselves to supporting its establishment by 1999-2000.

²¹ Quoting William Easterly: "A Planner [ie. majority of donors] thinks he already knows the answers; he thinks of poverty [or the establishment of Palestinian Authority/state] as a technical engineering problem that his answers will solve. A Searcher [ie. people with local knowledge] admits he does not know the answers in advance; he believes that poverty [or any matter] is a complicated tangle of political, social, historical, institutional, and technological factor… A Planner believes outsiders know enough to impose solutions. A Searcher believes only insiders have enough knowledge to find solutions, and that most solutions must be homegrown… The Planners have the rhetorical advantage of promising great things… Poor people die not only because of the world's indifference to their povery, but also because of ineffective efforts by those who do care" (Easterly 2006: 5-7).

²² According to the Helsinki Final Act (Declaration on Principles Guiding Relations between Participating States) 'Sovereign equality, respect for the rights inherent in sovereignty' means that the states respect each other's right freely to choose and develop its political, social, economic and cultural systems as well as its right to determine its laws and regulations. As far as the principle of 'non-intervention in internal affairs' is concerned the participating States undertook to refrain from any intervention, direct or indirect, individual or collective, in the internal or external affairs falling within the domestic jurisdiction of another participating State, regardless of their mutual relations, they would likewise in all circumstances refrain from any other act of military, or of political, economic or other coercion designed to subordinate to their own interest the exercise by another participating State of the rights inherent in its sovereignty and thus to secure advantages of any kind. The 8th principle refers to "equal rights and self-determination of peoples" and states that by virtue of the principle of equal rights and self- determination of peoples, all peoples always have the right, in full freedom, to determine, when and as they wish, their internal and external political status, without external interference, and to pursue as they wish their political, economic, social and cultural development. For the other seven principles see the Helsinki Final Act (1975), https://www.hri.org/docs/Helsinki75.html#H4.1 and Blahó-Prandler 2001: 87-103.

The Declaration of Principles summoned the donors to support local Palestinian development or regional cooperation, but did not invite them to intervene either in the Israeli-Palestinian bargaining process or in the 'internal political status, economic, social and cultural development' of the beneficiary of their essentially voluntary assistance. It seems that 'supporting the Peace Process' served much more foreign political interests (the stability of the region) rather than establishing a Palestinian State

The disseration taking the form of a case study has been a qualitative reseach, in which neither hard data nor data analysis plays a central role. The applied method works as follows:)

- 1. (Chapter 1) Defining the problem and within a conceptional framework:
- identifying the stated and non-stated, common or non-shared aims of the Oslo Accords as well as the formal (official) objectives of the donor community and the role set for it;
- summarizing the general features and contraints of the international development cooperation regime as well as the main conclusions of the relevant literature on the effects of official development assistance.
- 2. (Chapter 2) Evaluating the relevant features of the Oslo Process, specificly:
- the risks and weaknesses built in the Oslo Agreements;
- the nature of economic relations between the parties, which served as a reference point to Palestinian development (opportunities); the economic and social consequences of the Oslo and post-Oslo period (1993-2000-2005).
- 3. (Chapter 3) Assessing the Oslo Process from a Palestinian perspective:
- what objectives were pursued by the PLO/Fateh when they signed the DOP; how the Palestinian society received the Agreement; what were the results of self-determination in terms of development of a political and social system; Arafat's personal rule and the role of (donortolerated, donor-supported) neopatrionalism;
- Interrelated matter of sovereignity and (lack of needed) efficiency in the Palestinian case.
- 4. (Chapter 4) Assessing the policies and political positions of (Western) donors from two points of view:
- analyzing the traditional, historical differences prevailing between European and American approaches and perceptions in terms of their foreign policy related to the Middle East related;
- analyzing the main common and divergent features among the EU/EC and its member states in terms of their relevant foreign policies and the mostly subordinated development policy.
- 5. (Chapter 5) Motivations, mechanism and consequences of "development intervention" between 1993-2000-2005:
- the main players and perspectives of foreign assistance in 1992-1993;
- the channelles, structures via which the political, economic interests, general development principles, concerns, conditions set by the donors have been articulated;
- problems, dilemmas in connection with collecting or using foreign assistance data;
- the relative weight of the Palestinian question in the donors' bilateral development policies and the relative weight of main donors from a Palestinian perspective.

Effects of aid: (1) the role of foreign assistance in shaping official Palestinian (PLO/Fateh, PNA) concerns, rent-seeking attitudes, especially in terms of budget management and monopoly of force; the dilemma of ongoing humanitarian assistance in the light of UNRWA's activity; the 'unexpected' consequences of (re)democratizing the Palestinian society. (2) The function of foreign aid in terms of the Israeli-Palestinian conflict/peace process.

It is necessary to emphasize that neither my research nor the present dissertation has sought to focus on causality between the amount, channels and sectorial distribution of international assistance and the improvement or deterioration of the economic and social indicators (UNSCO-WB 1999; Brynen 2000; World Bank 2000; Awartani, Brynen, Woodcraft 2000; World Bank 2004: 63-80). Not only

beacuse (i) economic considerations were supposed to be "secondary if not irrelevant" for the majority of Palestinians (Shikaki 1998) but also because (ii) donors explicitly devoted their political attention to support the peace process and promote a final agreement between the parties even by sacrifizing their own objectives, norms²³ (Brynen 2000; Brynen 2007). Donors tended to subordinate their own development-oriented goals to (a) their own political interests, considerations, (b) to the political course of the conflict-peace dichotomy.²⁴ Furthermore (iii) the prospects for autonomous Palestinian economic development have been determined by factors which could not be affected by external assistance, such as the provisions and the way of implementation of the Oslo Accords, including PP, or the number of suicide bombings or the security-related restrictions applied by Israel.

The territory of the Palestinian Authority – just like in 1993 – belongs to the group of countries with lower-middle income. Typical indicators reflecting their economic, social and human development are neither much worse, nor much better than the regional or international avarege (with the same income level). It can be said that Palestinians would live among worse circumstances without external assistance (Brynen 2000; World Bank 2000; World Bank 2006). But one can not test how the Oslo Process would have been worked out either in economic or in political sense without massive international presence and predictable contribution. The Palestinian Authority – the PLO – did have its revenue sources even if it had to tackle difficulties when accessing to it in the first months.²⁵ As time passed the international aid undoubtedly played a marked role in preventing the Palestinians from living under (much) worse economic circumstances than in any respective preceding years. But the external assistance could not contribute effectively to the success of the Oslo Process since on the contrary to its stated objectives it did not serve primarily its the effective and achievable outcome of that (ie. an agreement on the final status). The unattainability of the 'twin goals' was clear from the onset, insofar as the members of AHLC – already in 1994 – faced the fact that their pledges and commitments were built on such assumptions the influence of which were out of their competence and jurisdiction.

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²³ The principles of transparency and accountability as well as the importance of strenghtening the opportunities for private (business) sector have constituted an integral part of donor rethoric (AHLC/CG documents 1993-1997). For illustration: "As all parties would agree, rapid progress in setting up transparent, efficient Palestinian institutions is crucial for the success of the peace effort. This is particularly true in the fiscal area, since the ability of the Palestinian authorities to meet their development goals will crucially depend on their capacity to mobilize domestic revenues and to manage domestic and foreign resources efficiently." (CG/IMF 1994:4).

 ^{24 &}quot;[b]ecause the Peace Process was far, far more important" (e-mail-correspondence with Rex Brynen, April 2007).
 25 It refers not only to the relatively slow implementation of the Paris Protocol (which entered into force only some

It refers not only to the relatively slow implementation of the Paris Protocol (which entered into force only some months later than the PA had been established in Gaza), but in the absence of effective Palestinian tax administration system only 35-50% of normal domestic tax revenues were projected to be collected (right after May/June 1994) in the first months (CG/WB 1994c:2). As for the first year (1995) "total revenue [was] estimated at 401 million USD as a whole, 185 million USD (or 86%) above the original target. This favourable outcome [was] attributable to strenghtened domestic tax and nontax revenue collection and sharply higher VAT revenue clearances from Israel as a result of much better than inititally expected implementation of the unified invoice system jointly operated by the PA and the Israeli tax administrations..." (AHLC/PA 1996: 10).

3. Main Findings

"We invent ourselves to wipe out what we know. You invent a life of self-sacrifice, a life of duty but what never existed here cannot be upheld…" (Miller 1968: 110)

Just as there was marked tension (Chapter 5) among the donors' twin goals and activity, so were there divergent views on the political visions of the Oslo Accords, the way of their implementation (Chapter 2), the 'development' needs of the Palestinian societal, legal, economic and political systems, which were occupied by internal power 'affairs' in order to consolidate the position of the Palestinians vis-a-vis Israel (Chapter 3), as well as the divergent (American, European) foreign political interests, norms, values which were reflected (i) in different positions in terms of the Israeli-Palestinian conflict or peace process as well as (ii) in various development policies (Chapter 4) on the other.

The international community, especially Europe has intended to sustain peace while there was no real peace 'only' a declaration of principles and a far from perfect implementation process. The process of economic development and that of the governmental-like institutional system started (in 1994) without serious any efforts to consolidate the internal legal basis of (for) the Palestinian Authority reguired to operate effectively and according to democtratic norms simultanously. The donor community had tolerated for years that the PA/PLO failed to establish a single (central) treasury account even if there was a jointly agreed deadline (January 1, 1996) for opening it (AHLC/PA 1996: 18). For many years there were not laws for promoting or providing guarantees for private investments (AHLC/PA 1996: 22, 26; UNCTAD 2006). Increases in local taxes mainly resulted from the improvement of the tax adminsitration system and increasing the number of public employees. The increasing number of public employes in light of the PNA inefficiency has not encouraged the private sector to contribute too much to the domestic tax base (Fjeldstad and Zahga 2002, 2004). Clear laws – except for banking and financial services –regulating non-monopolized trade and economic opportunities as well as an effective judiciary system were missing even after the first wave of reforms in 2000-2002 (Brown 2005). Real and legal relations with Israel have been meaning a huge burden on the Palestinian economy and society, partly because according to the Declaration of Principles (Article 9) ,,the Council will be empowered to legislate, in accordance with the Interim Agreement (IA), within all authorities transferred to it." Since in harmony with the IA , the functional jurisdiction of the Council extends to all powers and responsibilities transferred to the Council" it may have been problematic to enact any law which touches the subject of nontrasferred power either in a functional or territorial sense. What is even more concerning is that "the Council [shall] possess both legislative power and executive power" (IA, Article 3 (2)), while since Montesquieu ...the [statu in nascendi] nation-state is based on the therory of separation of powers (Afshar 1993: 26). The fact that – before and after the elections of 1996 – Arafat himself possessed all important functions in the Palestinian political system (Ghanem 2001: 22-80) either due to the Oslo Accords or by virtue of traditional Palestinian institutions or via his security apparatus reveals what were the conditions under which the donors aimed at achieving economic prosperity or wellgoverned democratic institutions.

All in all the donors contribution – influence – manifested itself in the following way:

1. *Philosophy of Oslo, twin goals, assumptions*. Neither the Oslo Accords, nor the philosophy of the whole process ('economic prosperity entailing political moderation'), nor the goals worded by the donors took into consideration that the Palestinian entity is not (a) sovereign (state). The PA, PNA – the extent to which it was democratic or authoritarian did not even matter so much – did not have monopoly of force (Lia 2007) and more or less clear basic laws, rules at its

disposal, which would have enabled it somehow controll or govern (well) the population under its jurisdiction. Intentionally or not but the Oslo Accords were too obstruct (Einhorn 1997; Darwish 2002) to provide a solid basis for real possibilities of any economic or institutional development. Besides all this, the initial donor pledges and commitments (1993) were based on assumptions²⁶ acknowledged as early as Autumn 1994. The donors, at least the Europeans "did not fully realise the scale of the vacuum which the Israeli departure would create [and] did not realise the difficulties the Palestinian Authority would have due to its lack of experience" (AHLC/EC 1994). Legal, economic and political relations between Israel and the PLO/PA were so complicated that donor money could have played at most a marginal role. The loftily worded goals and any manifestation of donor activity raised expectations which were unattainable in light of realities.²⁷ Apart from trusting in the 'rational choice' of Palestinians, the donors (guided by the World Bank as a secretaritat) seemed to embark their activity on the principle of 'ceteris paribus.'²⁸ And while models can afford to ignore known or unknown factors, the Palestinian case was different. Having learned about the real circumstances the members of AHLC did not initiate to review the basis (determinants) of their activity as well as that of their efficiency.

2. *Circumstances*. Motivations behind cooperation either between Israel and the PLO/PNA or between the donors and PNA/PLO pointed to other directions:

a. *Donors' interests*. Right upon the beginning "donors have exhibited a frustrating tendency to pursue their own commercial and political self-interest" (CG/WB 1994b: 3). Looking at the amount of foreign assistance provided by US as well as by Europe to the neighbouring countries (data in appendices) the Palestinian aid did not look like so generous. The importance of supporting the Oslo Process (mainly via the PA) in foreign and development policies varied among the European countries. The politically most influential European capitals (London, Paris, Berlin) neither relatively, nor absolutely paid too much 'attention' to the PNA during the 1990s. The course of British development aid reflected the same pattern as that of the American and EC aid. Like-minded main donors (Norway, Sweden, the Netherlands) were quite generous, albeit their increasing focus on universal human rights and strengthening of civil society may have caused tensions in a society tored between traditions and modernity (Afshar 1992; Bir Zeit 2004). Mediterranean aid (from Spain and Italy, France) fluctuated during the whole period. Upon the trend determined by the amount of aid channelled, ²⁹ it seems, that donors provided money since they wanted to see stability around Israel (US) or on the periphery of Europe (EU and its member states). The EU has had one more good reason to help inasmuch "Europe needs the enterpsise to succeed because development policy helps shape its own identity; because a part of its strength in international affairs comes from its special relations with the Third World..." (quoted by Karagiannis 2004: 181).

²⁶ The four assumptions: (i) the pledged money would be used for financing of medium and long term development projects; (ii) that the current budget expenditures would be essentially covered by current fiscal recipts; (iii) it would be necessary for Palestinians to obtain the necessary sovereign guarantees of its budget which would enable the mobilisation of the loan part of international aid; (iv) Israel would continue to allow over 100 000 Palestinians to work on Israel's territory (AHLC/EC 1994).

²⁷ Bases on initial estimations it would take 30 years for the Palestinian economy to approach the Israeli one (under normal circumstances) (Fischer 1994b).

²⁸ In this approach the antecedent (the donor-supported establishment of the PA) would entail the consequence (the agreement in final agreement) provided that all other factors (status issues) remain untouched.

²⁹ It definetly increased after 1996 and after the Autumn 2000 which two dates marked the lowest points in political relations. The pattern was the same in 2006, after the Hamas PLC-victory.

- b. Palestinian politics. The main contractual partner of the donors was the PLO on behalf of the Palestinian people and the PA.³⁰ Since the PLO was recognized as the legitimate representative of the Palestinian people (1974; 1993) and since the legitimacy of the PNA rested on a PLO/PNC approval (Gaza, 1994) it was the only opportunity to follow. Yet, the the donor-supported PNA served to maintain Arafat's traditional personal rule and neopatrimonal network as a basis of his power (Brynen 1995; Robinson 1997; Ghanem 2001; Parsons 2005: 127-131). Having known the expenditure side of the budget³¹ controlled by the Israeli Civil Administration (AHLC/WB 1994: 12), the projected amount of its own budget revenue for 1994 (317 million USD, CG/WB 1994a: 3) as well as the total pledges for 1994 (720 million USD, AHLC/WB 1994: 2) it was not surprising that the Palestinian leadership did not pay too much attention to any budget or legal constraints. The PNA did not function as a 'democratic' establishment, the decisions, laws created by the PLC were often ignored (Ghanem 2001: 51-87). The PA's budget (from 1995-1996 on) has relied on a "relatively large number of fees and other nontax instruments," which represented 12 percent of total revenue (in 1999–2000), or about one third of revenues collected by the PA³² (IMF 2003: 64). Since money is fungible the PNA could serve as a 'cover story' for Arafat to consolidate his power (and partially that of Fateh) on the Terrirories (Parsons 2005: 130). And even if donors only partially financed this establishment almost all salaries and wages were covered by the Holst Fund which was refilled from month to month (1994-1996). Later on the Palestinian development plans embarked on the assumption that public capital investments (mainly in form of infrastructure projects) would be financed fully by the donor community (AHLC/PA 1996b:4) and not of revenues collected by the PA from its own population.³³
- c. *Israel*. Expressed by the nature of Oslo Accords the Government of Israel (GoI) was far from sure what to do with the territories in long run. Not only the GoI but also the majority of the Israeli public needed a couple of years to accept (be convinced) that separation (disengagement, or an externally controlled Palestinian state) was neccessary. And albeit Israel encouraged the donors not to take too 'seriously' the human rights abuses or financial mismanagement on Palestinian side (Lasensky 2005; Taylor 2007), the donors failed to grasp that would these tactical 'measures' be ineffective, not only its opposition but also the PNA would pay the price.

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³⁰ "The Political Department of the PLO, which is in charge of foreign relations, will therefore continue to negotiate and conclude international economic agreements for the benefit of the Palestinian Authority." (Kaddoumi 1994: 2).

³¹ In 1993 total CA salaries (for Israelis and Palestinians) amounted to less than 150 million USD (CG/WB 1994a:12)

³² According to the IMF "PA succeeded in steadily increasing revenue from about 8 percent of GDP in 1994 to around 21 percent by 1999, bringing the share of revenue to GDP in the West Bank and Gaza above the average for other Arab countries in the region (IMF 2003: 61). Cf: the budget revenue/GDP ratio was close to 16% in 1993 (CG/WB 1994c:3) and the next footnote.

³³ Approximatelly two thirds of total PA revenue was composed of sources collected either domestically or by Israel such as indirect taxes (customs duties:15-30% and excises: 25-15%) and nontax elements (14-13%) during the 1990s (IMF 2003: 62). A limited class of PA-affiliated companies and individuals were monopolizing rent based on Palestinian MoT regulations (Einhorn 1997). The Palestinian Commercial Service Company (PCSC) was fully owned by the PA, held majority shares in the 34 major Palestinian companies. In 1999, the PCSC held assets totaling \$345 million, the equivalent of eight percent of total GDP (AHLC 2000). According to the IMF estimated combined revenue leakage on indirect imports and purchase taxes on local products ranged only 3-5 percent of GDP in the 1990s (IMF 2003: 86-87). Between 2000-2002 these companies were consolidated in the Palestinian Investment Fund (Roy 1998: 40-41; Nasr 2004: 168-192; IMF 2003: 88-89), which is seen as a potential privatization opportunity by the World Bank and IMF (Hilal and Khan 2004: 90).

- 3. Applied measures, channels of aid and its effects.
 - a. Financing current budget expenditures (1994-1997). The PA was established on the basic structure existed during the Israeli Civil Administration. Upon transferring of powers this relatively simple structure (AHLC documents 1994; Abed 1994) was extended to form a quasi-governmental establishment. Since the PA had its own budget only from 1995, the donors contributed generously to the financing of the current expenditures through the Holst Fund during the first few years.³⁴ Between 1994 and May 1997 roughly 65% of the Holst Fund budget (a total of 236 million USD) were channelled to finance salaries for central administration and 12% of the total went for salaries and supplies for municipalities, universities, schools and hospitals (AHLC/Holst 1997). The number of (civil and security) public employees (teachers and health staff included) could raise from 20.000 (1993) up to approximately 110 thousand (2000). This practice served political and social purposes too (Shikaki 1998: Hilal and Khan 20004: 95: Parsons 2005: 130: Lia 2007). In absence of clear legal basis for running businesses (Einhorn 1997; Watson 2000) the growth potential of the private sector was constrained not only by Israeli security restrictions. It was simpler to solve the unemployment problem by raising the numbers of public employes, when the executive authority had no intention (or interest) to boost the participation of the legislative power (Ghanem 2001).
 - b. Security related issues. Any final agreement with with Israel should (and shall) have required the rule of law and capacities ('statecraft') to enforce them. Even if security-related issues fell under the bargaining process with Israel, aiding the puzzling security apparatus without clear indication of (ensuring the) monopoly of force in one hand resulted in stronger competing relations between them. The competition soon led to chaos (Parsons 2005: 125-174), which was better to avoid from the point of view of (European) donors. This resulted in support for equipments (securing public order) and contribution to wages (Lia 2007)
 - c. Other public expenditures, capital investments (1997-2000). The safest, most transparent way of supporting the economic development manifested in infrastructure projects, mainly in field of water, energy, road networks; constructing buildings for education and health sector (World Bank 2000). In territorial comparison donors preferred Gaza and area "A" in West Bank which was under complete Palestinian jurisdiction. It led to a further fragmentation of the territories (that of the population), inasmuch it was more rational not to follow an 'integrated' appoach, ie. considering the whole West Bank and Gaza Srtip as a single territorial 'development base'. The expected gradual withdrawal of the IDF from B and C areas (between 1996-199) progressed slower than projected. Even if the agriculture was (is) a relatively important area in economic activity, ³⁵ the fact that majority of arable lands were in area B, did let not to much opportunity to invest in them (Brynen 2000: 55; Le More 200Y).

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³⁴ In January 1994 the World Bank stated that "on the basis of the assumptions for revenue and current expenditure (both base and new), the Central Administration would have a surplus in its current operations. There is thus no need for current budgetary support as such. The need for [temporary] budgetary support arises because there are strart-up and transitory expenditures associated with the new administration. These expenditures would be incurred only in 1994-1995 and hence the need for budgetary support would cease after that… The number of Palestinian empoyees in the [Israeli] Civil Administration amounted to 20,670 in 1993… the number of Israeli employees amounted up to 1583… It is expected that the new Palestinian Administration would preserve the structure to be inherited from the Civil Administration for 1994, except for replacing the Israeli employees by Palestinian employees. New functions and expenditures would have to be added" (CG/WB 1994a: 4, 8). At the beginning of 1995 ,,the entire [Palestinian] Civil Administration payroll [was] being met every month from the [Holst] Fund" (AHLC/WB 1995: 4).

³⁵ In terms of sectoral strategy, "agriculture and agricultural processing industries are viewed as another key sector that could contribute to alleviating employment" (AHLC/PA 1996: 12).

Although the aid per capita has been increasing since 1996 and the various internationallysupported projects, programs resulted in spectacular developments in terms of the certain 'national' indicators (lenght of paved roads, number of computers or internet access or mobile phones, number of classrooms, etc) the foreign assistance were not capable to tackle the real Palestinian population, increasing the such as difficulties movement/transportation due to the Israeli closure-policy from 1997/1998 on (IMF 2001), as well as the increasing fragmentation between the different segments of the Palestinain inhabitants. Albeit the PA was closer than ever to be able to maintain itself (in the years of 1998-2000), neiher its political-social leverage nor its administrative structure could be as strong as perveived by the public/donors.

The following years revealed those problems that have been – even if not created but – strenghtened by the different external players. Neither the existing Palestinian social structure nor the political life (not talking about technical/administrative skills) were prepared properly to absorb effectively such big amounts of money either disbursed by donors or remitted from Israel. As it was too attractive to sign a treaty with Israel for the PLO/Fateh in order to 'move home' (Abed 1999), it must also have been too attracive not to take advantage of the opportunity offered by donor money. Rent-seeking behaviour within the PLO could be captured in the following senses: the consolidation of Fateh hegemony within the PLO; the personal control of PLO finance by Arafat; the importance of military within the diaspora nationalist elite; and a shift in Arafat's sources of legitimacy and the contominant displacement of PLO institutions by the PA since September 1993 (quoted by Parsons 2005: 127). Similar patterns emerged within the PNA reminding to clientist, developmental and rent-seeking forms of state at the same time (Khan et al 2004: 13-119). But as it was foreseeable already in the wake of the Peace Process: "the PA [would] likely be able to survive social pressure simply because of the lack of leverage society [would] have on the regime" (Robinson 1997: 2000). This latter relavant phenomenon refers to the tension stemming from the lack of coherence, continuity between traditional values, customs and those of modernization. Neither progress - nor its consequences – can be avoided. The Palestiniain experience is not uniqe. It is quite often that a marked part of the society has to face statistically hardly measure-, perdictable identity crisis, which automatically (inherently) entails agression (Afshar 1992: 30). ³⁶

As far as *conditionality* applied during the first period of the Oslo Process (1993-2000) is concerned the donors exercised the practice of 'selective conditionality', insofar as they emphasized the importance of general development policy concerns (transparency, accountability, good governance, respect for human rights, democtratic values and participation of civil society) but failed to call upon the PNA/PLO to account for it. The same happened to certain parts of the tripartite mechanism (AHLC/TAP 1995) established to help the cooperation between the parties involved in development (Brynen 2000).³⁷ According to the TAPs the PA prepared monthly reports for the AHLC on tax collection and expenditures. The budgets

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³⁶ Many PLO member (also inside Fatah) sounded reservations in fear of giving up parts of Palestinian political identity. As worded by Hani Hassan (October 9, 1993): "It is true that we will get a handful of billions of dollars and that we will build power stations in Gaza and sewage system on the West Bank. But this is not what PLO is about" (in Laqeur and Rubin 2001: 435-36). The fact that many PLO and Fateh activist had no opportunity but participating in the implementation the Oslo Accord and negotiating with donors on financial issues reveals the extent to which the Palestinian society (inside or outside the PLO) became torn between its (rational) interests and (irrational) desires.

³⁷ The first TAP (April 1995) and its predecessor (*Understanding on Revenues, Espenditres and Donor Funding for the Palestinian Authority*. October 1, 1994 – March 31, 1995) was inspired by the EU/EC insofar supporting the current budget expenditures had created 'distortions' in the common development policy. The TAP initiative "established a political framework in which the parties and donors accepted contractual commitments to promote Palestinian development" (AHLC/EU 1997).

presented at AHLC meetings (AHLC documents 1993-1997) did not always reflect the exact financial flows as it was recognized later (Fischer 2001; IMF 2003). In the absence of the needed trust related to the way the Palestinian political (and "accounting") system worked, as soon as it was possible, donors opted for financing such capital expenditures that were not so risky concerning transparency (Roberts 2005:20). However, allocation of aid for certain purposes (countries) – while the denial of allocation of the same aid for other puposes – is also conditionality or so to say, selectivity (Collier-Dollar 2002).

- 4. The outbreak of the second intifada provided opportunity for Israel to test the effectiveness of the closure system built between 1993-1998/1999. Not only the majority of working permits issued for Palestinians were pended, but also the transfer of clearance revenues (50-60% of the PNA's budget) were cut and held back until the end of 2002. Even if it was widely perceived as a collective punishment for the second intifida (and for the extremly harsh wave of suicide bombings) its primary aim was to stop cooperating with the Palestinian Authority that has been managed according to Arafat's 'personal' nationbuilding strategy. Its strategy (even partially temporarly encouraged by Israel) did not prove to be successful in terms of eliminating those opposition forces not willing to accept the Oslo agreements, recognize and negotiate with Israel. Cutting the transer of revenues was reasoned by the fact that on Palestinian side there was not any real alternative to the quasi Arafat-led PNA. ³⁸ After 6-7 years Israel did, what donors had failed to undertake in the middle of the 1990s when they had opted for continuing support for Peace Process with measures that were not only non-sustainable but in many ways also contradicted values, norms, principles formulated by the donors themselves.
- 5. *Political conditions as reforms*. Upon investigating the reasons of the second intifada the donors came to the same conclusion with Israel even the way of rationalization was different from that of hers.
 - a. For the community of donors reforms³⁹ of PNA meant financial transparency, accountability in terms of the rights of PLC (legislative power) and enforced, proposed, encouraged civil participation (Hanafi and Tabar 2004, Nablusi 2005) They tried changing the political *status quo* on Palestinian side in order to create a credible, well-operating governmental institution system (Sayigh and Shikaki 1998; Brown 2003; Brown 2005).
 - b. The 'how' of this change was built on the belief that democtratic measures are the only ones to be able to solve the problem of authoriarism on Palestinian side. But crisis situations (such as the years 2001, 2002) usually can not be managed with democratic measures effectively.
- 6. Applied measures, channels of aid and its effects. Since Israel stopped transfering clearance revenues and even normal economic relations were heavily affected by security measures and since the IDF operations applied during 2001-2002 the PA's budget suffered a severe blow, only foreign aid was able to cover the missing sources. Approximately half of the Palestinian budget was composed of payroll costs (IMF 2003: 68). In 2000 approximately 110 thousand people were employed by the civil and security public sector (plus their families, which meant

³⁹ The reforms had also been initiated by internal Palestinian factions, albeit they failed to accomplish. On a talkative interpretation of the reforms see Baskin 2002. It must be noted, that the neccesity of them had already been raised within the AHLC in 1999, but until the outbreak of the intifada nothing progressed.

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³⁸ It is worth to recall an African example, even if of course – and fortunatelly – the situation in Palestine was (is) much better. Charles Taylor was 'recognized' by the international community since he was the only attainable political 'leader' in Liberia in the 1990ies who 'had a fax machine to recieve ultimatums' (quoted by Kreijen 2001: 78). A couple of years later the *Special Court for Sierra Liberia* charged him as the main person being responsible for the war crimes and crimes against humanity committed in Sierra Leone.

5-6 times more inhabitants), then peaked at 160 thousand employees in 2006. After six-seven years continous support (in form of 500-600 million USD annually) to the PA/PLO and its population the donors did not have too much option to choose. Shifting their focus (from development to humanitarian and emergency aid up till 2000-2002/03) they tried to prevent the collapse of the PA at least in a funcional sense in order to save the peace process. The PA (as the basis of the projected Palestinian state, June 2002) remained the key notion for stability but the concept of 'need to reform' has emerged. The main objectives of the reform process were (a) improving the efficiency of the PA, (b) higher transparency especially in the field of economic, financial processes, flows, (c) promoting democracy via elections and other institutional reforms. Donor money has meant commitment not only in financial, but also in moral or political sense. The approximately doubled amount of foreign aid (comparing to the years of 1994-1999/2000) plentifully compensated at least quantitatively for the revenues witheld by Israel (in 2001-2002). The efforts were concentrated on the revival of the Palestinian economic, political, social system:

- a. *Special cash facilites, budgetary assistance, trust funds.* The revenues collected by Israel on behalf of the PA were almost 600 million USD both in 1999 and in 2000. Not to mention local revenues coming from normal economic activities the donors had to replace this amount at least temporary. Transfering money to the PA without meaningful changes in managing its finances was unimaginable. Complex system of trust funds aimed at decentralization of power have been established. From a political point of view municipalities received marked attention (Sewell 2002) on the contrary to the central administration.
- b. (Re)democratisation the society. Albeit the Oslo Process was not about democracy (Kleiman 2007), none of the donors questioned the neccessitiy of implementing a democratic institution system (AHLC-documents 1993-1997; Nablusi 2005). These endavours had not too much to do with the Palestinian statebuilding needs, but resulted from the general priorities of (European, OECD DAC) development policies (Arts et al 2004; Stokke et al 2005). Importance of human rights, participation of civil society, democtratic dialogue, transparent and accountable governmental institutions have been among those European values which have been promoted all around the world already ahead of and since the official formulation of the objectives common development policy (1993) (Smith 2004: 65-66). As far the Palestinian case is concerned there has been a marked increase in those projects, initiatives financed by the EU and its member states which aimed at increasing the democtratic consciousness of the society:

⁴⁰ The World Bank coordinated the three main funds (ESSP I., ESSP II, PMRTF) providing financial basis for supplying the population and realizing reform process at the same time.

Number of European projects related to distributing democtratic norms, values															
Committed and disbursed via PNA, local or international ngos or UN agencies	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Education				3	2	5	4	6	14	22	13	11	7		87
Gender					1		2	3		3	3	9	8		29
Democracy, human rights, civil society		4	2	2	8	9	17	15	15	28	27	43	51	7	228
Institution building		1	3	1	3	11	6	6	12	8	15	16	15	4	101
Total	3	7	12	20	31	74	72	74	111	209	222	169	158	40	1202
Without UNRWA		(reg	gular on	r emer				are		172	184	128	124	22	1032

Source: PMA MOP (2007)

According to the Ministry of Planning the (European) donors' attention has gradually shifted to empowering the civil society via or by-passing the PNA since 1997-1998. The desire for decentralization was not a new phenomenon, insofar the World Bank had emphasized already in 1994 that "more authority over implementation decisions needs to be decentralized to the line ministries and the municipalities, if we are to see a ... broadening basis of Palestinian commitment" (AHLC/WB 1994b: 3). The matter of providing services to the population has become a politically sensitive issue related to the role of the civil society. On the PA's side mainly for power concerns right from the beginning "there [was] an apparent reluctance to make full use of the best available channels for delivering services to the people – for historical reasons these [were] NGOs, UN agencies..." (CG/WB 1994b: 5). Not accidentally, since the relatively democratic local civil society (Nablusi 2005) as well as the UNRWA administration were considered factors weakening the PLO/Fateh's positions in forming the public opinion. These dilemmas have increasingly raised problems since in 1998 the World Bank initiated an integrated support programme for the NGO sector. The role of this "new donor-financed tier" within the Palestinian society has become overevaluated since 2000-2002 on the contrary to the fact that it have not represented those grassroots and democtratic structures that existed earlier in the Palestinian society (Nablusi 2005: 125).

c. Humanitarian assistance from a political point of view. The mutual competitive attitutes between the UNRWA and the PA has been strenghtened by the donor community unintentionally, since only the UNDP and the UNRWA had owned those capacities which were reguired to start donor activities on the ground (Brynen 2000; Taylor 2007). And while during the 1990s donors "tended to support the agency's non-regular budget … in response to political development" (Parvathaneni 2005: 97) since 2000-2002 both its regular and emergency budget has started to increase. Financing and maintaining the UNRWA⁴¹ mainly by Europe and America means an acknowledgement of the refugee

⁴¹ Albeit it has nothing to do with the subject after the first World War Hungary lost two thirds of its territorry (which decreased from $282\ 000\ \text{km}^2$ to $93\ 000\ \text{km}^2$) and more than half of its non homogenous population (18,2 million \rightarrow 7,6 million). 30,2% of the 10,6 million people remained outside the territorries attached to the neighbouring countries were Hungarians (Romsics 2003: 147). Since Hungary participated in the World War II on the wrong side (with the nazi Germany), the decision was reinforced in the peace treaty signed in 1947. In absence of serious refugee problem the applied practice in CEE was the population exchange or voluntary move to Hungary. Peace treaties signed with the

issue (even if not that of the right of return), while establishing or maintaining the PNA (as a basis for a potential, normally functioning Palestinian state) would require the elimination this 'pheonomena' (at least in the WBGS). For Palestinians the UNRWA is a key for preserving an important element of their identity (right of return to their lost home, Said 1979; Khalidi 1997; cf: Skikaki 2006), while the right to self-determination embodied in the PNA promised the opportunity for establishing a sovereign state.

7. *Elections* (January 2006). "The 1993 Oslo accords led to greater public willingness to oppose violence and support peace, negotiations, and reconciliation with Israel... [In december 2005] for the first time since the start of the peace process, a majority of Palestinians support a compromise settlement that is acceptable to a majority of Israelis" (Skikaki 2006: 1). On the contrary to these attitutes the Hamas managed to recieve 44% of the votes in the elections of January 2006, which enabled and entitled the organization to form a government.

CEE countries (1919, 1947) obliged all governments to quarantee full citizenship and rights to all; the Benes-decrees marked a different way of thinking.

Conclusion

The pledged, committed, disbursed amounts were results of political decisions, reflected political committments and hardly were followed by private capital inflows from those Western countries that provided official foreign assistance. Providing foreign economic assistance may have shaped the common European identity (Sotendorp 2002), proved an opportunity to flag a united Western political commitment for establishing the Palestinian state even well ahead of June 2002, but could not contribute to realize this goal in a constructive way. The explanation is simple: "[f]allacy is to assume that because I have studied and lived in a society that somehow wounded up with prosperity and peace, I know enough to to plan for other societies to have prosperity and peace" (Easterly 2006: 22).

The Declaration of Principles as well as all successive agreements tried to solve the Israeli-Palestinian conflict gradually and carefully. Time is not reversible, but there are still legitimate demands on both sides. The Palestinians have been struggling for self-determination, for the opportunity to establish an independent state for many decades. The Israelis could (can) not afford to risk their security even if its price is full or partial occupation. Unlike any previous initiative the Declaration of Principles managed to bind the two directly concerned peoples. There were many weaknesses and deficiences built in the Accords. None of them have enjoyed unanimous consensus yet, their ratifications reflected the approval of the majority of Israelis and Palestinians (Shikaki 2006). It meant not only some change in the legal, political *status quo* but also created an extremely fragile and complex system of power balance. Signing a secretly negotiated agreement with Israel the PLO/Fateh risked loosing its legitimacy among its own people if the outcome would not be successful. The problem was the same as in many other cases. Having the right to exercise self-determination even if this right is recognized by the international law by no means equals to possessing the capabilites and competences needed to realize national, political goals.

In order to solve a conflict, to support the peace process, to ensure stability (for any reason) the external players tried to bridge the gap between legality and efficiency – just as they have been doing it from the beginning of decolonization process in many developing countries. The Israeli withdrawal, the partial end of occupation did not equal to the establishment of an effective Palestinian Authority in terms of managing a 'would be' state – at least not according to the modern concept of good governance. According to the rules of the game the donors (developed countries) intended to develop these capacities by providing foreign assistance. Their activity was doomed to fail since effective changes (among others transition from conflict to peace and power consolidation) cannot be realized by politically, substantially diluted economic assistance (1993-2000) or by forcing sophisticated democratic measures (1998-2000-2005 and on). Donors opted for reforming an internally authoriter political system being under external occuppation, which had been supported by them without doubts for years. Palestinians were forced to choose between selfdetermination and democracy, between the promise of sovereignty and good governance instead of prioritising political and economic objectives consistently. Political ideas, lofty principles can not be distributed selectively. The external political actors' worries for a democratic, economically prosperous and well-governed Palestinian society were fine (even legitimate) but their overwhelming support failed to respect prevailing historical grievances, 42 the Palestinians' right to self-determinination, their recognized representative, the PLO's right to decide how to shape its relationship with its own people, via which with Israel too. Collective and individual identity and dignity are being constructed through shared or joint political objectives and many times less democratically accepted, applied means, as well as through institutions, let them be traditional or

⁴², No one was expecting aid to erase past grievances." (Brynen 2007)

modern, social or political not only within the Palestinian society but also on the mutually 'subletted' land of Israelis and Palestians. This process offers an opportunity for a more or less conscious adjustment to the existing environment on the one hand and at the same time provides political and national survival on the other one.

Subordinating internal contextual clues to an externally led, principally consistent, but essentially inconsistent development process (1993-2000, 2000-2005) for the sake of purely functionally set democratic rules and good governance resulted in (i) desintegrating the otherwise fragile Palestinian consensus without which it is impossible to establish and maintain any effective, sovereign state; (ii) undermining the opportunity for a consolidated peace which under no circumstances can be realized without victims. As far the latter (ii) is concerned, the donors failed to concentrate their efforts on building trust between Israelis and Palestinians. Suppose, that effective confidencebuilding measures – a strong international peacekeeping force or any external verification instrument attached to the Accords - were not feasible either because such mechanism was refused (at least by one side) or because it was out of the donors' competence. In either case the donors' participation with less effective 'soft' measures was reasoned by their own political values and interests. Its function was to regulate the intensity of the conflict/peace process. From this point of view the first (i) aforementioned consequence is not definitely a serious failure. Eventually accepting the common way of thinking – the recent dominance of democratic norms, transparent efficiency and rationality governed by Western values and demands over the earlier exported model of nationalism - the question ,,what can a nation do for you that a good credit card can not?" (Hannerz 1996: 88) may be relevant to ask.

4. Appendices

4.1.Main political events (1993-2005), donor meetings (1993-1997)

	Oslo Agreements	Other relevant events	Elections	Donor-m	neetings
				AHLC	CG
1993	Sept 13: Declaration of Principles	March: first clouse measures		November 5	December 16- 17
1994	April: PeP May: Gaza-Jericho Aug.: Early Empowerment	Feb. 4: Hebron, Baruch Goldstein Apr 13: first suicide bombing (Hadera)	June: PNC approval on the establishment of PA	January 27-28 June 9-11 September 12 November 29- 30	January September December
1995	Sept: Interim Agreement	Nov.: Rabin's assasination		January 11 April 3 April 27 September 27- 28 November 30.	October 18- 19
1996		Feb.: assasination of the 'Engineer' Feb-Mach: marked wave of suicide bombings	January: PLC and presidental June: Israel (Likud-led gov.)	January 9: (Ministerial Conf.) April 3 September 5 December 10.	November 19-20
1997	Jan: Hebron Protocol	Sept-Oct: first withdrawal of clearance remmittances		June 3-5	December 16
1998	Oct.: Wye River Memorandum				
1999		Sepr: Barak-Arafat meeting, Sharm el- Sheikh	May: Israel (Labour-led gov)		
2000	June: Camp David	Sept: outbreak of the 2nd intifada		June	
2001		Jan: Taba	Feb: Israel (Likud-led gov.)		
2002	June: roadmap and its vision (Palestinian state: by 2005)	Karine-A Operation D. S. Disengagement Plan; Construcion of Separation Wall begins			
2003			Feb: Israel (Likud-led gov.)		
2004					
2005		June: Akaba (Sharon, Arafat) Aug: Gaza withdrawal		March	
2006			Jan.: PLC (Hamas-victory)		

4.2. Human development indicators (UNDP, HDI), 2006

The final rows mark the last element of the given list.

HDI value	Life expectacy at birth (years)	Adult literacy rate (% ages 15 and older)	Combined primary, secondary and tertiary gross enrollment (%)
1. Norway (0,965) 98. Maldives (0,739) 99.Azerbaijan (1,736) 100. OPT (0,736) 101. El Salvador (0,729)	1. Japan (82,2) 60. Hungary (73,0) 61. Qatar (73,0) 62. OPT (72,7) 63. Seychelles (72,7)	1. Georgia (100) 45. Philippines (92,6) 46. Singapore (92,5) 47. OPT (92,4) 48. Portugal (92)	1. Australia(113,2) 47. Chile (81,3) 48. Malta (81,3) 49. OPT (81,2) 50. Czech Republic (81,1)
101. El Salvadol (0,729) 102. Algeria (0,728) 177. Niger (0,311)	64. Columbia (72,6) 177. Swaziland (31,3)	49. Panama (92) 49. Panama (91,9) 128. Mali (19)	51. Belize (81) 172. Niger (21,5)

Human Poverty Index (2004)	Probability of not surviving past age 40 (%, 2004)	Adult illiteracy rate (% ages 15 and older, 2004)	People without access to an improved water source, % (2004)	Children underweight (% ages 0-5, 2004)
1. Uruguay (3,3)	1. Hong Kong (1,5)	1. Kuba (0,2)	1. Bulgaria (1)	1. Chile (1)
7. Cuba (4,7)	55. Argentina (5,0)	41. Fülöp-szk (7,4)	29. Syria (7)	10. Moldova (3)
7. Singapore (6,3)	56. Tonga (5,0)	42. Szingapúr (7,5)	30. Suriname (8)	11. Russia (3)
8. OPT (6,5)	57. OPT (5,3)	43. OPT (7,6)	31. OPT (8)	12. OPT (4)
9. Mexicó (7,2)	58. Romania (5,5)	44. Portugália (8,0)	32. Rep. of Korea. (8)	13. Venezuela (4)
10. Columbia (7,6)	59. Albania (5,5)	45. Panama (8,1)	33. Moldova (8)	14. Tunisia (4)
102. Mali (60,2)	172. Swaziland. (74,3)	117. Mali (81,0)	125. Ethiopia (78)	134. Nepal (48).

OPT: Occupied Palestinian Territories (UNDP-terminology) source: UNDP HDR, 2006

4.3.Main social, economic indicators, West Bank and Gaza, average (PCBS 2006a)

	1 997	2 002	2 003	2 004	2005-2006	Trend
Population	2 840 269	3 559 999	3 737 895	3 699 767	3 825 149	
Under 14(%)	47				46	
15-64 (%)	50				51	
65+ (%)	4				3	
Health						
Number of surgeons	2 867	4 901	5 425	5 687	6 109	
Life expectacy (ys)	70	71	71	71	72	
Number of hospitals	43	72	73	74	76	1
Education						
Nomber of schools	1 611	2 006	2 109	2 192	2 277	
Number of pupils, primary level	702 382	891 799	916 837	931 260	944 713	
Enrollment rate, primary schools, %	90	92	91	89	88	(
Number of students, secondary level	61 085	92 309	100 606	112 675	122 776	1
Enrollment rate, secondary schools, %	40	51	54	56	62	
University students	52 427	98 439	113 417	129 137		
Literacy rate, %	86	91	92	92	93	
Labour force						
Labour force participation rate, %	41	38	40	40	41	}
Employment rate	70	64	68	67	70	>
Unemployment rate	20	31	26	27	24	\
Average weekly working hours	44	41	42	43	42	>
Average monthly working days	22	23	23	24	23	
Average daily wage (NIS)	59	74	74	75	78	
Median (average) of daily wage (NIS)	50	60	60	62	69	
Culture, technology; available in% of h	ouseholds:					
TV set, %	85	93	92	93	95	/
Satellite, %		54	60	70	80	
Cell phone, %		61	66	73	81	
Computer, %	4	13	21	26	33	
Internet access (at home), %		2	6	9	16	
Main telephone line, %	20	36	45	41	46	/
Washing machine, %	73	86	88	90	92	
refrigerator, %	80	91	92	93	93	
car, %	20	20	23	26	25	
Transportation, communication						
Length of paved roads (km)	2 055	4 642	4 944	4 966	6 285	
Number of main telefone lines	110 893	241 894	243 494	271 458	327 025	
Jawwal cliens, number	22 934	251 602	264 091	435 628	567 584	_
Turism, number of hotels	85	72	75	80	77	>
% of households connected to sewage syst		49	44	43	45	_
Agriculture, arable lands (km²)	1 486	1 516	1 487	1 488		~

4.4.Economic indicators, various sources (1994-2000)

Main Pa	lestinian 1994	econom 1995	ic indicate	ors (West 1997	t Bank an 1998	d Gaza S 1999	trip) 1994 2000	-2000 Source
GDP, at current prices (million USD)	3081	3517	3668	4009	4258	4517	4442	IMF 2003: 12
GDP, at constant prices (million USD)	3290,0	3490,4	3577,0	4011,9	4485,8	4883,4	4619,2	PNA-PMA 2006
GDP, per capita, at constant prices (USD)	1420	1405,6	1359,7	1441,6	1548,2	1617,2	1466,4	PNA-PMA 2006
GNI, at constant prices (million USD)	3765,1	4099,3	4149,4,	4663,2	5391,8	5842,6	5426,5	PNA-PMA 2006
GNI, per capita at constant prices (USD)	1722,7	1934,8	1860,9	1675,6	1577,3	1650,8	1625,1	PNA-PMA 2006
Inflation rate (NIS, %)		10,8	9	7,6	5,6	5,5	2,2	World Bank 2005
GDP growth,	6,7	-5,2	-1,0	-0,7	3,8	4,00		World Bank 2000: 12
GDP growth, real, (%)	3	6,1	2,5	12,2	11,8	8,9	-5,6	IMF 2003, World Bank 2005
GNI (GNP) growth, (%)	1,7	-4,4	-0,27	2,4	7,00	5,2		World Bank 2000: 12
GNI (GNP) growth, real, (%)		8,5	0,8	12,4	16,3	8,4	-6,8	IMF 2003: 12
GNI (GNP) per capita, growth (%)	-4,2	-9,7	-7,4	-1,8	3,1	1,4		World Bank 2000: 12
GNI (GNP) per capita, Growth, real (%)		1,3	-4,9	6,3	11,7	4,1	-10,7	IMF 2003: 12
Net factor income in percent of GDP (%)	14,5	17,3	15,8	16,2	21,2	20,8	18,7	IMF 2003: 23
Net current transfers In % of GDP	15,1	12,4	13,9	11,7	9,6	8,8	13,2	IMF 2003: 23
Gross disposable income, In % of GDP	129,7	129,6	129,6	128	130,8	129,6	131,9	IMF 2003: 23
Labour force (thousand), Of which:	513	561	602	640	667	682	707	IMF 2003
unemployed, (thousand)	96	132	121	92	79	98	96	IMF 2003
employed (thousand)	417	429	481	548	588	597	417	IMF 2003
	329,1	349	368	399	430	454	480	PNA-PMA 2006
Unemployment rate (%)	24,7	18,2	23,8	20,3	14,4	11,8	14,1	IMF 2003 and PNA-PMA 2006
Palestinians working in Israel (thousand)	30	66	62	83	118	135	117	IMF 2003
, ,	53	68	60	82	119	135	117	PNA-PMA 2006
Employment in Israel in % of total employment		16	14	17	22	23	20	IMF 2003
Poverty rate, %			27				20	UNSCO 2001
Export of goods and services (m USD)	561,7	668,9	739,7	767,5	887,3	891,5	657,1	PNA-PMA 2006
Import of goods and services (m USD)	2334,5	2500,2	2871,5	3028,4	3329,0	3804,7	2925,6	PNA-PMA 2006
Import/GDP (%)	75,8	71,1	78,3	75,5	78	84,2	76,6	IMF 2003
Export/GDP (%)	18,2	19	20,2	19,1	20,8	19,7	19,5	IMF 2003
Net export/GDP,%	-57,5	-52,1	-58,1	-56,4	-57,1	-64,5	-57,1	IMF 2003

Sources: World Bank (WB) 2000: 12; UNSCO 2001; IMF 2003: 14, 33; World Bank 2005: 13,15,23; World Bank 2006; PNA-PMA 2006

4.5.Economic indicators, various sources (2000-2005)

Main Pales						1994-2000	
	2000	2001	2002	2003	2004	2005	Source
GDP, at current prices (million USD)	4619,2	4325,7	4169,7	3999,2	4247,7	4456,4	PMA 2006
GNI, at current prices (million USD)	5426,5	4817,4	4570,7	4247,9	4477,1	4706,4	PMA 2006
Inflation rate (NIS, %)	2,7	1,2	5,7	4,4	3	3	WB 2005
GDP growth, real (%)	-5,6	-14,8	-10,1	6,1	6,2	8,7	WB 2005
GDP growth, compared to 1999 (%)	-5,6	-19,6	-27,7	-23,3	-18,5	-11,4	WB 2005
GDP per capita growth, compared to 1999 (%)	-9,5	-25,9	-35,7	-34,1	-32,4	-29	WB 2005
GNI, per capita (USD)	1626	1217	1001	1088	1181	1318	WB 2005
Net factor income in % of GDP	18,7	16,8	14,5				IMF 2003
Net current transfers in % of GDP	13,2	31,1	59				IMF 2003
Total disposable income in % of GDP	131,9	148	173,4				IMF 2003
Labour force (thousand)	695	675	690	758	790	826	WB 2005
unemployed (thousand)	100	170	216	194	212	193	WB 2005
employed (thousand)	595	505	474	565	578	633	WB 2005
	[480]	[435]	[428]	[509]	[528]	[570]	[PMA 2006]
Unemployment rate (%)	14	26	31	25,6	26,6	22,4	WB 2005
Palestinian working in Israe (thousand)	117	70	49	54	50	64	WB 2005
Employment in Israel in % of Total employment	20	13,9	10,3	9,6	8,7	10,1	WB 2005
Poverty rate, %							
Import of goods and services (m USD)	2925,6	2477,8	2119,1	2455,8	2595,8	2816,9	PMA 2006
Export of goods and services (m USD)	657,1	463,4	381,5	377,8	399,5	431,8	PMA 2006

Sources: IMF 2003: 14, 33; World Bank 2005: 13,15,23; World Bank 2006; PNA-PMA 2006:2

4.6. Sectorial distribution of Palestinian GDP (1995, 1999, 2000, 2002, 2003, 2004, 2005)

(a) Calculated/Estimated by World Bank (World Bank 2006: 4):

Economic activity compared to GDP %	1995	2000	2005
Agricultuire, fishing	13,0	9,2	10,2
Mining, manifacture, energy, water sector	20,5	15,7	16,5
mining	0,9	0,8	0,7
manifacture	18,5	13,4	14,4
energy and water	1,2	1,6	1,4
Construction	6,9	6,3	8,4
Services:	41,4	48,3	45,5
trade (wholesale and retail)	15,2	12,2	12,8
transportation	3,2	6,9	6,3
financial intermediation	2,0	4,5	3,0
all other;of which:	21,0	24,7	23,4
real estate, renting and business services	10,5	13,2	10,6
community, social and personal servies	0,6	0,8	0,8
restaurants, hotels	1,3	2,3	1,9
education	5,1	5,8	6,4
health, social work	3,5	2,8	3,7
Public sector, defense	11,4	13,2	12,8
Total, %	93,2	92,7	93,4

(b) Calculated/Estimated by Pal-Econ (MAS 2007: 4)

Economic activity compared to GDP %	1999	2002	2003	2004	2005
Agricultuire, fishing	10,4	7,6	7,8	7,5	7,0
Mining, manifacture, energy, water sector	14,6	16,3	13,3	13,2	12,7
mining	0,8	0,9	0,4	0,4	0,4
manifacture	12,6	13,4	11,3	11,2	10,7
energy and water	1,2	2,0	2,0	1,6	1,6
Construction	13,7	1,9	2,4	2,4	2,7
Trade (wholesale and retail)	11,9	9,8	8,5	8,5	8,4
Transportation, strorage, telecommunication	5,1	9,8	9,8	10,5	10,4
Financial intermediation	3,7	4,2	4,2	4,0	4,2
Sercices, of which:	21,8	25,2	25,2	24,6	24
real estate, renting and business services	9,8	11,0	10,1	10,1	10
community, social and personal servies	0,6	0,9	1,1	1,0	1,0
restaurants, hotels	2,8	1,7	1,5	1,5	1,5
education	5,8	8,1	7,9	7,6	7,7
health, social work	2,8	3,5	4,6	4,4	4,5
Public sector, defense	11,0	16,3	17,4	17,3	17,9
+ domestic services	0,2	0,2	0,2	0,2	0,2
- financial intermediation (with direct cleatring)	(2,8)	(3,1)	(3,0)	(2,9)	(3,1)
+ customs duties	4,7	2,2	6,6	6,5	6,5
+ net VAT from imports	5,7	9,6	7,8	8,2	8,4
= GDP, %	100	100	100	100	100
GDP (million USD at 1997 prices)	4511,7	3556,4	3995,0	4247,7	4456,4

(c) Cf: IMF 2003: 26

4.7.PNA Budget, 1996-2002 (recalculated restrospectively)

	1996	1997	1998	1999	2000	2001	2002
			(m	illion USD	-		
Exchange rate (NIS:USD)	3,19	3,45	3,8	4,14	4,08	4,21	4,74
Revenue	645,5	807,0	868,4	941,5	938,5	272,7	287,1
Domestic	293,7	331,0	324,5	362,1	351,7	272,7	214,1
Tax	207,8	212,8	227,6	248,1	240,7	180,3	134,4
Non-tax	85,9	118,3	96,8	114,0	110,8	92,4	79,7
Revenue clearance, o.w.:	351,7	475,9	543,9	579,7	587,0	0,0	73,0
Witheld rev. released	0,0	0,0	0,0	0,0	0,0	0,0	44,3
Regular transfers	351,7	475,9	543,9	579,7	587,0	0,0	28,5
Current expenditure	829,8	867,8	838,9	942,5	1198,8	1097,6	1041,4
Wages	403,1	470,1	466,8	518,6	621,8	679,8	659,1
Non-wages Foreign-financed current	377,4	391,9	371,6	418,4	577,0	417,8	363,9
exp.	49,2	5,8	0,5	5,6	0,0	0,0	18,6
Current balance	-184,3	-61,2	29,2	-0,7	-260,3	-824,9	-754,2
Capital expenditure	242,3	262,3	235,8	239,4	13,5	22,1	9,1
PA financed (Com)	0,0	0,0	0,0	0,0	13,5	22,1	9,1
Donor financed (Com)	242,3	262,3	235,8	239,4		0,0	0,0
Overall Balance	-426,6	-323,5	-206,6	-240,1	-273,8	-847,3	-763,5
Financing	426,6	323,5	206,6	240,1	273,8	847,3	763,5
External financing	375,2	302,3	238,7	244,9	54,2	531,6	467,1
Budget suppprt					54,2	531,6	467,1
Multilateral					54,2	0,5	455,3
Bilateral					0,0	35,2	11,8
Project financing							
Expenditure arrears Net domestic bank financing	0,0	5,2	75,8	10,1	65,7	232,3	117,7
and residual	51,4	15,9	-107,9	-15,0	153,7	83,4	178,5

Source: IMF 2003: 68

4.8.Bilateral (B) ODA to Palestinian Territories (via PNA and civil sector)

m USD (Bilaleral ODA)	1993	1994	1995	1996	1997	1998	1999	2000
United States	19,0	64,0	=	27,0	70,0	75,4	84,9	60,1
EU/EC			75,4	132,0	117,2	81,5	14,6	36,1
Norway	0,3	12,7	40,1	50,4	41,0	40,1	27,8	27,9
Sweden	6,5	9,4	17,4	27,6	20,8	16,0	25,1	32,4
Germany	-	11,4	20,9	24,6	35,1	30,6	26,4	17,3
Spain	2,4	12,4	28,3	17,5	21,5	41,7	17,4	12,9
France	-	2,3	5,7	9,6	12,8	16,7	12,0	14,2
UK	2,6	9,6	6,8	5,4	10,2	8,9	10,7	14,7
Netherlands	-	2,6	24,7	58,8	25,3	22,3	12,5	16,2
Italy	1,5	9,0	7,7	6,1	8,6	5,6	18,5	11,8
Japan	-	-	3,7	7,5	45,5	46,3	56,1	61,2
Greece	-	-	-	1,4	3,9	4,4	3,2	2,6
DAC members, without EU/EC	39,2	151,6	183,2	263,7	324,6	336,4	326,6	306,4
Multilateral (M) channels, of which:			262,9	257,8	248,1	245,2	168,8	
UNRWA			180,2	118,2	125	154	141	
EU/EC			75,4	132	117,2	81,5	14,6	
Total (B, M) DAC ODA, of which:			498,4	549,4	599,2	603,5	511,8	637,3
EU and members, total				259,9	271,9	247,8	164,8	
arab states/agencies			52,2	27,9	26,6	21,9	16,6	

m USD	2000	2001	2002	2003	2004	2005	2006	2007
United States	60,1	84,3	138,1	194,1	273,9	180,2		
EU/EC	36,1	118,5	170,9	181,1	186,7	206,7		
Norway	27,9	37,5	50,9	53,5	53,8	74,0		
Sweden	32,4	21,9	28,0	35,2	39,4	36,9		
Germany	17,3	17,9	37,9	35,3	31,2	39,8		
Spain	12,9	10,1	11,3	14,2	23,8	39,4		
France	14,2	12,7	15,6	22,2	25,2	30,6		
UK	14,7	17,0	23,8	31,1	29,5	23,5		
Netherlands	16,2	14,0	13,9	13,1	20,9	29,9		
Italy	11,8	15,8	23,0	38,4	15,1	15,9		
Japan	61,2	21,5	12,8	4,5	9,0	5,8		
Greece	2,6	2,0	1,3	2,0	5,6	1,8		
DAC members, without EU/EC	306,4	280,2	410,2	490,8	605,3	569,4		
Multilateral (M) channels, of which:		342,2	429,3	455,4	481,4	516		
Other M = ?UNRWA		212,3	238,9	306,7	265,1	275,3		
EU/EC		118,5	170,9	206,7	181,1	186,7		
Totall (B, M) DAC ODA, of which:	637,3	869,4	1616,4	971,6	1136,4	1101,6		
EU and members, total		247,7	358	394,1	475,9	416,1		
arab states/agencies		2,4	51,6	1,5	-1,6	10,5		

sources: OECD 2003, OECD 2005, OECD 2007

4.9.Largest bilateral donors from donor perspective (ODA, only)

(m USD)	1994*	1996	1999	2002	2004-2005, annual average
1.	United States (27 m)	EU/EC (132 m)	United States (87,9 m)	EU/EC (170,9 m)	US (179 m)
2.	Norway	Netherlands	Japan	United States	EU/EC
3.	Spain	Norway	Norway	Norway	Norway
4.	Germany	Sweden	Germany	Germany	Sweden
5.	UK	United States	Sweden	Sweden	Germany
6.	Sweden	Germany	Italy	UK	Spain
7.	Italy	Spain	Spain	Italy	France
8.	Netherlands	France	EU/EC	France	UK
9.		Japan	Netherlands	Netherlands	Netherlands
10.		Italy	France	Japan	Italy

^{* (}likely) without Holst Fund

sources: OECD 2003, OECD 2005, OECD 2007

Total aid dish	oursed (1994-1996),	thousand	USD		
	1994	1995	1996	1994-1996	
Japan (1)	91864	68824	77124	237812	16%
United States(2)	84902	67846	63920	216668	15%
EU/EC (3)	37358	62770	72730	172858	12%
Norway (4)	18281	41088	43025	102394	7%
Netherlands (5)	16368	18130	53647	88145	6%
Five largest donors	248773	258658	310446	817877	
Total aid	515289	435926	516066	1467281	
Share of five largest donors, %	48%	59%	60%	56%	
Total aid dish	oursed (1997-1999),	thousand	USD		
	1997	1998	1999	1997-1999	
USA (1)	68681	60685	80223	209589	15%
Japan (2)	70507	70959	36786	178252	12%
IBRD (3)	55513	30326	34328	120167	8%
Norway (4)	40519	42119	32443	115081	8%
EU (5)	46242	28882	26149	101273	7%
Five largest donors	235220	204089	183780	623089	
Total aid	526128	420148	486598	1432874	
Share of five largest donors, %	45%	49%	38%	43%	
Total aid disb	oursed (2000-2002),	thousand	USD		
	2000	2001	2002	2000-2002	
EU/EC (1)	69263	187535	126148	382946	26%
United States (2)	119468	92293	172035	383796	26%
IBRD (3)	29864	19197	33460	82521	6%
Sweden (4)	35654	20044	1442	57140	4%
Japan	24644	28500		53144	4%
Five largest donors	278893	347569	333085	959547	
Total aid	500467	516156	463267	1479890	
Share of five largest donors, %	56%	67%	72%	65%	

source: MOPIC – IACD 2003

4.10. Total aid to Palestinian Territories (m USD), various souces (1994-2000)

1	19	94	19	995	19	996	19	997	19	998	19	999	20	000	Sources
	C	D	C	D	C	D	C	D	C	D	C	D	C	D	Sources
	819	515	638	417	789	512	622	513	666	409	547	417			World Bank 2000: 19
	820	515	621	436	770	516	647	526	674	420	742	487	853	500	MOPIC-IACD 2003
				498,4		549,4		599,2		603,5		511,8		637,3	OECD 2001, 2003
		612		547		647		654		553		609			Fischer 2001
		512		499				630		598		512		636	WDI, various years

C: Committed, D: Disbursed

OECD and WDI: principally only ODA; MOPIC-IACD: aid channelled via the PNA;

All other sources: all aid (or who knows).

4.11. Territorial priorites of the top 10 donors of Palestinian Territories (PT) (2004-2005, annual average)

	Gross bilateral ODA to PT		(PNA and ngos) is ne top ten recipients:	Total (at 2004 m U	4 price,	Bilateral/total ODA (%)		
	Annual average, 2004-2005 (m USD)	YES Rank:	NO, in this case the 10th largest recipient:	2004	2005	2004	2005	
US	227,0	8.		19705	26888	82%	92%	
EU/EC	197,0	7.		8704	9224	-	-	
Norway	64,0	3.		2199	2494	70%	73%	
Sweden	38,0	8.		2722	3377	76%	67%	
Germany	35,5	-	Turkey (113 m)	7534	10013	51%	74%	
Spain	31,6	-	China (56 m)	2437	3377	57%	62%	
France	27,9	-	Tunisia (199 m)	8473	9893	66%	72%	
UK	26,5	-	Susan (157 m)	7883	10640	68%	76%	
Netherlands	25,4	-	Mali (65 m)	4204	5036	64%	72%	
Italy	15,5	-	Cote Ivory (25 m)	2462	4958	29%	45%	
Japan	7,4	-	Sri Lanka (317 m)	8922	13534	66%	79%	
Greece	4	8.		321	372			
OECD DAC, total (B) ODA (without EU/EC)	587,35	-	Sudan (1163)	79410	104835	68%	77%	

source: OECD 2007

4.12. Net bilateral ODA disbursements to the Palestinian Territories (1993-2000, m USD)

Middle East, of which: Palestinian territories EU/EC, total bilateral ODA, of which Middle East, of which: Palestinian territories Jordan Syria Libanon Iraq Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which 615	5,9 6,5 6 17	7284 2069 64 827,9 18,5 12,7 1375 32,5 9,4	5613 574 - 75,4 507,1 56,1 40,1 1189,2	6917 2425 27 132 544,3 60,7 50,4	286,1 117,2 86,9 9,6 21,8 25 915,9	5988,2 248,7 75,4 237 81,5 49,3 11,6 66,7 12,7 950,2 64,6	6847,9 501,5 84,9 4910,9 62,5 14,6 14 2,6 16,1 8,4 1006,7	7404,6 349,2 60,1 4414 224 36,1 80,5 2,1 36,1 7,1 933,8
Middle East, of which: Palestinian territories EU/EC, total bilateral ODA, of which Middle East, of which: Palestinian territories Jordan Syria Libanon Iraq Norway, total bilateral ODA, of which Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 1152	8,7 9,5 0,3 1,5 5,9 6,5	827,9 18,5 12,7 1375 32,5	75,4 507,1 56,1 40,1	27 132 544,3 60,7	70 286,1 117,2 86,9 9,6 21,8 25 915,9	248,7 75,4 237 81,5 49,3 11,6 66,7 12,7 950,2	501,5 84,9 4910,9 62,5 14,6 14 2,6 16,1 8,4 1006,7	60,1 4414 224 36,1 80,5 2,1 36,1 7,1
Palestinian territories EU/EC, total bilateral ODA, of which Middle East, of which: Palestinian territories Jordan Syria Libanon Iraq Norway, total bilateral ODA, of which Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	8,7 9,5 0,3 1,5 5,9 6,5	827,9 18,5 12,7 1375 32,5	75,4 507,1 56,1 40,1	27 132 544,3 60,7	70 286,1 117,2 86,9 9,6 21,8 25 915,9	75,4 237 81,5 49,3 11,6 66,7 12,7 950,2	84,9 4910,9 62,5 14,6 14 2,6 16,1 8,4 1006,7	60,1 4414 224 36,1 80,5 2,1 36,1 7,1
EU/EC, total bilateral ODA, of which Middle East, of which: Palestinian territories Jordan Syria Libanon Iraq Norway, total bilateral ODA, of which Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	8,7 9,5 0,3 1,5 5,9 6,5	827,9 18,5 12,7 1375 32,5	507,1 56,1 40,1	132 544,3 60,7	286,1 117,2 86,9 9,6 21,8 25 915,9	237 81,5 49,3 11,6 66,7 12,7 950,2	4910,9 62,5 14,6 14 2,6 16,1 8,4 1006,7	224 36,1 80,5 2,1 36,1 7,1
of which Middle East, of which: Palestinian territories Jordan Syria Libanon Iraq Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	507,1 56,1 40,1	544,3 60,7	117,2 86,9 9,6 21,8 25 915,9	81,5 49,3 11,6 66,7 12,7 950,2	62,5 14,6 14 2,6 16,1 8,4 1006,7	224 36,1 80,5 2,1 36,1 7,1
Palestinian territories Jordan Syria Libanon Iraq Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	507,1 56,1 40,1	544,3 60,7	117,2 86,9 9,6 21,8 25 915,9	81,5 49,3 11,6 66,7 12,7 950,2	14,6 14 2,6 16,1 8,4 1006,7	36,1 80,5 2,1 36,1 7,1
Syria Libanon Iraq Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	507,1 56,1 40,1	544,3 60,7	86,9 9,6 21,8 25 915,9	49,3 11,6 66,7 12,7 950,2	14 2,6 16,1 8,4 1006,7	80,5 2,1 36,1 7,1
Syria Libanon Iraq Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	56,1 40,1	60,7	9,6 21,8 25 915,9	11,6 66,7 12,7 950,2	2,6 16,1 8,4 1006,7	2,1 36,1 7,1
Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	56,1 40,1	60,7	21,8 25 915,9	66,7 12,7 950,2	16,1 8,4 1006,7	36,1 7,1
Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	56,1 40,1	60,7	25 915,9	12,7 950,2	8,4 1006,7	7,1
Norway, total bilateral ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	56,1 40,1	60,7	915,9	950,2	1006,7	
ODA, of which Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	9,5 0,3 1,5 5,9 6,5	18,5 12,7 1375 32,5	56,1 40,1	60,7	,		ŕ	933,8
Middle East, of which: Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	0,3 1,5 5,9 6,5	12,7 1375 32,5	40,1	,	57,3	616		
Palestinian territories Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	0,3 1,5 5,9 6,5	12,7 1375 32,5	40,1	,	0,,0	04.0	66,3	57,9
Sweden, total bilateral ODA, of which Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	1,5 5,9 6,5	1375 32,5		,	41	40,1	27,8	27,9
Middle East, of which: Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 152	5,9 6,5 6 17	32,5	1189,2	1205 4				
Palestinian territories Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	6,5 5 17			1395,4	1208,6	1040,5	1146,3	1241,6
Germany, total bilateral ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which	17	9,4	58,3	78	76,7	27,5	39,4	48,9
ODA, of which Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 112			17,4	27,6	20,8	16	25,1	32,4
Middle East, of which: Palestinian territories Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 112	5.4	4143,5	4814,6	4535,2	3638,5	3490,5	3277,6	2656,7
Spain, total bilateral ODA, of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 1152		105,5	203,4	271,9	253,7	235,2	226,6	185,3
of which Middle East, of which: Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 112	-	11,4	20,9	24,6	35,1	30,6	26,4	17,3
Palestinian territories France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 152	1,7	854,4	815,7	887,7	762,5	836,1	829,4	720,2
France, total bilateral ODA, of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 152	4,2	13,7	33,2	24,6	27,1	47,6	27,5	20,5
of which Middle East, of which: Palestinian territories UK, total bilateral ODA, of which 152	2,4	12,4	28,3	17,5	21,5	41,7	17,4	12,9
Palestinian territories UK, total bilateral ODA, of which 152	-	6611,2	6428,7	5754,2	4775,2	4185,5	4124,7	2828,8
UK, total bilateral ODA, of which	0,6	123,2	135	140,4	119,3	109,5	106,3	104,1
which 152	-	2,3	5,7	9,6	12,8	16,7	12	14,2
Middle East, of which:	_	1762,4	1716,7	1789,8	1978,8	2131,8	2248,6	2709,6
	30	39,5	28,1	29,7	42,8	25,6	32,7	45,1
	2,6	9,6	6,8	5,4	10,2	8,9	10,7	14,7
Netherlands, total bilateral ODA, of which	-	1700,6	2242,8	2275,1	2133,3	2133	2161,6	2242,8
Middle East, of which: 7 Palestinian territories	1,9	67,6 2,6	110,5 24,7	135,5 58,8	136,8 25,3	92,1 22,3	50,3 12,5	56,9
Italy total bilateral ODA of	-	2,0	24,7		23,3			16,2
which	30	1834	805,7	811,1	453,7	697,4	450,6	376,8
Middle East, of which: 4	9,2	39,9	27,1	68,7	35,8	26,3	31	25,9
Palestinian territories	1,5	9	7,7	6,1	8,6	5,6	18,5	11,8
Japan, total bilateral ODA, of which	3,7	9557,8	10418,5	8207,2	6552,2	8553,1	10475,6	9768,1
· · · · · · · · · · · · · · · · · · ·	8,2	479	405,1	290,2	370,9	269,9	369,8	324,5
Palestinian territories	-	-	3,7	7,5	45,5	46,3	56,1	61,2
Total DAC (B) ODA (without EU/EC) 3935	6,4	41301,7	40627,8	39118,7	32426,6	35204	37862	36064,2
Middle East, of which: 208	6,8	3061,8	1715,3	3599,6	1361	1227,3	1536,2	1309,5
	9,2	151,6	183,2	263,7	324,6	336,4	326,6	306,4
	1,2	229,3	392,1	324,5	288,9	277	325,3	385,3
	3,3	361,4	158,9	70,3	93,4	83,3	172,3	97,3
		79,9	57,2	87,5	69,6	73,9	80,3	93,7
Iraq	2,1							84,1

Tables 4.12-4.18, sources: OECD 2001, 2003, 2005, 2007

4.13. Share of Palestinian ODA in total bilateral (B) net ODA disbursed to the Middle East (1993-1997)

91)	19	93	1994		19	95	19	96	1997	
ME: Middle East PT: Palestinian Territories Sum: Total B ODA	ME/sum and PT/sum	PT/ME (%)	ME/sum and PT/sum	PT/ME (%)	ME/sum and PT/sum (%)	PT/ME (%)	ME/sum and PT/sum (%)	PT/ME (%)	ME/sum and PT/sum (%)	PT/ME (%)
United States										
Middle East, total	32,24%		28,40%		10,23%		35,06%		3,26%	
Palestinian territories EU/EC	0,26%	0,81%	0,88%	3,09%	0,00%	0,00%	0,39%	1,11%	1,42%	43,48%
Middle East, total Palestinian territories										40,96%
Jordan										30,37%
Syria										3,36%
Libanon										7,62%
Iraq										8,74%
Norway										
Middle East, total	1,44%		2,23%		11,06%		11,15%		6,26%	
Palestinian	0,05%	3,16%	1,53%	68,65%	7,91%	71,48%	9,26%	83,03%	4,48%	71,55%
territories	0,0070	2,1070	1,0070	00,0070	7,5270	71,1070	7,2070		.,	, 1,00 /0
Sweden Middle East, total	1,95%		2,36%		4,90%		5,59%		6,35%	
Palestinian	0,49%	25,10%	0,68%	28,92%	1,46%	29,85%	1,98%	35,38%	1,72%	27,12%
territories	0,1770	20,1070	0,0070	20,7270	1,.070	27,0070	1,2070	20,2070	1,7270	27,1270
Germany Middle East, total	3,88%		2,55%		4,22%		6,00%		6,97%	
Palestinian										
territories	0,00%	0,00%	0,28%	10,81%	0,43%	10,28%	0,54%	9,05%	0,96%	13,84%
Spain										
Middle East, total	0,45%		1,60%		4,07%		2,77%		3,55%	
Palestinian	0,26%	57,14%	1,45%	90,51%	3,47%	85,24%	1,97%	71,14%	2,82%	79,34%
territories France										
Middle East, total	1,80%		1,86%		2,10%		2,44%		2,50%	
Palestinian		0.000/		1.070/		4.220/		6.040/		10.720/
territories	0,00%	0,00%	0,03%	1,87%	0,09%	4,22%	0,17%	6,84%	0,27%	10,73%
UK	4.050		2 2 4 2 4							
Middle East, total	1,97%		2,24%		1,64%		1,66%		2,16%	
Palestinian territories	0,17%	8,67%	0,54%	24,30%	0,40%	24,20%	0,30%	18,18%	0,52%	23,83%
Netherlands										
Middle East, total	4,04%		3,98%		4,93%		5,96%		6,41%	
Palestinian	0,00%	0,00%	0,15%	3,85%	1,10%	22,35%	2,58%	43,39%	1,19%	18,49%
territories Italy										
Middle East, total	2,55%		2,18%		3,36%		8,47%		7,89%	
Palestinian	0,08%	3,05%	0,49%	22,56%	0,96%	28,41%	0,75%	8,88%	1,90%	24,02%
territories	0,0670	3,0370	0,4970	22,3070	0,9070	20,4170	0,7370	0,0070	1,9070	24,0270
Japan Middle East, total	2,22%		5,01%		3,89%		3,54%		5,66%	
Palestinian		0.000/		0.000/		0.010/		2.500/		12 270/
territories	0,00%	0,00%	0,00%	0,00%	0,04%	0,91%	0,09%	2,58%	0,69%	12,27%
Total DAC (B) OD	A without I	EU/EC								
Middle East, total	5,30%		7,41%		4,22%		9,20%		4,20%	
Palestinian territories	0,10%	1,88%	0,37%	4,95%	0,45%	10,68%	0,67%	7,33%	1,00%	23,85%
Jordan	0,46%	8,68%	0,56%	7,49%	0,97%	22,86%	0,83%	9,01%	0,89%	21,23%
Syria	0,29%	5,43%	0,88%	11,80%	0,39%	9,26%	0,18%	1,95%	0,29%	6,86%

4.14. Share of Palestinian ODA in total bilateral (B) net ODA disbursed to the Middle East (1997-2000)

	19	97	19	98	19	99	20	00
ME: Middle East PT: Palestinian Territories Sum: Total B ODA	ME/sum and PT/sum	PT/ME (%)	ME/sum and PT/sum	PT/ME	ME/sum and PT/sum	PT/ME	ME/sum and PT/sum	PT/ME
United States								
Middle East, total	3,26%		4,15%		7,32%		4,72%	
Palestinian territories	1,42%	43,48%	1,26%	30,32%	1,24%	16,93%	0,81%	17,21%
EU/EC								
Middle East, total					1,27%		5,07%	
Palestinian territories		40,96%		34,39%	0,30%	23,36%	0,82%	16,12%
Jordan		30,37%		20,80%	0,29%	22,40%	1,82%	35,94%
Syria		3,36%		4,89%	0,05%	4,16%	0,05%	0,94%
Libanon		7,62%		28,14%	0,33%	25,76%	0,82%	16,12%
Iraq		8,74%		5,36%	0,17%	13,44%	0,16%	3,17%
Norway								
Middle East, total	6,26%		6,80%		6,59%		6,20%	
Palestinian territories	4,48%	71,55%	4,22%	62,07%	2,76%	41,93%	2,99%	48,19%
Sweden								
Middle East, total	6,35%		2,64%		3,44%		3,94%	
Palestinian territories	1,72%	27,12%	1,54%	58,18%	2,19%	63,71%	2,61%	66,26%
Germany		· ·		<u> </u>		· ·		
Middle East, total	6,97%		6,74%		6,91%		6,97%	
Palestinian territories	0,96%	13,84%	0,88%	13,01%	0,81%	11,65%	0,65%	9,34%
Spain		· ·		<u> </u>		· ·		
Middle East, total	3,55%		5,69%		3,32%		2,85%	
Palestinian territories	2,82%	79,34%	4,99%	87,61%	2,10%	63,27%	1,79%	62,93%
France	,	,-	,		,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Middle East, total	2,50%		2,62%		2,58%		3,68%	
Palestinian territories	0,27%	10,73%	0,40%	15,25%	0,29%	11,29%	0,50%	13,64%
UK	-,	,	-,,	,	-,	,,-		,
Middle East, total	2,16%		1,20%		1,45%		1,66%	
Palestinian territories	0,52%	23,83%	0,42%	34,77%	0,48%	32,72%	0,54%	32,59%
Netherlands	0,0270	20,0070	0,.270	2 1,7 7 70	0,.070	52,7270	0,5 .70	52,6576
Middle East, total	6,41%		4,32%		2,33%		2,54%	
Palestinian territories	1,19%	18,49%	1,05%	24,21%	0,58%	24,85%	0,72%	28,47%
	1,1770	10,47/0	1,0370	24,2170	0,5670	24,0370	0,7270	20,4770
Italy Middle East, total	7,89%		3,77%		6,88%		6,87%	
Palestinian territories	1,90%	24,02%	0,80%	21,29%	4,11%	59,68%		45,56%
	1,70%	∠+,∪∠%	0,00%	41,4970	→,11%	33,00%	3,13%	45,50%
Japan Middle Fast, total	5 660/		3 160/		3 520/		3,32%	
Middle East, total	5,66%	12 27%	3,16%	17 150/	3,53%	15 170/	,	18 960/
Palestinian territories	0,69%	12,27%	0,54%	17,15%	0,54%	15,17%	0,63%	18,86%
Greece							6.070/	
Middle East, total							6,07%	42 220/
Palestinian territories Total DAC (B) ODA, without EU/EC							2,63%	43,33%
	4.2007		2.400/		4.000		2 (20)	
Middle East, total	4,20%		3,49%		4,06%		3,63%	
Palestinian territories	1,00%	23,85%	0,96%	27,41%	0,86%	21,26%	0,85%	23,40%
Jordan	0,89%	21,23%	0,79%	22,57%	0,86%	21,18%	1,07%	29,42%
Syria	0,29%	6,86%	0,24%	6,79%	0,46%	11,22%	0,27%	7,43%
Libanon	0,21%	5,11%	0,21%	6,02%	0,21%	5,23%	0,26%	7,16%

4.16. Net bilateral ODA disbursements to the Palestinian Territories (m USD)

	2000	2001	2002	2003	2004	2005
United States, total bilateral ODA, of which	7404,6	8284,4	10570,1	14658,6	16249,5	25279,5
Middle East, of which:	349,2	321	490,8	2758,4	3749,5	11242,2
Palestinian territories	60,1	84,3	138,1	194,1	273,9	180,2
EU/EC, total bilateral ODA, of which	4414	5517,1	5150	6445,3	8067,9	8686,5
Middle East, of which:	224	197,5	296,3	502,2	674,8	516,6
Palestinian territories	36,1	118,5	170,9	181,1	186,7	206,7
Jordan	80,5	44,6	61,1	43,3	54,1	37,2
Syria	2,1	7,7	17,3	26,2	23,8	27
Libanon	36,1	9,1	22	54,3	68,5	43,7
Iraq	7,1	11,4	12,1	60,7	137,8	44,5
Norway, total bilateral ODA, of which	933,8	940,4	1145,1	1462	1535,5	2032,5
Middle East, of which:	57,9	61,9	83,2	132,8	94,8	116,3
Palestinian territories	27,9	37,5	50,9	53,5	53,8	74
Sweden, total bilateral ODA, of which	1241,6	1204,8	1270,6	1779,4	2025,8	2255,9
Middle East, of which:	48,9	32,6	39,8	52,6	72,9	61,4
Palestinian territories	32,4	21,9	28	35,2	39,4	36,9
Germany, total bilateral ODA, of which	2656,7	2853,4	3327,8	4059,9	3822,6	7446,8
Middle East, of which:	185,3	277,7	169,4	206,6	159,5	2205,6
Palestinian territories	17,3	17,9	37,9	35,3	31,2	39,8
Spain, total bilateral ODA, of which	720,2	1149,5	998,5	1151,4	1400,2	1863,2
Middle East, of which:	20,5	35,3	25,9	72,8	96,9	238,5
Palestinian territories	12,9	10,1	11,3	14,2	23,8	39,4
France, total bilateral ODA, of which	2828,8	2595,8	3615	5313,4	5566,8	7239,2
Middle East, of which:	104,1	71,5	88,7	141,2	150,7	780
Palestinian territories	14,2	12,7	15,6	22,2	25,2	30,6
UK, total bilateral ODA, of which	2709,6	2621,7	3505,7	3661,4	5338,8	8164
Middle East, of which:	45,1	44,6	53,5	219,5	330,7	1371,3
Palestinian territories	14,7	17	23,8	31,1	29,5	23,5
Netherlands, total bilateral ODA, of which	2242,8	2224,4	2448,6	2829,3	2670,3	3628,7
Middle East, of which:	56,9	68,5	77,8	129,6	211,2	196,5
Palestinian territories	16,2	14	13,9	13,1	20,9	29,9
Italy, total bilateral ODA, of which	376,8	442,2	1006,6	1061,3	704,2	2269,5
Middle East, of which:	25,9	34,5	42,8	59,7	74,7	989,6
Palestinian territories	11,8	15,8	23	38,4	15,1	15,9
Japan, total bilateral ODA, of which	9768,1	7457,8	6692,3	6334,2	5917,2	10406,1
Middle East, of which:	324,5	111	75,6	106,2	691,2	3504
Palestinian territories	61,2	21,5	12,8	4,5	9	5,8
Total DAC (B) ODA, without EU/EC	36064,2	36123,5	40752,2	49755,4	54282,2	82133,3
Middle East, total	1309,5	1126,8	1235,7	4127,8	5925,6	22853,8
Palestinian territories	306,4	280,2	410,2	490,8	605,3	569,4
Jordan	385,3	302,1	370,9	1092,2	433,8	440,8
Syria	97,3	92,3	25	28,8	15,7	5,9
Libanon	93,7	302,1	102,4	118,8	128,5	129,8

4.17. Share of Palestinian ODA in total bilateral (B) net ODA disbursed to the Middle East (2000-2005)

	20	00	20	01	20	02	20	03	20	04	20	005
ME: Middle East PT: Palestinian Territories Sum: Total (B) ODA	ME/sum and PT/sum	PT/ME	ME/sum and PT/sum	РТ/МЕ	ME/sum and PT/sum	PT/ME	ME/sum and PT/sum	PT/ME	ME/sum and PT/sum	PT/ME	ME/sum and PT/sum	РТ/МЕ
United States												
Middle East, total	4,72%		3,87%		4,64%		18,82%		23,07%		44,47%	
Palestinian territories	0,81%	17,21%	1,02%	26,26%	1,31%	28,14%	1,32%	7,04%	1,69%	7,30%	0,71%	1,60%
Izrael												
Jordan												
Syria												
Libanon												
Iraq												
EU/EC												
Middle East, total	5,07%		3,58%		5,75%		7,79%		8,36%		5,95%	
Palestinian territories	0,82%	16,12%	2,15%	60,00%	3,32%	57,68%	2,81%	36,06%	2,31%	27,67%	2,38%	40,01%
Jordan	1,82%	35,94%	0,81%	22,58%	1,19%	20,62%	0,67%	8,62%	0,67%	8,02%	0,43%	7,20%
Syria	0,05%	0,94%	0,14%	3,90%	0,34%	5,84%	0,41%	5,22%	0,29%	3,53%	0,31%	5,23%
Libanon	0,82%	16,12%	0,16%	4,61%	0,43%	7,42%	0,84%	10,81%	0,85%	10,15%	0,50%	8,46%
Iraq	0,16%	3,17%	0,21%	5,77%	0,23%	4,08%	0,94%	12,09%	1,71%	20,42%	0,51%	8,61%
Norway												
Middle East, total	6,20%		6,58%		7,27%		9,08%		6,17%		5,72%	
Palestinian territories	2,99%	48,19%	3,99%	60,58%	4,45%	61,18%	3,66%	40,29%	3,50%	56,75%	3,64%	63,63%
Sweden												
Middle East, total	3,94%		2,71%		3,13%		2,96%		3,60%		2,72%	
Palestinian territories	2,61%	66,26%	1,82%	67,18%	2,20%	70,35%	1,98%	66,92%	1,94%	54,05%	1,64%	60,10%
Germany												
Middle East, total	6,97%		9,73%		5,09%		5,09%		4,17%		29,62%	
Palestinian territories	0,65%	9,34%	0,63%	6,45%	1,14%	22,37%	0,87%	17,09%	0,82%	19,56%	0,53%	1,80%
Spain	<u> </u>	<u> </u>	<u> </u>									
Middle East, total	2,85%		3,07%		2,59%		6,32%		6,92%		12,80%	
Palestinian territories	1,79%	62,93%	0,88%	28,61%	1,13%	43,63%	1,23%	19,51%	1,70%	24,56%	2,11%	16,52%
France												
Middle East, total	3,68%		2,75%		2,45%		2,66%		2,71%		10,77%	
Palestinian territories	0,50%	13,64%	0,49%	17,76%	0,43%	17,59%	0,42%	15,72%	0,45%	16,72%	0,42%	3,92%
UK		,-,-	-,	,	-,	,	-,	,	-,	,		-,
Middle East, total	1,66%		1,70%		1,53%		5,99%		6,19%		16,80%	
Palestinian territories	0.54%	32,59%	0,65%	38,12%	0,68%	44,49%	0,85%	14,17%	0,55%	8,92%	0,29%	1,71%
Netherlands	0,5 .70	52,5770	0,0070	20,1270	0,0070	,.,,	0,0070	1 1,1770	0,0070	0,270	0,2770	1,7170
Middle East, total	2,54%		3,08%		3,18%		4,58%		7,91%		5,42%	
Palestinian territories	0,72%	28,47%	0,63%	20,44%	0,57%	17,87%	0,46%	10,11%	0,78%	9,90%	0,82%	15,22%
Italy	0,7270	20,1770	0,0370	20,1170	0,5770	17,0770	0,1070	10,1170	0,7070	7,7070	0,0270	13,2270
Middle East, total	6,87%		7,80%		4,25%		5,63%		10,61%		43,60%	
Palestinian territories	3,13%	45,56%	3,57%	45,80%	2,28%	53,74%	3,62%	64,32%	2,14%	20,21%	0,70%	1,61%
	3,1370	75,5070	3,3170	73,0070	2,2070	33,1470	3,0270	UT,JZ70	2,1470	20,2170	0,7070	1,0170
Japan Middle East, total	3,32%		1,49%		1,13%		1,68%		11,68%		33,67%	
Palestinian territories	0,63%	18,86%	0,29%	19,37%	0,19%	16,93%	0,07%	4,24%	0,15%	1,30%	0,06%	0,17%
	0,0370	10,0070	0,2770	1 /,3 / 70	0,1770	10,7370	0,0770	→,∠→ 70	0,1370	1,5070	0,0070	0,1 / 70
Greece Middle East, total	6,07%		3 760/		/ 110/		7,88%		13 120/		6,78%	
Palestinian territories		42 220/	3,76%	64 520/	4,11%	20.550/		11 110/	13,13%	26.540/		12 960/
raiesuman territories	2,63%	43,33%	2,42%	64,52%	1,21%	29,55%	0,88%	11,11%	3,48%	26,54%	0,87%	12,86%

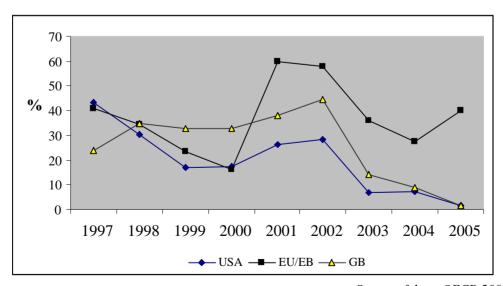
4.18. Share of Palestinian ODA within OECD DAC bilateral (B) and total (B, M) ODA (2000-2005)

	20	000	20	01	20	002	20	03	20	004	20	05
	ME/su m and PT/sum	PT/ME	ME/sum and PT/sum	PT/ME								
Total DAC (B) ODA, without EU/EC	36064,2	m USD	36123,5	m USD	40752,2	m USD	49755,4	m USD	54282,2	2 m USD	82133,3	m USD
Middle East, total	3,63%		3,12%		3,03%		8,30%		10,92%		27,83%	
Palestinian territories	0,85%	23,40%	0,78%	24,87%	1,01%	33,20%	0,99%	11,89%	1,12%	10,21%	0,69%	2,49%
Jordan	1,07%	29,42%	0,84%	26,81%	0,91%	30,02%	2,20%	26,46%	0,80%	7,32%	0,54%	1,93%
Syria	0,27%	7,43%	0,26%	8,19%	0,06%	2,02%	0,06%	0,70%	0,03%	0,26%	0,01%	0,03%
Libanon	0,26%	7,16%	0,84%	26,81%	0,25%	8,29%	0,24%	2,88%	0,24%	2,17%	0,16%	0,57%
Iraq	0,23%	6,42%	0,28%	8,95%	0,21%	6,89%	4,21%	50,75%	8,09%	74,15%	26,09%	93,76%
Total DAC (B, M) ODA to all recipients	49759	m USD	51595,1	m USD	60230	m USD	70360,6	m USD	78953,4	l m USD	106371,9	m USD
Middle East, total	4,65%		4,80%		6,10%		7,78%		9,60%		22,94%	
Palestinian territories	1,28%	27,54%	1,69%	35,08%	2,68%	44,02%	1,38%	17,74%	1,44%	15,00%	1,04%	4,51%
Jordan	1,11%	23,87%	0,87%	18,12%	0,89%	14,62%	1,77%	22,78%	0,76%	7,93%	0,58%	2,55%
Syria	0,32%	6,82%	0,30%	6,17%	0,13%	2,08%	0,17%	2,15%	0,14%	1,41%	0,07%	0,32%
Libanon	0,40%	8,61%	0,47%	9,78%	0,75%	12,32%	0,32%	4,11%	0,33%	3,49%	0,23%	1,00%
Iraq	1,11%	23,89%	0,23%	4,89%	0,18%	2,90%	3,20%	41,09%	5,89%	61,36%	20,34%	88,66%

Tables 4.11-4.17, sources: OECD 2001, 2003, 2005, 2007

4.19. Palestinian aid in percent of total aid disbursed bilaterally to the Middle East by the politically most influental external actors (USA, EU/EC, UK), 1997-2005

Cf. Tables 4.11 – 4.17.



Source of data: OECD 2003, 2005, 2007

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