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Time to Rethink, But Not Abandon, International Aid to Palestinians

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+ CONTENTS

Introduction	1
The Crisis	3
The Evolution of International Assistance for Palestinians	5
An Alternative for the Future: From State Building to Resilience	15
Conclusion	19
About the Author	20

Introduction

In 2018, major donors to the Palestinian Authority (PA) and to Palestinians more generally have suddenly faced a crisis. The United States, which has long led diplomatic efforts to manage the Israeli-Palestinian conflict, has shifted its policy position in dramatic—albeit ambiguous—ways. Since taking office, U.S. President Donald Trump and officials in his administration have stepped far beyond the boundaries of past policies toward Palestinians, the Israeli-Palestinian conflict, and the level and kinds of U.S. assistance.

The dust has not yet settled on the Trump administration's policy changes, but it is clear that the United States will slash its aid program. Washington has furnished about [one-fourth of aid](#) to the West Bank and Gaza over the past decade and close to [one-third of total aid](#) pledged in 2017 to the United Nations (UN) agency tasked with providing aid to Palestinian refugees. A significant portion of U.S. aid to the West Bank and Gaza, which includes aid administered by the U.S. Agency for International Development (USAID), will either be redirected elsewhere or radically reconfigured. By the same token, [all U.S. aid](#) to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) seems to be in danger as well.

This raises problems for other donors. While the United States has traditionally led the donor community, Washington's policy seems very much in flux. To the extent that the United States is leading now, it is going in directions that most other donors do not wish to follow on issues such as Palestinian institutions, refugees, and the status of Jerusalem. At most, Washington is offering Palestinians what is sometimes called an economic peace—improving living conditions without any realistic political horizon for Palestinian national aspirations. The United States may go even further—leading members of Congress have [introduced legislation](#) designed to not only fund Palestinian-Israeli economic cooperation in general but also to specifically require that Israeli settlements in the West Bank be eligible for funding for joint projects.

Underlying that crisis is another long-brewing problem. The ostensible purpose of this international assistance—to support an Israeli-Palestinian peace process and a two-state solution—has lost much support and most of its credibility. Few still believe in the peace process itself, and the two-state solution seems to receive only rhetorical support from many critical actors who once backed it. Israel's political leaders seem divided between those who are resigned to and those who welcome the demise of the peace process that flowered most fully with the Oslo Accords of the 1990s.

For Palestinians, the problem is deeply rooted in more than just the policy inclinations of their leaders. That leadership itself has decayed and lost much of its ability to [shape Palestinian political horizons](#) and strategic thinking. Palestinian leaders and institutions do little policymaking, pursue no coherent ideology, express no compelling moral vision, are subject to no oversight, and inspire no collective enthusiasm. The problem goes beyond the corruption that has been an issue in the past to a pattern of disengagement from any practical state-building efforts.

In this atmosphere, it is increasingly difficult to use the argument that a two-state settlement is close at hand as a way to justify aid to the Palestinians. Close to two years ago, the European Union (EU) released a new [joint strategy](#) on Palestine that openly assumed that “Palestine will stay under occupation in the coming four years.” But even that document hastened to add that “protection of the viability of a two-state solution remains a common priority,” and it admitted that “the generous flow of aid” had been “far beyond expectations.”

The stark unspoken truth is that the receding prospect of a two-state settlement will slowly erode the generosity of international donors. As that happens, what will likely remain is a set of programs [meekly underwriting](#) what is sometimes misleadingly called economic peace: programs that involve [funding](#) for humanitarian purposes, security, and modest economic development, as well as an expectation of Palestinian acquiescence to a continued Israeli occupation.

The recent history of Gaza offers a grim warning of the severe consequences that can follow when international assistance declines and is divorced from politics. When Hamas took over Gaza in 2007, the PA split between Hamas-controlled Gaza and the Fatah-controlled West Bank. As two-state diplomacy began to lose traction, international actors simply postponed efforts to address this problem. Some international assistance continued to flow to Gaza, but it was seen as humanitarian support. Most donors avoided supporting official institutions and politics more broadly. Attention, diplomatic energy, and funds shifted elsewhere (primarily to the West Bank and the PA there). After more than a decade, the results are clear: disastrous humanitarian conditions, radicalization, and periodic bouts of violence. Rather than an actual peace process, the negotiations that take place between Israelis and Palestinians in Gaza alternate between containing violence and threatening it.

If a similar fate befalls Palestinians as a whole—if international donors tacitly abandon not merely Gaza but the entire Palestinian people based on a combination of conscious U.S. policy and declining European interest—then future generations of Israelis and Palestinians are likely to pay a high price. The conflict would probably metastasize and no longer be amenable to diplomacy of any sort.

There is an alternative. If international donors—particularly European actors and international organizations—shift the focus of assistance from short-term support for a two-state outcome to helping make Palestinian social and political institutions more resilient over the medium and long term, such assistance would likely serve future generations of Palestinians much better. The goal of such a shift would not simply be to keep Palestinians alive but to keep their institutions viable, both at a grassroots level and as a national community, in a manner that would make it possible for future leaders to negotiate on their behalf. But revamping Palestinian assistance in this way would require boldness, honesty, and coordination, especially on the part of European donors who have struggled to provide clear, much less common, leadership in the past.

The Crisis

Assistance programs for Palestinians have persisted even as international actors increasingly acknowledge these dark underlying trends privately, partly because of a perceived lack of alternative approaches. Indeed, stating these trends so starkly in public now is seen as tantamount to endorsing them. But the time for whistling past the graveyard has passed. To continue combining private frankness with public insistence that a two-state settlement is viable now will simply lead to a slow loss of international will and interest in the fate of Palestinians.

A UN official [recently expressed](#) this combination of wishful thinking and hard-nosed analysis that has emerged in scores of policy statements. While noting the tremendous international investment in “Palestine’s statehood” and insisting that “now is not the time to give up,” she went on to observe, “donor support will not continue indefinitely without a meaningful political horizon and without resolving the split between Gaza and the West Bank.” Publicly pretending that the second statement does not contradict the first will likely not lead to a sudden decision to give up on Palestinians but instead will probably prompt a slow, inertia-induced decline in assistance and continued incremental decisionmaking about the form and nature of that dwindling assistance.

These readily apparent, negative long-term trends and Washington’s sudden policy shift on its assistance programs (and its diplomatic efforts) make it quite possible that international support for some critical Palestinian institutions could gradually evaporate. The efforts of current Israeli and U.S. leaders seem to be premised on an insistence that Palestinians accept existing realities that Israel has imposed and on a belief that the basic issues dividing Palestinians and Israelis cannot be negotiated as before. In all likelihood, the status quo on matters previously deemed to be topics for a final status agreement—such as refugees, borders, Israeli settlements, and Jerusalem—will be permanently entrenched, perhaps with some modifications. Few apart from senior members of the Trump administration expect that such an approach is viable over the long term. Instead, this strategy is likely to make the conflict simmer for now, with periodic bouts of violence and much suffering, before tensions return more forcefully and perniciously later on.

Yet, as this reorientation of the U.S. approach takes place, all other donors will have to react. Those who are not supportive of—or lack faith in—the Trump approach will have to fill the gap. But if these donors do so merely by stepping in to pick up some of the efforts Washington is abandoning, their money will not be well spent and their attention (and generosity) will wander elsewhere. It is time for donors—perhaps most particularly in Europe, which has been especially generous with its funding—to face the crisis looming over the Palestinian assistance programs, a crisis occasioned by the collapse and abandonment of the Oslo process.

But if the United States is turning away from assistance based on two-state diplomacy, what are all the other donors—who may have no short-term alternative to offer and who have rarely shown an

ability to act coherently without U.S. leadership—to do? Donors other than the United States should react not by abandoning their efforts but by revising them to foster resilience in Palestinian society and political circles. The short- to medium-term purpose would be to help Palestinians use the current lack of a viable diplomatic process to construct the local and national building blocks needed to peacefully manage the conflict in the future.

To be sure, European donors already have quietly taken some tentative steps in this direction. Their most recent [Palestine-focused joint strategy](#) speaks of “a rights based approach to development” and “supporting Palestinian resilience” in places currently administered by the PA as well as in East Jerusalem. But while they acknowledge “all attempts to resume the [Middle East peace] process have so far failed,” they still talk in terms suggesting that such a thing exists and that the “viability of the two state solution” can be preserved.

But rather than harness their hopes to such unrealistic statements, the longer-term purpose of assistance from European and other donors should be ensuring that when it becomes clear that a set of realities unilaterally imposed by Israel is unviable—as most observers expect will happen—the ingredients for a negotiated future, perhaps quite different from those envisaged in the past, are still there. One vital ingredient is some viable Palestinian leadership that is rooted in real social and political structures of Palestinian life and that is willing to realize national goals peacefully. If those structures and leaders do not exist—or if they only offer Palestinians a choice between resignation and nihilistic resistance—future generations of Israelis and Palestinians will pay a heavy price in the form of ongoing conflict, shifting forms of internecine fighting, and the denial of basic Palestinian rights.

The Evolution of International Assistance for Palestinians

Bolstering Palestinian national resilience would be a new goal for international assistance, though not a completely unfamiliar one. Helping Palestinians as individuals has not always been the same as helping Palestinians as a national community, much less as a potential state. Still, assistance has often been built on an appreciation of the need to nurture the Palestinian social fabric. There are historical precedents for such international assistance. Indeed, one of the most successful and sustained periods of Palestinian institution building in the West Bank and Gaza—during the 1970s—provides an example of what can be done, albeit a limited example that should provoke warnings as well as positive lessons for similar efforts today. But most of the donor community has little institutional memory of this experience.

Most donors understandably operate on short time horizons. Individual officials serve for a few years at a time, not for decades. The current international effort is fairly new, meaning that when most officials of donor states or international organizations think of institution building, their memories might extend back no more than a decade (the period of [Fayyadism](#) that [ended](#) in 2013);

those with relatively longer memories might recall some experiences from [the decade before that](#). Yet a wider, longer-term focus on the experience of earlier generations of Arab efforts offers a much richer—albeit still very mixed—set of lessons about the impact of aid for Palestinians.

Generous international assistance to Palestinians dates back to the Palestinians’ defeat in the war of 1948. That aid has continued, changing forms several times in accordance with evolving circumstances on the ground and the shifting diplomatic goals and strategies of the United States and other regional and global actors. Especially since the Oslo Accords of the mid-1990s, many programs have been justified around the goal of supporting an Israeli-Palestinian peace process. In the early 2000s, an international consensus formed—codified in documents like the 2003 UN Security Council resolution endorsing the Middle East Quartet’s [road map](#)—supporting the formation of a Palestinian state alongside Israel.

Each phase of assistance has taken place in a different political context and has treated Palestinians differently. Some changes in international approaches have been subtle but fundamental (such as the shift from viewing Palestinians as a humanitarian to a political challenge after 1967), and some of these changes have been dramatic (the abandonment of Palestinian statehood as a goal after 1948 and the re-embrace of this objective in the early 2000s). Despite these shifts, newer assistance programs have tended to be layered on top of older ones rather than replacing them. Even stopgap or temporary programs seem to have staying power, and their effects (as will be seen) can be permanent as well.

The Fallout of the 1948 War: Palestinians as Refugees

The basis of international assistance to Palestinians came long before there was any semblance of a peace process and before most international actors recognized Palestinians as a national group. Indeed, this assistance actually materialized just as international support for forming a Palestinian state—an ambition embodied in the 1947 UN partition plan—was quietly evaporating. Thus, early donors (generally Western ones) did not give this assistance to any formal organization representing Palestinians—a Palestinian attempt to establish an All-Palestine Government in 1948 proved ineffectual.

Instead, donors gave assistance to Palestinians on a humanitarian basis as refugees in a post–World War II context in which ad hoc but extensive efforts were undertaken to address other refugee problems elsewhere. After some short-term, stopgap measures, the UNRWA was created to assist refugees in 1950 as a standing replacement for the UN body that had been formed at the end of the 1948 war. The UNRWA provided education, health care, and other limited benefits to Palestinian refugees and their descendants, but its mandate most certainly did not extend to representing Palestinians or building their institutions. While international actors (particularly in the Arab world) and Palestinians did voice support for the establishment of clear structures to represent Palestinians,

most efforts ran aground due to a combination of international fecklessness, Palestinian weakness, and Arab suspicions. So when international assistance did flow, it was chiefly on a humanitarian basis through the UNRWA, although there were some other development projects in other areas where Palestinians lived in the East Bank and Gaza.

The UNRWA has had lasting and deep political effects, and not only for its Palestinian beneficiaries. The body helped manage and likely lessened the political dislocations caused by the presence of large Palestinian refugee populations in neighboring countries. This was not enough to prevent civil wars from breaking out in Jordan and Lebanon, but the absence of assistance might have made such crises arise sooner. Today, the UNRWA remains the most powerful institution in Gaza not under Hamas control, preserving a measure of pluralism under authoritarian rule.

Critics of the organization have suggested that its mandate to extend benefits to descendants of refugees has perpetuated the Israeli-Palestinian conflict. This assertion is puzzling in light of the actual history of refugees in Arab countries. The UNRWA has indeed provided some services to generations of Palestinians, but it is hard to fathom how eliminating such international assistance would have led countries like Egypt, Lebanon, or Syria to accept these refugees permanently as citizens. Nor did the UNRWA prevent Jordan from extending citizenship to Palestinians when that country laid claim to the West Bank between 1950 and 1988. In that sense, the argument that the UNRWA helps manage but not resolve the issues it was formed to address is sound—and the lesson is not to abandon such management but to couple it with other constructive steps toward durable arrangements.

Arab Assistance and the Joint Committee: Palestinian Nationhood

Aside from the UNRWA, Arab countries have also provided significant support to Palestinians. Not until the 1970s did a body representing Palestinians—the Palestinian Liberation Organization (PLO), which was founded in 1965—fully emerge as a major recipient of funds from Arab governments. Kuwait, which hosts a large Palestinian diaspora, even imposed a tax on its Palestinian residents to provide support. But this attempt to build Palestinian institutions received much less support among donors outside the Arab world.

The next major infusion of assistance for Palestinians came in the wake of the 1979 Egyptian-Israeli peace treaty, when Arab governments, particularly those flush with oil revenue, stepped in to provide major funding for Palestinian institutions in the West Bank and Gaza. Their aim was not to support any U.S.-led peace process but to cope with the consequences of one. The 1978 Camp David Accords between Israel and Egypt, brokered by the United States, contained the basis for the eventual Egyptian-Israeli peace treaty and a [framework](#) for “Egypt, Israel, Jordan and the elected representatives of the inhabitants of the West Bank and Gaza” to negotiate “the resolution of the Palestinian problem in all its aspects.” This arrangement drew bitter opposition from Palestinians

and other Arab states. Critics pointed out that its terms largely excluded Palestinians living outside of the West Bank and Gaza (except for a brief reference in the agreements to refugees). Moreover, the treaty called for elections in the West Bank and Gaza as a way to avoid dealing directly with the PLO, and it named Jordan and Palestinians as negotiators in an agreement to which they were not parties. Overall, this treaty offered an unpromising basis for an outcome close to any existing vision of a final settlement among various Arab actors, even for those willing to consider something like a two-state outcome.

Aside from Egypt, most other Arab states and the Palestinians feared that the Camp David Accords represented an attempt to arrange a separate peace agreement that effectively acquiesced to permanent Israeli control of all of mandatory Palestine along with limited municipal self-government for Palestinians in the West Bank and Gaza. In response, these Arab states set up a channel to support institution building in the West Bank and Gaza. At this time, Jordan and the PLO still staked rival claims to representing the Palestinians living there; Arab states formally [supported the PLO](#) as “the sole legitimate representative of the Palestinian people,” but they did not wish to drive Jordan into pursuing a separate peace with Israel, abandoning other Arab and Palestinian claims. So these countries established a joint PLO-Jordanian committee, operating completely separate from other international structures, to oversee the assistance program they were funding; with pledges of over \$150 million per year, this was a major infusion of international assistance for Palestinians.

The committee was established in auspicious domestic circumstances for Palestinians. First, Palestinians in the West Bank and Gaza were beginning to come to terms with the ongoing nature of the Israeli occupation, and they were seeking ways to organize their own affairs as the prospect of a return to pre-occupation conditions receded. Second, the PLO began to reconsider its deep, long-held suspicion of institution building in the West Bank and Gaza, which the PLO had feared would encourage the negotiation of a separate peace that abandoned Palestinians elsewhere. Some within the PLO leadership were now willing to consider a two-state solution, and even those who remained opposed still came to view organization of Palestinian life in the West Bank and Gaza by Palestinians as consistent with rather than corrosive of a nationalist agenda.

Because of the committee’s support and funding from Arab states, the 1970s and 1980s witnessed the rapid development of Palestinian civil society in the West Bank and Gaza. Older organizations—including charities, local nongovernmental organizations (NGOs), and other professional bodies—received an infusion of new energy (and funds). New ones—unions, volunteer committees, newspapers, and universities—were founded as well. The joint committee’s efforts took place completely outside of older multilateral channels.

However, the international context in which Arab states furnished this assistance proved to be less reliable than it initially seemed. [Pledges of assistance](#) were far more bountiful than actual assistance, as the Joint Committee received approximately 40 cents for every dollar it was promised between 1979 and 1985. Meanwhile, the PLO’s involvement with the committee made Israel cast a careful

(and sometimes restrictive eye) on some of its activities. At the same time, partisan divides within the committee emerged as PLO factions used these years to build up their own favored organizations, giving some a partisan focus. The rivalry between Jordan and the PLO sometimes left organizations caught between their loyalties to each. And, most dramatically, the alignments within the Arab world after the Iraqi invasion of Kuwait led most patrons to abandon the effort to aid Palestinians entirely, especially states supportive of Kuwait that believed that the PLO had sided with Iraq.

The lessons of this generally forgotten experience are clear: international assistance to civil society—even fairly modest support by subsequent standards—can greatly enhance the ability of Palestinians to organize their own affairs even in complicated diplomatic circumstances.

The Oslo Period: An Authority In the Making

When the Oslo Accords were signed—only a few years after the effective demise of the Joint Committee—their chief sponsor, the United States, mobilized an impressive and far wider set of donors spanning much of the developed world to support the construction of what eventually became the PA. Aid was coordinated through the Ad Hoc Liaison Committee (AHLC), which was created in 1993 and is thus older than the PA itself. The AHLC was later joined by other impromptu structures (such as the Quartet in 2002 and the Temporary International Mechanism in 2006) designed to channel assistance to an emerging Palestinian political entity. Once again, ad hoc measures proved to be long-lived; the Temporary International Mechanism expired in short order, but the AHLC and the Quartet are soldiering on almost two decades after the (now dimly remembered) date originally slated for replacing interim arrangements with a permanent agreement under the terms of Oslo. (See table 1 for a breakdown of funding for Palestinian assistance from the 1990s until 2016.)

While some actors (most notably the United States in the 1990s) treated the idea of Palestinian statehood initially (and quite literally) as unspeakable, by the early 2000s Washington had softened that position to the point that the *raison d'être* of these structures came to be described as “the shared objective of a two-state solution.”

With such support, the newly created PA launched another period of institution building to construct ministries, a parliament, and police and security forces. These entities were designed to provide services for and administer the affairs of Palestinians in the West Bank and Gaza. Older structures for governance and service provision (such as courts and schools) were folded under the PA umbrella. The donor community provided strong initial budgetary support for the PA and technical and financial assistance for the new functions it was taking on.

Table 1. Total Official Development Assistance to the West Bank and Gaza Strip (1994–2016)

	1994–2000	2001–2007	2008–2016
United States	\$542.3 million ²	\$1.6 billion	\$5.7 billion
United Nations	\$1.4 billion	\$1.9 billion	\$3.0 billion
EU Institutions and Member States ¹	\$2.0 billion	\$3.7 billion	\$7.9 billion
Other Multilateral Institutions	\$30.7 million	\$41.4 million	\$162.0 million
Total (including other donors)	\$5.3 billion	\$9.5 billion	\$20.3 billion
Average Per Year	\$757.1 million	\$1.4 billion	\$2.3 billion

Source: OECD, “Aid (ODA) Disbursements to Countries and Regions.”

Note: Data are listed in constant prices, which are adjusted for the effects of price inflation.

1. Some dollars in this category may be counted twice. The OECD data set does not clarify whether the member states’ contributions include only bilateral aid to the West Bank and the Gaza Strip, or if they also include member states’ contributions to EU institutions that are designated for aid to the West Bank and the Gaza Strip.

2. This total was calculated by adding the totals for every year between 1994 and 2000 except for 1995. The OECD data set does not have a definite figure for that year.

Once again, these activities had profound consequences for Palestinian politics. The PA grew at the expense of the PLO (which remained intact, but largely as a shell to represent the Palestinian people—at least in theory—internationally). The PA’s policing and intelligence bodies—seen as key to providing security not only to Palestinians but also to Israelis—received particularly generous assistance and attention. Meanwhile, many of the grassroots organizations and NGOs of the previous period splintered. Some were able to professionalize and present themselves as appropriate recipients of donor funds, and these entities consequently formed something of a critical (though generally not disloyal) opposition to the PA leadership, especially on issues like human rights. As enthusiasm for voluntarism receded, other organizations languished and were only able to flourish if adopted by a political party, a faction, a larger professionalized NGO, or a powerful figure. And groups with Islamist leanings found themselves politically suspect in a period in which Hamas was viewed as something of a disloyal opposition by domestic actors and as a pariah by international observers.

When the second intifada broke out in 2000, this emerging reality was disrupted but not destroyed. The PA continued operating, though its revenue stream and its ability to govern Palestinians decayed under the blows of the uprising and the Israeli response. Palestinian security services were

not allowed to operate, and some units morphed into armed actors in the uprising itself. But oddly enough, the intifada made international assistance more influential rather than less so: the Palestinian leadership was now utterly dependent on international diplomatic support to keep the PA in operation and to sustain its budget. As a result, critical voices within Palestinian society found not only more space domestically but also an interested international audience (especially among European donors) for their calls for reform.

The result was a largely authoritarian PA but one that was undertaking some [important reforms](#) under domestic and international pressure and that still allowed considerable space for opposition and some democratic procedures. When those latter two features—the space for opposition allowing the Islamists to continue operating with intermittent harassment, and the democratic procedures leading to the 2006 parliamentary elections—led to a Hamas parliamentary majority and a Hamas-led government, international assistance again proved critical. A cutoff in budgetary support, what was termed a temporary interim mechanism to pay the salaries of civil servants hired before the Hamas cabinet took office, and generous support to those Palestinian security services still under presidential control (and thus beyond the reach of Hamas) hastened the slide toward civil war. When the brief war led to a split between the West Bank and Gaza, international donors treated the Fatah-led government in the West Bank as the lawful one.

Donors rushed to support the West Bank's PA leadership. Headed for a period by then prime minister Salam Fayyad, a respected economist with a career in international financial institutions, the PA watched Western donor support pour in. This enabled a period of reform, dubbed institution building for its record of improving the performance of, and decreasing corruption within, some PA institutions. While technocratic (and built on an authoritarian basis), this effort allowed international donors to see their support as furthering the construction of a Palestinian state. Fayyad resigned as prime minister in 2013, but his departure did not lead donors to change their approach or withhold their generosity. Instead, assistance continued as it had under Fayyad, though with increasing concerns among those overseeing the programs that efforts at Palestinian institutional development were running in place at best and receding at worst.

This approach of constructing a Palestinian state on the back of a prominent technocrat's ability to streamline governance and attract donors proved chimerical, as no Palestinian state was built and some of the improvements he made began to erode after he resigned. Nonetheless, the record of Fayyad's years and the donor support he brought in did have some lasting effects: they kept PA institutions alive; strengthened a cadre of professionals within some of them; built more professional (and less partisan) bodies throughout the PA; and deepened the rhetorical commitment of international donors to Palestinian statehood.

After Oslo: Programs Losing Purpose

This set of achievements, however, is now under severe threat. Indeed, some of the key actors who have contributed to—or cooperated with—these programs are now the very ones who are calling them into question and beginning more explicitly to think outside of the Oslo framework.

For instance, successive Israeli governments have stepped up their criticism of specific forms of aid to the UNRWA or to the PA (involving payments to Palestinian prisoners). For many years, Israeli complaints were generally tempered by the realization that the decay, decline, or collapse of the UNRWA and the PA would have negative repercussions for Israel. But Israeli politics has since shifted in favor of less restrained voices. Similarly, U.S. senior officials have openly spoken of simply bypassing the existing Palestinian leadership and slashing funding for the UNRWA. Arab states have moved in different directions, but increasingly wealthy Gulf actors seem willing to use funds to back particular Palestinian political actors rather than Palestinian structures or society per se.

Other international actors—chiefly European but also Asian and multilateral ones—have not shown any signs of shifting their fundamental thinking. These actors are so accustomed to following the lead of the United States, and sometimes bounded by Israeli security concerns, that when the United States and Israel no longer provide friendly leadership, they are cast a bit adrift. In short, these donors are determined to maintain Palestinian assistance but are unsure of any broader diplomatic or political strategy. European actors in particular—individual donor states and the EU as a whole—are finally showing some willingness to grapple with long-term realities of a metastasizing conflict and are sometimes willing to speak in sharper terms about human rights, the occupation, and the separation wall as well as in broader terms about human development, gender, and civil society.

Sweden, for instance, [insists](#) that it still backs a two-state solution. Yet Stockholm hastens to add not only that Palestine be “democratic, independent, cohesive and vibrant” but also that “the biggest obstacle to development is the Israeli occupation that has lasted for more than fifty years,” and that “the focus of the cooperation is democracy and human rights, the environment and climate, as well as the development of the private sector.”

More jarring than the subtle shifts in European rhetoric and policy may be the subtle but profound apparent shift in the attitude of the Palestinian leadership. For a time, some senior leaders had a strong interest in developing some of the institutional bases and practices of a state that international assistance supported so heavily. But while top leaders have not abandoned the search for statehood, they no longer behave as if building strong PA institutions is a critical part of that effort. Rhetorical statements from senior Palestinian leaders have begun to eschew subtlety. The Fatah Central Committee, for instance, has called for disbanding the PA’s Legislative Council.

More broadly, senior leaders place far greater stress on the PLO, the Palestinian National Council, Fatah, and what is called the Palestinian revolution (a term used to discuss the emergence of independent movements like Fatah since the 1960s), all of which derive their authority from history and sacrifices rather than formal procedures. The PA and its institutions, now largely converted in

title to parts of what is billed as the State of Palestine, serve as administrative afterthoughts that are no longer seen as the kernel of the statehood effort. Top political leaders behave at times as if governance is a technocratic task below their pay grade.

This talk seems to be quite sincere in light of the worldviews of the generation of Palestinian leaders now slowly leading the way. The leadership seems to see itself as having forged a national movement and steered it through various stages of struggle and sacrifice, while still preserving an ability to represent Palestinians and achieving a level of international recognition despite disasters and setbacks. From their viewpoint, the failure of the Oslo process is one more setback, and the most appropriate response to current difficulties is to preserve the leadership's freedom of maneuver against internal and external challenges.

Building a State or Running on a Treadmill?

The result today is a set of assistance programs that provide vital services to some Palestinians and valuable contributions to some aspects of Palestinian life, but which seem orphaned from the various purposes that gave birth to them. And the growing disconnect between policies and politics is rapidly being revealed as corrosive. This is true not only in terms of donor fatigue—long warned of but only recently becoming manifest—but also of the assistance itself, which has displayed an increasingly undermined ability to deliver benefits. This is most dramatically the case in terms of infrastructure. (The Gaza airport, for instance, was constructed and then destroyed, while the Gaza seaport, a potentially significant project, seems to be perpetually proposed and then forgotten for short-term political reasons.) This trend is more broadly true for investment in projects that depend on Palestinians' movement and access—which is hamstrung by the occupation and the conflict with Israel.

What is true of economics and infrastructure development is even truer of governance. Almost a quarter-century of assistance for institution building has resulted in a set of institutions that were built to be part of a Palestinian state but that have not served that purpose. Some of these institutions function effectively (the security sector remains a powerful presence); others (such as the legal sector) seem to be running on a treadmill, and efforts to support them seem to have resulted in little forward progress.

Indeed, rule of law programming has occasioned particular frustration. While never central to donor efforts, such programming was never forgotten either. Assistance was given for judicial training, the construction of courthouses, and legislative drafting. There may be no area that more publicly displays a disheartening cycle of technocratic successes subsequently being undercut by politics. Donors today talk of backsliding in a Palestinian legal sector that is riven by rivalries, executive interference, and ineffectiveness. But what is even more troubling for donors is how familiar these problems are. Each one has afflicted the PA since its inception. Sometimes even the names of the individuals involved have not changed—or their institutional positions have changed, but they carry their rivalries with them.

And this sense of futility is becoming widespread. To be fair, international assistance and domestic Palestinian efforts have many accomplishments to their credit. Some critical institutions have been created, while others have been developed on dilapidated foundations. The educational and health care systems still function and provide vital services to millions of Palestinians. Physical infrastructure has been constructed, various information technologies have been introduced in productive ways, and a generation of personnel has been trained. There have been steps forward in many of these areas. The frustration comes from the steps backward that often follow, and the realization that even positive accomplishments are married to no viable long-term political process.

This diagnosis is sound, but the Trump administration's suggested cure of significantly cutting international assistance for Palestinians would make these problems far worse. The decay of Palestinian social services, the collapse of governance structures, and the abandonment of Palestinian refugees to their fate wherever they are located are all potential negative consequences of cutting assistance, and these consequences would cause great harm and serve no purpose. There are, to be sure, some (especially on the right wing of the Israeli political spectrum) who are willing to have Palestinians pay this price. Cutting this assistance would effectively entrench the worst aspects of the current situation, and conditions would likely worsen over time in terms of apartheid, ongoing low-intensity conflict, endemic violence, and regional flare-ups.

There is a better alternative, but it will require a bit more long-term vision and political courage on the part of international donors than has been evident from the past approach of layering on a new program every time an obstacle is encountered.

An Alternative for the Future: From State Building to Resilience

The disconnect between policy and programming with respect to Palestinians is becoming impossible to deny. The Israeli occupation shows every sign of having settled into a set of permanent arrangements. The United States seems to have abandoned the Oslo process and exhibits diffidence about a two-state approach. Meanwhile, the Palestinian leadership anchors the State of Palestine in the PLO, the 1988 Declaration of Independence, and the leadership of the Fatah movement (rather than in PA institutions and procedures). Amid these discouraging conditions, the international community has been unable to give clear signals, partly because of growing, if unspoken, differences between the United States and other actors. Reiterating an ostensible commitment to a two-state solution is no longer persuasive.

Whatever the origins, this gap between policy rhetoric and political realities poses real problems for assistance programs that can be summed up in a single question: precisely what broader purpose is Palestinian assistance supposed to be serving? Only brutal honesty can clearly and constructively answer this question: donor activity can make deep contributions to Palestinian well-being, but it

cannot be based on the idea that there is a peace process that will soon produce a Palestinian state. This commitment to honesty entails repurposing—but not scrapping—existing efforts: If international actors cannot achieve their vision of a just and peaceful solution any time soon, they can still be constructive by advancing some important long-term goals—ones that serve both Palestinian and international interests.

First, even if assistance cannot solve Palestine’s domestic and international crises, it can still alleviate the effects of these crises for Palestinians by helping build institutions that can function in a protracted period in which Palestinians are bereft of a promising political horizon for a long-term resolution to the Israeli-Palestinian conflict.

Second, international assistance need not merely be first aid for Palestinians in need. Such outside support can also be designed to give flexibility to current and future decisionmakers. As a new generation of Palestinian leaders slowly emerges, they can be granted more tools with which to manage affairs and craft new approaches. After all, generations of Palestinians have discovered that institutions, laws, and practices established by one regime, however illegitimate they themselves may view that regime to be, outlive their authors. The laws written today and the institutional patterns established now will have some staying power. Any program that helps Palestinians avoid entrenching deleterious practices and trends that stem from the occupation and authoritarianism—such as corruption, anomie, and repression—will benefit future leaders and ordinary people alike.

What are donors to do? The temptation to seek a return to the period of Fayyad’s leadership and insist on institution building is strong for more technocratically minded actors. But the political foundation for that effort—always shaky and even illusory in the best of times—has completely disappeared.

There is a better historical model, though it offers mixed lessons: the Joint Committee of the 1980s. The long-term effects of institution building in those years were profound: this institution building may have facilitated the first intifada (by [encouraging grassroots activism](#)), but it also channeled much of that uprising into popular mobilization rather than armed action. Furthermore, the aid channeled through the Joint Committee undercut a separate Israeli effort in the 1970s and 1980s to organize Palestinian social and political life in a way that would have undermined any nationalist leadership (through what were termed the [village leagues](#)). Additionally, the Joint Committee’s efforts led to a dense web of civic organizations that the Palestinian National Authority (created as a result of the Oslo Accords) had to contend with. This institution building not only helped establish a set of potential opposition actors but also helped instill the Palestinians with the resilience needed to resist some of the authoritarian tendencies brought in by the PLO leadership that had built up its structures largely in exile.

Politics during the Oslo period was very different because Palestinian society had changed greatly in the preceding two decades. With the example of the Joint Committee in mind, as well as both its positive and cautionary lessons for the present, donors can focus on:

- **Broader engagement with Palestinian society:** The term civil society as used by international donors emphasizes the first part of the term over the second. It is often used as shorthand for a small number of highly professionalized—and very impressive—NGOs. They are indeed often quite civilly minded, but they represent a small slice of society. They are no substitute for attempts to support and assist Palestinian society at its base. There are a range of grassroots organizations that address various needs, including problems with unpaid debts, unemployment, abusive family members, workplace injuries, disputes over small parcels of land, and overcrowded schools. Professionalized NGOs might be seen as conduits for forming partnerships with small, locally based organizations, whereby the larger bodies provide support and training on matters such as reporting and managing projects as well. Such partnerships between professionalized NGOs and local grassroots organizations might help prevent assistance to local organizations (many of which have party affiliations) from becoming patronage machines.
- **Prioritizing human development, not just security:** Current international assistance efforts in the security sector may be seen as one of the last robust elements of the Oslo process. That emphasis on security has not only caused some mistrust for PA institutions but also has deepened a tendency toward authoritarian governance. The security sector, for instance, currently plays a decisive role in the issuing of good conduct certificates, and thus essentially screens all government appointments and places the entire PA apparatus under its watchful oversight.

Donors may not be able to find any systematic alternative to some kind of Israeli-Palestinian security coordination. Nonetheless, there are many other areas where Palestinian society can benefit from security and legal arrangements unlike those that have absorbed so much international attention to date. If international donors were to redirect some resources and increasing their support for other local causes—such as dispute resolution or protection for small-scale investments and local real estate—these efforts would likely do more to build a robust Palestinian economy over the long term than donors have appreciated to date.

- **Refocusing existing security efforts to account for Palestinian needs:** In the current environment, international donors largely view security in terms of Israeli-Palestinian security coordination. And that coordination chiefly means Palestinian cooperation with Israeli efforts to prevent violence against Israeli targets and suppression of groups that pursue such violence. While they prefer not to talk about it in public, Palestinian advocates of such coordination make a powerful case: they claim that it helps facilitate the limited amount of autonomy that Palestinians have in their affairs and prevents a full imposition of

the Israeli occupation in its harshest form. But as the political underpinnings for that coordination erode, the embarrassed reticence of Palestinian leaders before their own people has begun to speak loudly: this state of affairs is indeed deeply corrosive for leaders who can offer no viable political strategy that security coordination is supposed to serve other than maintaining the status quo.

Security assistance would likely be more viable over the long term and offer benefits more equitably if it focused more on Palestinian security needs. Such assistance would not merely entail providing professional police training but would seek to equip local communities to organize in ways that empower them to provide security alongside police or where police cannot operate. Ideally, such assistance would even aim to furnish some kind of viable protection against settler violence, land confiscations, and other rights abuses.

There are, to be sure, some formidable obstacles to this suggested approach. None of them can be wished out of existence, but all of them can be managed.

First, what is to be done with the PA's existing governance structures? While these institutions no longer have enthusiastic support from senior Palestinian leaders and are no longer seen as a state in waiting by those they administer (or even by most who staff them), there is no reason to abandon them completely. Donor efforts need not bypass top PA institutions, as these institutions will likely be critical elements of any future governance structures for Palestinians; furthermore, their laws, procedures, and services are deeply engrained in Palestinian society. But they should be regarded as a bridge to the broader society rather than a proto-state.

Donors should therefore encourage these institutions to develop stronger social links and reward those that do. For instance, a recent judicial reform commission in Palestine recommended the inclusion of public figures in some oversight institutions for the Palestinian judiciary as a means of anchoring judicial structures more in Palestinian society without empowering an already dominant PA executive branch. Efforts to deepen the social connections for Palestinian institutions are preferable to those that either abandon them or wistfully treat them as building blocks of a state that is not, in fact, emerging.

A second obstacle is that Israel—and some supporters of current Israeli policy in Europe and especially in the United States—can be expected to view some of the resulting policies very warily. Israeli political and security leaders may condemn any efforts by international donors that deal with Islamic grassroots organizations, seem to support Palestinian prisoners, nurture some shades of Palestinian nationalism, or mobilize local populations (even for campaigns that do not involve violence or demonstrations, like the Boycott, Divestment, and Sanctions movement). This approach would require constant negotiations between donors and Israel as long as the latter controls entry, exit, internal travel, and security for Palestinian-populated areas.

The danger is not so much that Israel or the United States would block all international assistance to Palestinians, but rather that the former would place restrictions on such assistance or that the latter would behave in ways that would make it impossible for aid to operate except within parameters that favored continued occupation and even effective annexation. The recent U.S. congressional initiative proposes to establish a [Palestinian Partnership Fund](#) that channels aid to joint projects between Israelis and Palestinians; this proposal would explicitly include Israeli settlements (by barring discrimination “against any community or entity in Israel, the West Bank, or Gaza due to its geographic location”). While current Israeli and U.S. leaders evince a clear set of attitudes, their policies still appear to be ad hoc decisions by those who mistakenly believe their own propaganda. That will likely make it possible for determined, long-term, and coordinated efforts to support Palestinian resilience to take shape and be pursued.

The primary obstacle to such an approach is the determination of sympathetic donors themselves: following through with this vision for revamped assistance would require that they self-acknowledge what they are willing to do and capable of doing rather than pretending in the existence of a viable peace process. The current shifts in U.S. and Israeli policy might be precisely the kind of shock to provoke such honesty among other actors.

Conclusion

Current efforts to provide international assistance for Palestinians—buttressed by strong international support for a two-state solution and for building strong, effective governance institutions in areas where the Palestinians exercise autonomy—has already been losing its ostensible purpose. Various actors (even some Palestinian leaders themselves) have gradually lost interest in it. Leaders of the Palestinian national movement are shifting priorities away from domestic institution building. Meanwhile, many Palestinians in the West Bank and Gaza do not see such efforts as leading to any desirable form of statehood. The international actors who continue to talk of a two-state solution often seem to do so less out of hope and more out of fear of the alternatives.

In the current atmosphere, the Trump administration’s moves to curtail assistance to Palestinians spark dismay but little resistance; donors were already quietly asking each other whether their efforts are actually building a more just, peaceful, and stable region. It is difficult to give a positive answer to that question—or even to more specific questions about whether international assistance is bringing the two-state solution (and institutions of a Palestinian state) much closer to fruition. Assistance itself is not a problem; it has a critical role to play. But the political foundation that current efforts assume to exist has decayed.

The appropriate response is not to abandon Palestinians but to pursue a more just, peaceful, and stable region in a more realistic and long-term fashion. Rather than pretend that a two-state solution is just a paper agreement away, and rather than simply ignore U.S. efforts to obtain Palestinian and

broader Arab acquiescence in current realities, it makes more sense for other international donors to repurpose existing programs to enhance resilience in Palestinian society and politics. That way, current pernicious trends will not metastasize into a permanent state of instability and conflict, and rising generations of Palestinian leaders will have tools to manage and address the underlying problems that have vexed their predecessors.

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