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Committee

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Oral and written evidence

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Oral evidence

Taken before the International Development Committee

on Wednesday 30 April 2008

Members present

Malcolm Bruce, in the Chair

Hugh Bayley
Richard Burden
Mr Stephen Crabb
Ann McKechnin

Jim Sheridan
Mr Marsha Singh
Sir Robert Smith

Witness: **Mr John Ging**, Director, UN Relief and Works Agency (UNRWA) Operations, Gaza, gave evidence.

Q1 Chairman: Welcome. We can start. As you appreciate, the first part of the evidence is by video link with Gaza and with John Ging. Good morning to you, John. Can you hear us all right?

Mr Ging: I can hear you clearly, thank you.

Q2 Chairman: Thank you very much for doing this. It is good to talk to you again, although I am not sure that what you have to tell us will be good to hear. I wonder, for the formal record, if you could introduce yourself for the transcript?

Mr Ging: Sure. Good morning. My name is John Ging; I am the Director of UNRWA's Operations here in Gaza, and thank you for the opportunity to address the committee.

Q3 Chairman: We very much appreciate the work that you do and, obviously, you have frequently given us updates. I wonder perhaps if we should start there: if you could give us your latest assessment of the current humanitarian situation in Gaza first-hand as of today?

Mr Ging: Sure. I would characterise the situation here as shocking in terms of the deterioration in the humanitarian situation. I also have to say it is shameful, what we are now witnessing first-hand here and on the ground. Both the principal issues continue to be the access issues, whether it is for equipment or whether it is for supplies. Also the violence underpins the humanitarian situation here in Gaza. When it comes to violence and that pervasive sense of fear and danger that is created in every household by any situation here, I will just update you on the latest statistics. From January of this year 344 Palestinians have been killed and 756 have been injured, and in those figures are the deaths of 60 undisputedly innocent children and a further 175 children injured. All of the danger that all of that amounts to for the civilian population here is pervasive; it is a reality in everybody's daily life. What we are not seeing is the accountability that one would expect when it comes to the use of lethal force, and that is leaving an ever-growing sense of impunity, bad faith and a sense of despair among the general population. Of course, it is very important that when we refer to the security challenges here we

also must condemn the firing of rockets from Gaza, which continues on an almost daily basis. These rockets terrorise the civilian population within rocket range of Gaza, and over 2,600 rockets have been fired this year so far. That has resulted in three Israeli civilians being killed and over 20 injured. The other aspect that is underpinning the humanitarian crisis here continues to be the lack of access for people and for supplies in and out of Gaza. The entire population here are feeling the effects of those sanctions. It is a struggle for every family to cope and it is one that they are losing. The pathetic humanitarian state here in Gaza was clearly evident to everybody on 23 January when there was the break-out from Gaza to Rafah. The population just could not take the pressure any more and they broke out of Gaza to do nothing more than buy some household goods—some food, some medicines, and so on. That social explosion was predicted, and yet the causes that underpinned that explosion were not addressed. But the reprieve has been short-lived because, of course, the borders are sealed again and the pressure is building and it is again coming to a point of explosion. The supplies here across the board are either running out or have run out. Compounding the problem that did not exist in January is the fact that fuel is now in very short supply. It even affected our operations here at the UN, where we ran out of fuel and had to suspend, for the first time ever, our food distribution for three days until we were re-supplied. We have only been re-supplied with enough to carry us through five days and we are trying to overcome this with a more regular supply, but, again, the fact that we at the UN ran out is just another indication of how difficult the situation is here. Again, this has been a reduction of supply that has been going on longer than a month. If we compare the figures from last September for all the diesel, it was over nine million litres. In March that had been reduced to 3.8 million litres. The figures for benzine are similar: 1.4 million litres in September and that was reduced to 20% of that amount in March of this year, so it is affecting every aspect of human existence here. The population are reduced to walking. Those vehicles that are on the road, and it is very few, are being converted to using

cooking gas; it is a very dangerous conversion. Doctors, healthcare workers, patients, teachers, students, they all must walk now and, if they cannot walk the distance to the school or the clinic, then they do not get there and, again, this is devastating in every respect.

Q4 Chairman: Can I ask you a question on that? That is very helpful. I was going to ask you the point about fuel and you have answered it. You mentioned that the effect of that was to disrupt your food distribution. Can you give us an indication of just how serious the food situation is and how it is affecting people?

Mr Ging: The situation here is that almost one million of the Gaza residents are depending on UN handouts of food. They have no other means of sustaining themselves. The economy has completely collapsed and 80% are now defined as living below the poverty line, and that is consistent with the numbers that we are providing food assistance to—ourselves and OCHA¹ and the World Food Programme for non-refugees. We are also, because of chronic under-funding, not able to give them the full ration that they require. We are only meeting 60% of their daily needs. So, as you can imagine, any interruption in the supply of that ration has a very immediate effect on the households that, as I say, are subsisting on the assistance that we are providing.

Chairman: Thank you for that information. It is obviously a pretty grim situation. Can I bring in Ann McKechin, who would like to ask you some questions on the health situation?

Q5 Ann McKechin: Good morning, John. I wonder if you could advise us just what the current impact of the closure of the Gaza border is having on healthcare provision. You have mentioned the issue about fuel, but I know that there are patients who need medical treatment in Israel. Have there been any change in the issue of travel permits from Gaza into Israel for people needing medical treatment?

Mr Ging: Yes, but it is a major challenge every time to get the approvals needed to get the patients out of Gaza. It is complicated by the political situation here in terms of the architecture between Gaza and Ramallah. I have to say, from our perspective we do see a sincere effort on the part of the Israeli authorities to facilitate the transfer of patients from Gaza as needed, but it is definitely a challenge bureaucratically to get people out, and, again, we understand very much the complication of the co-ordination but there is delay. For sure the State of Israel are making a very big effort to facilitate the transfer of patients, and this is definitely something that we must acknowledge.

Q6 Ann McKechin: What is the position about drugs within Gaza: the availability of essential drugs?

Mr Ging: The drugs that are needed for life-saving purposes are in short supply but they are here. The other supplies, whether it is for chronic illnesses, such as dialysis treatment, diabetes, and so on and so

forth, for many of these treatments the frequency of treatment is reduced, it is not as regular as it should be because of the shortages. Cancer patients the same: there is a shortage of chemotherapy medicine in Gaza. I cannot say that today anybody has died because they did not have the medicine that they needed to save their life, but for sure there is a lot of human suffering because of the shortages of medicines, particularly for chronically ill patients. Definitely, in the hospitals there is more and more difficulty with the maintenance of equipment such as incubators, and so on, because, again, there is a big difficulty and delay in getting spare parts and other supplies in to actually keep those services going.

Q7 Richard Burden: Good morning, John. Can I ask you a couple of questions in relation to waste water treatment and sewage facilities? There has been a lot of comment recently, not least from the UN and the Under-Secretary General for Humanitarian Affairs and Emergency Relief about the fact that the sewage system in Gaza is on the brink of collapse. We understand that Tony Blair, in his capacity as Middle East Quartet representative, has put some priority on improving sewage facilities at Beit Lahiya. Can you tell us something about the state of the sewage system in Gaza and what is happening in terms of efforts to improve it?

Mr Ging: Yes, the state of the sewage and water system here is completely overloaded. Mr Blair's project in Beit Lahiya, which is to relieve the pressures on one of the reservoirs there, which is very, very urgent, is not being implemented because now they have run out of fuel to do the work. They finally got the supplies in, the construction materials, but now the contractors are unable to do the work because they do not have fuel. Overall 60,000 cubic metres of raw or partially treated sewage are being pumped out into the sea every day here. Rubbish is piling up everywhere, again, simply because they do not have fuel to actually operate the rubbish trucks and the skips as well. The water situation is also very precarious here. About 70,000 people have been cut off from any water supply because 15 of the water wells that were working on diesel fuel only have shut down. The latest information from the coastal water utility is that about 30% of the population are getting water once a week for about four to five hours, another 40% are getting water once every four days and then the final 30% are getting water supply every other day. Of course, people cope here with having tanks on their rooftops, and so on and so forth, but the situation is very, very precarious on both water and sanitation.

Q8 Richard Burden: I am afraid you broke up a little way through that answer and you may have covered my next question in it. If so, apologies. Could I ask you to repeat it if you did. When you broke up you were emphasising the impact of restrictions on fuel, on sewage treatment and the ability of trucks to get through. Could you also say something about, first of all, the extent and the impact of restrictions specifically on electricity supplies on the treatment of sewage and waste water treatment?

¹ UN Office for the Co-ordinator of Humanitarian Affairs

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Mr Ging: Yes. Am I coming through again?

Q9 Richard Burden: Yes; you are fine at the moment.

Mr Ging: Okay. Yes, the power plant is receiving a limited amount of fuel to generate electricity, so power cuts here are in the order of about six to eight hours per day. That means that the waste water plants that are electrically powered and the water wells have to fall back on emergency generators during that period when the power is cut. They have had no fuel for emergency generators for the last two and a half weeks, in fact—they have run out completely—so that means that the sewage treatment process is not actually functioning because they cannot work on an on/off basis. This is why 60,000 cubic metres of sewage is being pumped out, either partially treated or not treated at all, into the sea every day, and that is why the pumping of water to homes in Gaza is now disrupted more and more, because not just the pumping itself but also the pumps at the tower blocks where people live, if there is not harmonisation, and there never is, of the power being on at your home and the power being on at the water well, then you do not get any water even when the pumps are working. The coastal water utility—I have given the statistics. If you need me to repeat them, I can give them again, on just what the situation is with the provision of water.

Q10 Richard Burden: Perhaps that could be done in writing. One last question, John. Whilst the fuel supplies, and in particular the electricity supplies from Israel, are being restricted, are they being charged for by the Israelis and who is paying for the electricity supplies that are not coming through in the quantities that are needed?

Mr Ging: The arrangement is that there is a joint fund administered by Israel on the customs duties which, again, is then charged for the electricity supplies. They are not being charged for that which they are not providing to the best of my knowledge; they are only being charged for what is being provided. Israel is providing, of course, electricity directly to Gaza. It has not reduced that supply. The supply that has been reduced is the domestically generated supply within Gaza. So Israel provides something in the order of 120 megawatts per day, Egypt provides about 17 and then in Gaza our plant generates between 45 and 55 megawatts. That generation capacity of the Gaza power plant should be 85 megawatts, and therein lies the problem because they are not getting the fuel necessary to actually produce to their capacity.

Q11 Mr Singh: Good morning, John, we are led to believe that the some border crossings from Gaza are open for humanitarian provisions and selected medical cases. If this is true, to what extent is this true and which border crossings are open?

Mr Ging: Yes, indeed, this is true. In terms of the medical cases, the Erez crossing is the principal crossing for medical cases exiting Gaza, but the Rafah terminal has also been opened on a number of occasions to facilitate the passage of medical cases into Egypt or the return of those who were out in

Egypt for treatment there. When it comes to the humanitarian supplies, the crossing at Sufa is functional for that purpose for food and other humanitarian supplies. The crossing at Kerem Shalom is also operational but, unfortunately, since the recent attack on that terminal—there has been extensive damage done—it is under repair at the moment, and so we are reduced to relying on the Sufa crossing. For fuel, there is a separate crossing, called Nahal Oz, so that is where all fuel supplies come through, when they come through, and the principal crossing point, which is Karni, has remained closed since the middle of June last year.

Q12 Mr Singh: I understand that the Palestinian authority had put forward a plan to open the crossings in a sustainable way with Palestinian authority personnel supervising those crossings. What has happened to those plans? Are they progressing or have they just been ditched?

Mr Ging: They have not been ditched, but they have not yet been implemented. Of course, it is a process of negotiation and discussion involving a lot of parties, but, again, from our point of view this is what has to happen, these crossings have to be opened, it underpins everything here, and it is, again, urgent because the situation here has become so desperate. The smaller crossings that I mentioned are not a substitute for the single commercial crossing which was facilitating hundreds of trucks every single day, prior to this latest round of closure which was implemented after the fighting of June last year. So the smaller crossings are only handling about 25% of the traffic that was coming into Gaza, and, remember, Gaza was in a desperate state prior to June last year as well, and that just gives you a sense of how desperate it actually is now. There are no shoes, for example, available in Gaza, just as a simple example. Again, it is all of these items that are needed for a dignified existence here that have either run out or are running out.

Q13 Mr Crabb: John, you mentioned earlier that the UN's own activities in Gaza have been disrupted as a result of restrictions on fuel supply. Perhaps you can clarify one thing. In the last week or so we have had conflicting reports about what has happened with regards to fuel supplies being disrupted, particularly to the UN agency. It reports that an agreement was made with the Israelis and the Palestinians to get the UN the fuel it needed, but actually the delivery of the fuel itself was disrupted by Hamas. Are you able to comment on that, John?

Mr Ging: Sure. This is not the case. We appealed to all the parties not to allow us to run out of fuel on a daily basis over the course of the last three weeks. We were prevented by the State of Israel from building up our reserves here to ensure that when crossings were interrupted in terms of their operation that we would not be interrupted in our operation. We have a capacity here to have almost two months supply in reserve. We were working, like everybody else here, on an inadequate supply which was hand to mouth, it was a week-by-week basis, and that is what, of course, precipitated the crisis in

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the first place when the closure occurred after the attack on the Nahal Oz terminal where two Israeli civilians were tragically killed. Of course, in the meantime, we have been trying to negotiate the supply that we need. It requires co-ordination with the Israelis. They must agree, and they did agree. It also requires co-ordination on the Palestinian side, and the authority on this issue is Ramallah and, again, that was agreed. The physical removal of the fuel from the fuel terminal is a security issue, because the population here, of course, are very upset by the circumstances that they find themselves in—farmers, fishermen, everybody seeing their livelihoods destroyed—and they are conducting regular protests at the terminal. Again, we encountered their protest on the first day when we attempted to recover the fuel, but the Hamas security forces ensured that the protesters would not be a problem on the second day and we were then able to freely remove the fuel that we were authorised to take from the terminal. On this one Hamas have not been an obstacle; in fact they have been a facilitator of our receiving the fuel that we required.

Q14 Mr Crabb: Thank you for that helpful clarification. Can I ask you how you are responding to this latest crisis, closure, isolation of Gaza? Are you finding that you are having to provide services to many more people?

Mr Ging: Yes, it is at all levels, right down to the trucks of the civilian contractors that we use. There is only one contractor allowed access to the crossing points for collection of our products, and we have to fill their trucks with our fuel otherwise they cannot do the work for us. Of course on the general population side, the needs are growing every day, and that which is available in the market in terms of supplies is spiralling in cost for people, and the poorest and the most vulnerable are the ones who are feeling the biggest hit of all in this. We have had to increase our assistance to 100,000 of special hardship cases with an exceptional additional cash assistance of some \$20 per family member just to help them to cope, but, again, this gets back to our funding shortfall. We are projected only to receive about 60% of the emergency appeal that we made at the start of this year, which, of course, is very difficult for us because we see the need, the people are very frustrated, they are coming to us in ever greater numbers and we are just not able to respond.

Q15 Sir Robert Smith: You have painted a very serious situation, and you have already highlighted the chronic under-funding for your food aid and now you have highlighted that funding has not been coming forward. In our last report we emphasised that you were calling for more funding and also, on another issue, you were looking for longer predictability in the funding so you could plan your processes. Could you reinforce just how serious the under-funding situation is and how much you would benefit from having predictability of your future funding?

Mr Ging: Yes, and I should at the outset state that the British Government has moved very significantly and very positively on this issue in terms of predictability and also in terms of accountability. We very much welcome the performance element to the funding that we now receive. We have received a multi-annual commitment stretching out over the next number of years, right out to 2010, with increases each year, and also a performance component to the funding in terms of our delivery. This has been given to our general fund, which is to provide the education services, the health services and the basic relief services. We do not receive emergency funding from the British Government for what we call our emergency appeal. This is our food aid, our job creation, our cash assistance, our Psychosocial programme and the other emergency relief programmes that are focused on the particular challenges of this crisis. In that budget we are, as I say, only projecting funding of 60% to the end of the year. This estimate is based on funds received and pledges. It is a huge challenge for us because, of course, even since we wrote our proposal, the price of food has been sky-rocketing, which is well-known internationally. The funding shortfall on our general fund is in the order of 25%. So, again, in terms of the minimum services in terms of education, healthcare and other social services, we are falling short of our minimum requirements there by approximately 25%.

Q16 Sir Robert Smith: Can I clarify the shortfall. How much of that is a failure to deliver something that had been promised, or is it a lack of promises in the first place?

Mr Ging: It is a lack of promises. We have no problem with delivery in terms of promises and pledges. When governments commit to UNRWA they are very dutiful in their follow-up. We do not have an issue with that. The shortfall is in pledges and then, of course, the funding itself.

Q17 Sir Robert Smith: Finally, is the shortfall because your needs are growing and the funding is not growing as fast as your needs, or are you actually seeing a reduction in your funding?

Mr Ging: No, we were seeing a modest increase in our funding on the emergency side in the order of about 5 or 7%, but the needs are not being met. We set out a very minimalist needs-based programme which was to do nothing more than to meet the very basic needs and, unfortunately, we have not received the funding to meet that.

Q18 Hugh Bayley: About 10% of UK funding for UNRWA is linked to benchmarks in your performance in key areas. Are these benchmarks reasonable and what obstacles are there to achieving them?

Mr Ging: Yes, the benchmarks were developed jointly with ourselves, of course, and we are very pleased about that. We find them to be very reasonable and good indicators of our performance across the range of our programme areas. We also find it very helpful when we do deliver that we know

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that there will be the follow through in the additional funding, which is linked very much to quality, to improving our performance in the academic results in education, the quality of health services, the impact of the relief services; not just the actual provision of the service itself, but what is the impact? Are we moving those who are below the poverty line any closer to being above it, taking those in special hardship status sustainably out of that. That is, of course, what all of this is about. Our problem here in Gaza is that, while we continue to be very driven by all of this, the situation here undermines us more and more every day because of the deterioration. Again, it is a huge challenge for us but we are very much focused on it and we welcome this approach to funding.

Q19 Hugh Bayley: Has any money been withheld by DFID as a result of not meeting the benchmarks and, if so, how much?

Mr Ging: No, 2008 is the first year of the performance element in the contribution. So this year we are looking at two million pounds based on our achieving these indicators. Again, this is the first year, so we have not had a failure or a success just yet.

Q20 Sir Robert Smith: I wonder if I could ask a follow up on the funding. We have talked a lot about percentages and in general. Are you able to put a simple figure on the amount of actual cash needed for the emergency funding and the amount needed to get the general fund up to standard?

Mr Ging: Yes, we need approximately US\$130 million for the general fund, and our emergency appeal is totally US\$168 million. We are expecting to receive something in the order of US\$90 million; so the shortfall there is US\$78 million.

Q21 Chairman: John, there are a couple of questions that have occurred to me. We are taking evidence here in London a little later this morning from Oxfam, and in their written submission to us they, first of all, pointed out that Israel had established a list of only 18 items it would allow into Gaza as humanitarian goods.² Is this the case, and what impact does that have? They make the point that, for example, it excludes cement required for the sewage treatment plant and electric motors required for generators. Is this in fact the case?

Mr Ging: We have not been provided with a list. We have asked the Israelis on numerous occasions if there is a list and, if so, what items are on it. They have not provided us with clarification of that. Other than that, our practical experience is that the only items that are allowed into Gaza without special co-ordination and justification are food items and medicines. After that, items like cement and other supplies, which even if they are directly for the provision of humanitarian assistance—which is repairs to a clinic, extension of a clinic, whatever—these items are not being allowed and, again, one has to prepare a long justification. For example, paper

for printing text books is not automatically approved. It has to go through a long and tedious process because it is a non-food, non-medical item, and therefore it has to get special co-ordination, special justification, special permission.

Q22 Mr Singh: John, in terms of the shortfall in funding and in terms of funding generally, could not that shortfall in funding generally be met in a breath by the oil-rich Gulf states and, if so, why are they not meeting it?

Mr Ging: This, of course, is an appeal that our Commissioner General made, and she made it at the Arab League last autumn. We have hired a fund raiser, a former British ambassador, Peter Ford, who is an Arabist, and he spends all of his time in the Gulf trying to raise more money. There is no question about it: we all feel that the Gulf countries have the capacity to be more generous. They are generous outside of the regular programming in terms of the construction, they are our principal donor for new schools, for clinics and for other infrastructure projects, but we are raising our appeal to them continuously to be more generous for our general fund and for our emergency appeal. To date the response has been very modest.

Q23 Mr Singh: Why should you need a PR person to promote the Palestinian cause to Arabs?

Mr Ging: I understand your question. The fact of the matter is that we have to make a better case because we are not getting the funding. We are doing everything that we possibly can to raise more money in the Gulf, and that has been one of the efforts that we have taken here. So far it has not materialised significant amounts of money, but I have to say that we are making progress and our representative there is confident that he will be able to lever more money with better explanation, better, as I say, advocacy for the needs here. On the overall question, this is a question for the countries involved. We are appealing to them, we cannot do more than that, and we will continue to do so.

Mr Singh: That is a considerable shame on them, John, but thank you.

Q24 Richard Burden: Could I return to the question that the Chairman asked a little earlier on about non-food, non-medical supplies and the length of time they to take get in. My question really is what is anybody doing about this? You said that you have made representations to the Government of Israel. Can you tell us anything about what representation anybody else is making—the Quartet, other UN institutions, individual governments, and so on—and if it is having any effect? Is there any discernible change in the Israeli response following those representations?

Mr Ging: I think it is fair to say, from what I have read and been told, that it is the number one issue for all involved in this area, whether it is international

² Ev 37

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organisations, whether it is the United Nations, whether it is NGOs, whether it is the representatives of the international community bilaterally or within the Quartet. Everybody is seized with this issue. Unfortunately, we are not making very much progress. Even Mr Blair's one project for Gaza, which he had the political backing for, still has not been implemented, and it stands as testament to the difficulties involved in overcoming the realities of this policy, which is to close down the Gaza Strip. Again, it is affecting all aspects of our operation here and we are reduced to, as I said, the supply of very basic items of food and medicine and little else. Anything else requires a massive effort and either does not come or comes too late. In terms of the impact of everybody's attention on this matter, I have to say it is not material. The situation has not appreciably improved in access for supplies to Gaza over the last 10 months since this policy was first implemented after the June events.

Q25 Chairman: You mentioned in passing that Hamas have facilitated the flow of fuel. I appreciate that your job as an agency is to deliver relief to people in need regardless of the political situation, but what is the relationship between yourselves and the Hamas administration and, for that matter, between Hamas and Fatah, because there are some suggestions that Fatah are actually disrupting things or adding to the disruption in Gaza. Is that your experience? How do you relate to the administration within the country in terms of delivering your services?

Mr Ging: UNRWA is an independent service provider, so we deal directly with the population that we serve, which in the past has been a source of criticism on all the aspects of the development of domestic structures, and so on and so forth, but now it is something of a virtue. That is the first point to make. The second point is that operational relationships here on the ground, we have those relationships that we need at many and all levels to discharge our responsibility. The parties involved—which, of course, here is Hamas, Israel and the Palestinian authority working from Ramallah—all have responsibilities and we at the UN interact with them in so far as we need them to discharge their responsibilities. For example, the *de facto* reality here is that Hamas are in control of the security situation in Gaza. Therefore, it is their responsibility, as long as they choose to be the *de facto* power here, to ensure an environment where the humanitarian agencies can freely operate, and in the case of ourselves they are discharging that responsibility. It is not that we have made any agreement with them, it is nonetheless their responsibility to do that, and we call on them to do that publicly and so on. In terms of the interrelationship between the political factions Hamas, Fatah and all of the others, it is extremely complicated, it is adversarial, it resulted in major clashes last year, it has created the situation that we now have here in Gaza. What we are trying to do at

the humanitarian end is to insulate the beneficiaries and our operations from the effects in terms of the delivery of our services. Again, in our schools we keep the interaction of politics outside of the gate even though our school teachers are Palestinian. We have to insist that there is no room for that in our installations in the delivery of our services. The integrity, again, has to be ensured. There is no political influence on the identification of beneficiaries, and so on and so forth, and I am proud of the performance of our 10,000 Palestinian staff here at UNRWA in how they have drawn on their responsibility and lived up to it. UNRWA has 60 years of service here in Gaza, it is tested now more than ever before, but it is meeting that challenge and it is meeting it through its Palestinian staff who are preoccupied with service to fellow refugees in an impartial and effective way and staying clear of the very complicated situation which is very real.

Chairman: That is a very helpful response in terms of understanding the difficulties you are working under.

Q26 Hugh Bayley: You say that it is difficult to import spare parts for pumps for generators, and yet rockets, or the materials to make rockets, seem to get into Gaza. How does that happen?

Mr Ging: There is plenty of speculation about the illegal conduits into Gaza—the tunnels, and so on. I have no first-hand knowledge of this and, therefore, I am not going to give evidence on what I do not actually know; but the simple fact of the matter that we would like everybody to focus on is that preventing humanitarian organisations from bringing in the supplies that they need to provide the services that the population desperately need here is not inhibiting those who are making rockets, because the rockets continue to be fired. Again, the price is being paid, not by those who are bent on violent ways, but by the ordinary people, and it is not naive on my part to point to this. There is a very real problem here: there are tens of thousands who are bent on violence against Israel and they terrorise the civilian population every day, relentlessly, with these rockets that are fired from Gaza, but it is not ending. This approach has not worked. It has not ended the firing of rockets, it is not inhibiting them in firing rockets but what it is doing is crushing the civilian population and it is altering their mindset. It is having a devastating impact on the psychology of the people here, who are becoming more and more desperate, and they are giving in to the frustrations and the agendas that are there in terms of violence, and so on, because they do not see any tangible alternative and they feel a growing sense of injustice about why this is being allowed to happen, how irrational it is that they are the ones who are now walking. Not the guys who fire the rockets—they are not inhibited by the fuel shortage, they continue to fire the rockets—but the patients who need to get to the clinic, the kids who need to get to the school, the ordinary people: they are the ones who are doing the walking. Again, we need to focus on this and, in the

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really very challenging security environment, to find effective solutions to those challenges and discharge our responsibility to the people as well.

Q27 Chairman: You said earlier on that you were not aware of people who had died because of the restrictions of movement, but we have information from the WHO,³ published in April, that says between 1 October and 2 March they have details of 32 people who died because they could not get specialist treatment. The reasons given: permit delay, delay at the crossing, permit not issued for security reasons, border closure—those kinds of things. Could you comment on that WHO report?

Mr Ging: Absolutely. Just to clarify, our operation here is not involved first-hand in the issues of co-ordinating access and hospital care, we are at the primary health level, but, absolutely, the WHO, who are intimately involved, are in a position to produce that report that you cited and they have the data and

the details and the facts to back up and substantiate everything that is written in that report. Our sister agency are very much on top of this issue and the report is based on fact and reality here.

Q28 Chairman: Thank you very much John. Can I say on behalf of the committee, we appreciate very much the work that you are doing in extraordinarily difficult circumstances and the huge amount of first-hand information you have by being on the ground as directly as you are. We thank you for taking the time to give us that very graphic description of the problems. Clearly, what we hope our report can do is apply some kind of pressure to ease the situation and ensure that the humanitarian pressures, which are phenomenal, on the people of Gaza can be lifted. I know you feel very passionately about that too, and we thank you once again for the very clear evidence that you have given us and for exchanging your views with us. Thanks very much indeed.

Mr Ging: Thank you very much.

Witness: **Mr David Freud**, Chief Executive Officer, The Portland Trust, gave evidence.

Q29 Chairman: Thank you very much for, first of all, sitting through that session and for coming in to give us evidence on behalf of the Portland Trust. I wonder if you could introduce yourself for the record?

Mr Freud: My name is David Freud; I am the Chief Executive of the Portland Trust.

Q30 Chairman: Thank you very much. Obviously you have an interest in trying to promote economic development and private sector development in the Palestinian territories. The Committee, when it visited the West Bank found a pretty grim situation in terms of the ability of people to engage in private sector economic activity. The indications are that the situation, if anything, has got worse. Given your still resolute commitment, I wonder whether you can give us some indication of how and why you feel it still could be possible to stimulate successful private sector activity in the occupied Palestinian territories—obviously Gaza is an exceptional case, but in either Gaza or the West Bank—which you feel you would be able to achieve.

Mr Freud: Currently we do not operate in Gaza, although we are looking very closely at the situation to see how we could help it at the appropriate time. I should make clear, as you did, that we are involved in economic development as opposed to the humanitarian side, so we are trying to look at structures which will help the economy operate, and to do that one needs to look at bits of the financial and other types of infrastructure to make them work more efficiently and try to unblock the areas where they are blocked, and it is a fairly one-by-one, piecemeal process. We conducted an analysis, nearly two years ago now, 18 months ago, to look at where you could possibly inject an economic multiplier effect into the economy in the present political

circumstances, the present circumstances being that trade is very difficult because of road blocks and border controls and people's efforts to do industrial parks, which is something that the outside world has looked at on a regular basis over many years, would seem to be still very difficult. Our conclusion was that the most obvious way, almost the only way, to do something in scale would be large-scale affordable housing. Clearly, there are benefits to people having houses, although in the West Bank we are not looking at hugely horrific housing conditions, but we are looking at shortages. The real point of doing that particular exercise is that it produces a real boost to the economy, and we estimate that it would put GDP up about 8% over a five-year programme, plus kick-starting all of the other industries that are linked to it; and it happens to be an area where the Palestinian workforce is really experienced because in the past, of course, they were heavily involved in the Israeli construction boom. When you ask the question, there are a lot of specific things to be done and we think that the key one, right at the top of the list to actually get the economy going, is housing.

Q31 Chairman: That is clearly an identifiable activity, and you say the skills exist. My understanding is that you are looking at 15,000 housing units by 2013 with a total investment of a billion dollars and that you are seeking \$150 million of donor support and private investment. What success are you having with that at the moment? What is the current offer that you have received?

Mr Freud: The Palestinian Reform and Development Plan, which was presented to the donor community in Paris in December, included \$600 million for private sector development, so to speak, so it is in the formal context of the Palestinian donor relationship; and that is not exclusively to go to the housing effort but, clearly, an element of that

³ World Health Organisation

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can go to the housing effort. It is the intention of the Palestinian Government to direct money to that, clearly, donor money, with donor approval, through the Palestinian budget to support the infrastructure required for these developments.

Q32 Chairman: Forgive me for asking, but just for clarification, what is the actual activity of the Portland Trust in that process? Do you manage developments? Do you procure?

Mr Freud: No, we are only a reasonably modestly sized foundation, and our added value, I think, is that we can initiate and help projects get going. In this case, in the housing case, what we actually did is we gathered all of the different communities: the Government, the developers, we signed a Memoranda of Understanding with six developers to get this going, and the banking community to get the mortgages available and we then worked with the developers to produce a plan of what one of these communities would be. So, we act as an initiator and we do provide money at key points to get it going, but we do not expect to be the source of the, literally, hundreds of millions of pounds that end up being needed for these major projects.

Chairman: That is helpful just to understand how you are engaged.

Q33 Jim Sheridan: The investment by the private sector and tourists to go to the Territories and the surrounding area are crucially important. It is the political risk question I am asking. People will not invest nor visit the area if they feel that their lives will be at risk or their investment will be at risk. Indeed, I think when the committee visited Bethlehem the hotel we stayed in had something like a 2% occupancy rate.

Mr Freud: Yes.

Q34 Jim Sheridan: If you were to encourage people to invest in or to visit Bethlehem, how would you do it?

Mr Freud: One of the things we have been looking at very closely is trying to get a political risk insurance product into the area, and we are working with—I think it is mentioned in our paper—the Centre for American Progress there and OPIC⁴ are looking at it with them, AIG, the insurance company, are looking at it and, clearly, MIGA⁵ are looking at it. We have also been talking to the export credit guarantee department in the UK. I think of all the things that you might think about, getting risk insurance for investment may be very high on the agenda as a kick-starting process because people invest if they feel that if something happens to their investment they can get compensated. I think it could be a very important element in getting investment and skills from abroad in particular and, indeed, domestically, back into the Palestinian territories.

Q35 Jim Sheridan: The granting of a mandate for the Export Credit Guarantee. How would that enhance or encourage people to go there?

Mr Freud: We have just started to talk to the Export Credit Guarantee people. There are two types of insurance you could look at: one is insurance for the assets one invests in. So if one puts a factory in and it is destroyed by someone, you would get that insured. That is one aspect. The second aspect is for trade. If you were putting perishables through the border and they got stuck for three days and rotted, there would be an insurance protection. You might protect furniture that missed a particular deadline for getting out and that kind of thing. Those are the insurances we are working on.

Q36 Chairman: There is a certain irony in that particular hotel. The Committee were there just before Christmas and we recalled the fact that the first Christmas there was no room in the inn but this time there was an inn full of rooms and nobody in them. They said access to Bethlehem was not totally off limits but tour operators simple were not prepared to take the hassle. Do you think, if you take Jim Sheridan's point, if there was that kind of risk insurance the insurers themselves would have some interest in actually engaging with tour operators, and obviously the Israeli authorities, to lift restrictions but also to enable people to realise they could get in if they were prepared to make the effort?

Mr Freud: The issue of bringing tourism back clearly will depend on the entire environment and what we read in our newspapers every day. In the end, tour operators do not go because people are uneasy about going there and when one reads the press every day one can understand that. There may be things the British government could do to encourage it. One off-the-wall idea perhaps would be to forgive the airport tax on people who are going to stay in the Palestinian Territories which might be a financial incentive to get people to look at this and think about it.

Q37 Sir Robert Smith: On the risk insurance market, how has it progressed? Is it getting slightly easier to get private risk insurance into this sector or is it getting more difficult?

Mr Freud: There is effectively no existing risk insurance at any price that people would want to take at the moment. Any insurance will have to be backed somehow by a big pocket.

Q38 Sir Robert Smith: In reality then is it not that the risk has to be reduced to get this economy going again?

Mr Freud: Yes.

Q39 Sir Robert Smith: Private insurers are there to make a profit.

Mr Freud: There will have to be someone who takes it on a grant basis at the end. That fund will have to be an aid donor. It is very similar to the Loan Guarantee Scheme which we worked very hard on for many years to encourage. There are two now: a European one and an American one. That is a classic

⁴ Overseas Private Investment Corporation.

⁵ Multilateral Investment Guarantee Agency

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example of where the system is clogged. The banks in the Palestinian Territories are effectively deposit-raising institutions and lend out extraordinarily little of what they raise domestically. The figure is now down to 35% of their deposits which they are lending out, so effectively the money is typically going to Jordan to be lent out there where it is regarded to be safer. The Loan Guarantee Schemes are designed to offer banks some protection if they lend out domestically. They get protection of 60 or 70% of what they lend. Both of those schemes are now really starting to operate literally in the last couple of months.

Q40 Hugh Bayley: My question follows Robert's very much. This obviously cannot be a commercial insurance. You look at Gaza where 90% of the economy has disappeared and you cannot insure in those conditions. Suppose you found a rich benefactor who was prepared to put up a billion dollar fund, would this be a cost effective way to use external finance or, if you wanted to generate economic activity, would you do better to put it into your housing scheme or organise a cash-for-work scheme?

Mr Freud: One takes this in order. The housing scheme is something one can do reasonably without huge political transformations. The risk insurance is a question of finding a fund and we are looking at a scheme that looks at a \$50 million fund effectively behind it which starts to build up and that is on the trade side not on the investment side. That is a scheme we look at and we need a deep pocket, i.e. a gift from somebody who can operate that fund. Again, it is a way of channeling support.

Q41 Hugh Bayley: Is it the most efficient way? If you find somebody with \$50 million to invest, how many jobs do you create with that \$50 million as opposed to a micro-credit scheme or some other economic vehicle?

Mr Freud: We would create a lot of jobs through getting a reasonably priced insurance product in. One of the things stopping people investing in any scale is the fear that the investment is totally wasted if you cannot get your goods out, or there is strong risk you cannot, and you have no protection against that.

Q42 Hugh Bayley: But the investment will be totally wasted if there is a claim on the fund because the investment in the fund will be totally wasted. If I set up a business and I invest \$1 million in it and it fails because of the circumstances in the West Bank or Gaza and I claim on the fund, then \$1 million of investment in that fund, 2%, is wasted. Is that a good way to spend the money?

Mr Freud: The international community is planning to give about \$7.5 billion to the PA,⁶ or into the area, in the next three years. That is what the pledges were. Much of that money will go to effectively humanitarian aid or to salaries. Is it more sensible to try and encourage businesses to start and expand

because they feel confident that if something terrible happens to their goods they will actually not lose that money? That is the question. We have heard a lot of, particularly international, entrepreneurs saying "Yes, we would go into an industrial park if we had some kind of guarantee that if something goes very badly wrong for us we can get insurance for it." We think actually that fund would be a very powerful way of getting the economy going. Housing can take you so far but you have got to get the trade going. The trade imbalance now we are talking about roughly \$2.5 billion of imports against \$330-odd million of exports and clearly that is an unsustainable economy. It is an economy with a GDP of \$4 billion now and we are looking at more than 50% of it being aid from the international community.

Q43 Richard Burden: You have been very clear that your primary focus is on economic development but I think, as the last conversation showed, that exists in a political context and the two constantly interrelate. I would like to ask you one or two things about that and how you navigate your way through that relationship. The UN has been reporting that the number of movement restrictions in the West Bank has gone up not down since 2005 and it is difficult to see how you can develop economic activity with those movement restrictions in place. The barrier is not entirely complete but pretty near complete, 12% of the West Bank on the western side of the barrier. The International Court of Justice has declared the building of the barrier to be unlawful and that third parties are under an obligation not to render aid or assistance in maintaining that illegal situation. My question to you is if you are trying to develop economic activity in the context where it has been restricted by movement restrictions and by a barrier, at least where it goes into Palestinian Territory, which is unlawful, and essentially you go around that and find ways through it, how do you assess whether or not you are actually developing the economy or making it easier to maintain the occupation perhaps with a more human face?

Mr Freud: We are actually a pretty unusual foundation in that we have our feet very firmly in both communities. We have an office run by an extremely senior person in Tel Aviv and an office run by a very senior person in Ramallah. In that sense everything we do has to be balanced in terms of the two communities. For obvious reasons we are very careful about talking politics, and we have to be because there is a general level of comfort from both communities in what we are doing. We do not have a special agenda. We are just trying to get economic development. Our objective is a very simple one. We did a study on what were the useful lessons coming out of Northern Ireland for this situation. You cannot just pick it up and copy it but one of the lessons is that it is very important to foster and nurture the forces of moderation otherwise you have no context in which to do a political deal. One of the most important sets of groups of moderates are people in the private sector and one should try and strengthen them. To that extent it is a political thing

⁶ Palestinian Authority

but we think that is an objective. We can quite see that governments and organisations have much more political worries and they have to deal with the issues of accepting various barriers or whatever but our objective is just to operate to get these processes going and to support them as they do get going.

Q44 Richard Burden: I am not really asking about whether it is a good idea to try to bolster forces of moderation or build economic co-operation. You have been very clear about that and I have a good deal of sympathy with what you say there. It is where those activities objectively come up against things that do not necessarily raise questions about which side of the political fence you are on but potentially raise questions of law. In most countries you would say people have different views about whether this particular economic activity is a good or bad idea but most people would say you should not do anything which is illegal. That is the issue of the question of the barrier, the wall, where you do have legal opinion from the International Court of Justice saying that the building of the barrier on Palestinian land is unlawful. There is a great deal of concern from some areas that you could be moving to a situation where it is very difficult in practical terms. The ambition of any kind of territorial contiguity between the Palestinian areas is lost but everybody says what is the problem because you have transport contiguity. You have tunnels and you can move around things. You can boost the economy of Bethlehem because you can have a separate entrance for tourists from the people who live there. At the end of that you might have a form of economic activity but how far you have actually dealt with the Palestinian economy in a real sense is questionable. There would be an argument that you have actually facilitated the very thing that is restricting the economy. That is a balance but the question I have for you is do you recognise that there is a balance or is it not your problem. If there is a balance to be struck, how do you negotiate that? What are the mechanisms you use and are there any mechanisms in the bodies you operate with, whether it be the Quartet or the donor community, to assess if you have that balance is it having an unforeseen consequence of maintaining an illegal act rather than facilitating economic development?

Mr Freud: Clearly we do everything we can and we do operate in an entirely legal context. What we do, and this may be the difference between a private foundation and a government controlled entity, is we operate from the bottom up. We will look at a particular project and say how does that work and we will assess it for what its impact is going to be, clearly its legality, who can we go in with and do it because we like to go in with partner. We have this clearance process so we build up a kind of portfolio of things. Clearly you choose to do things which you think are going to be effective in the present political context. Our objective is not to change that political context but to try to move the economic projects forward within a context that we have to accept as it stands.

Q45 Richard Burden: Are there similar mechanisms amongst the institutions, for instance, like the Quartet? Do they make those same assessments?

Mr Freud: I am sure they do. I do not have firsthand knowledge of their processes but from everything I hear the Quartet and us—although it sounds ludicrous to put us in the same breath—are operating in a context where you are talking to the Israeli community and the Palestinian community and their bodies. It is very difficult to get anything done unless you have developed a consensus.

Q46 Hugh Bayley: In Gaza the economy has all but disappeared but what would your prescription be to create economic activity in Gaza?

Mr Freud: The one thing we have been looking at very closely, which we think others should look at, is to start to build up effectively a Gaza business recovery programme. What has happened is everything has shut down but actually a lot of the operations have gone abroad. People who were making furniture now make it Jordan or Egypt or wherever. We have seen a collapse but how quickly can one get it back. If it is going to dribble up in 2 or 3% per annum from the base it has got to, we are looking at a very long situation but if you can get it to leap 20% per annum over a few years one could get it back reasonably quickly. Our view would be that if the international community can really start to develop a rapid Gaza business recovery programme for a change in the political circumstances, quite apart from working on changing them, I think we would all be grateful in the long run.

Q47 Hugh Bayley: Would the demand for those goods and services come from within Gaza or would it depend upon opening the crossing points and trade routes?

Mr Freud: Absolutely. You would have to have an ability to trade. It presumes that the political context improves from the present position.

Q48 Ann McKechin: On this question of access, the World Bank assessment is that unless there is actual positive progress on movement and access economic recovery is not possible. What do you think our government should be doing to help in this regard in the current climate about trying to improve the access both in Gaza and also the West Bank?

Mr Freud: I am slightly beyond my league in that question. Clearly that is something the Quartet is working on very hard. In the present political context, as you say, trade is very hard which is why we have gone into housing as an immediate remedial effect. What we are looking at, and I know what the Quartet is doing, is worrying about getting the security situation to a level and provide a context for those road blocks being reduced.

Chairman: I am sorry we got slightly compressed. In a difficult situation we wish you success. You certainly will need a lot of insurer's underwriting risk in the current climate. Let us hope that risk can be reduced.

Witness: **Mr Adam Leach**, Regional Director, Middle East and North Africa, Oxfam, gave evidence.

Q49 Chairman: We do want to hear from you and we have a little over 20 minutes. For the record, could you introduce yourself?

Mr Leach: Good morning and thank you very much for inviting us to come and give evidence. My name is Adam Leach and I am the director for our work in the Middle East, Eastern Europe, Russia and Central Asia.

Q50 Chairman: You will have heard the brief exchange I had with John Ging on your own report where you were highlighting the restrictions by Israel on what they describe as humanitarian goods and services. Mr Ging said he was not aware of the details on the list or exactly what is meant. I think your report mentioned 18 items. Are they clear and specific and, if that is the case, I am surprised Mr Ging did not know what they were?

Mr Leach: We secured this information from the International Crisis Group, as we made clear in the report, in March. Our concern is there is such a list because we think that the construction of a list like that is problematic because of the multiple nature of the use of different goods. The restrictions, which I think is the bigger issue in general, is the real problem. Making a list of any kind for humanitarian goods is problematic, particularly if there is then no means for assessing the impact of your actions.

Q51 Chairman: Is the list of 18 items public knowledge, what those items are, or just that there is a list?

Mr Leach: So far as we understand we were told about the list by the International Crisis Group.

Q52 Chairman: You do not know what is on it?

Mr Leach: We do not, no.

Q53 Chairman: You mentioned cement and motors.

Mr Leach: Because those are the sorts of things where we have faced restrictions.

Q54 Hugh Bayley: What should the UK Government and the Quartet be doing to improve the conditions in Gaza?

Mr Leach: Before I answer this question I would like, as a general point, to concur with almost everything that John Ging said. Much of our data and experience of the situation resonates with what he said, and indeed much of our data comes from their experience and obviously our own. Just to amplify what he said about the number of children being killed, more children have been killed in the first three months of this year than there were in the entire period of last year. I think anybody who heard the man—and it was not entirely clear whether it was a man or woman—weeping at the loss of his infant children on Monday evening would notice what a ghastly situation this is and it is important to frame anything I say in those terms. We are extremely concerned that the Quartet is not using its full power to get the crossings open and that is what the main emphasis must be. John was clear about the importance of the Karni crossing. The Karni crossing was constructed for the purposes of the

supply of goods in a way that satisfied Israeli conditions and it has not been used. The other crossings are inadequate. The timings and opening of them are unpredictable and hence the problems. The crossings are absolutely fundamental. Stopping of settlement expansion is crucial. Something like 84% of the number of housing tenders that have been submitted this year have been approved so presumably the settlements will continue. The UK Government and the international community need to see that does not happen and to stop it. The existing agreements about movement and access need to be enforced. It is vital that there is an inclusive approach to the negotiations. We have made the point that we believe, as Oxfam, that Hamas should be included in the negotiations and I stress that we make that point, as others do and as John Ging himself did, because Hamas has control over the civilian population and therefore has a responsibility and, as such, under international law should be included in the discussions. We think there should be some reference to international law. The almost complete absence of reference to international humanitarian law by the Quartet—and I hope that the meeting on Friday will be different—really begs the question what kind of reality is being created if there is no reference to law. These are structural impediments at the moment which need to be acted on immediately. There are practical things that could be done as well and perhaps I could come on to them.

Q55 Richard Burden: In 2006 the EU created the Temporary International Mechanism to try and find ways of channeling assistance to the Palestinian people whilst bypassing the PA. There is now a new mechanism following the dismissal of the Hamas Government and other developments. Can you give us your assessment about how that new mechanism is working and whether it is providing the flexibility and effectiveness that it was created to provide?

Mr Leach: Fundamentally something is always better than nothing in circumstances like this. We welcome the return to direct budgetary support to the Palestinian Authority. However—and it is a big however—this is not the real issue. The real issues are the points that I just made about opening the crossings and getting some kind of economic activity going again in Gaza. The problems about the new aid mechanism is there is a real risk that it is simply a response to throw money at a problem but not to deal with the underlying issues. There is a tragic irony that the situation at the moment is that people are staying at home because they fear that if they go to work they will not get their salaries, whereas when there was a financial boycott they would be going to work without salaries. The problem about the new mechanism is that we are very concerned that it will simply continue to politicise the situation. It is money to the PA and there is no guarantee that money goes through to workers in Gaza. We are also concerned that the mechanisms are not sufficiently impartial and that some municipalities governed by

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Hamas are fearful they will not get money under that mechanism so there seems to be unevenness in the application of the mechanism.

Q56 Sir Robert Smith: One of the big barriers to normality and development is the restrictions on movement and access. The Office for the Coordination of Humanitarian Affairs has highlighted that this problem is getting worse not better. What should the government do in order to encourage progress on actually implementing the agreement on movement and access?

Mr Leach: As has already been noted this morning, there are now more obstacles in the West Bank than before and that sheer fact needs attention drawn to it and needs to be protested and done so rigorously. Secondly, I think that the recent announcements by Defence Minister, Ehud Barak have proved false and again this should be known. Of the 61 restrictions that he announced as having been removed, UN OCHA say only five were significant and 11 never existed. Further research by the World Bank demonstrates that Palestinians could not even reach some of the ones that were said to have been removed. All these were insignificant. These announcements are not true and I think it is very important that this kind of information, if that is what you can call it, is vigorously challenged and action taken accordingly. The recognition that the number of settlements is growing has already been made. The barrier is now two-thirds built and the restrictions are accelerating and this is in the face of agreements. Again I want to make the point that we have to ask ourselves what kind of reality is being created if agreements are flagrantly breached.

Q57 Chairman: We are having this follow-up inquiry 15 months after we published our last report and the situation clearly has got worse. Hamas has taken over Gaza. There are further restrictions in the West Bank. You could argue, on the other hand, we had Annapolis, we had the Bethlehem conference but it does not seem to be progressing to anything like peace. What kind of peace process is there is the question to be asked. Jimmy Carter says there has been little progress since Annapolis. Has there been any progress?

Mr Leach: Our view is that we are as sensitive as we possibly can be to the difficulties of this situation. We are told repeatedly by the Department for International Development and by contacts in the Foreign Office that the Israelis have to be kept in the room at all costs. Our concern is that there is no progress and what is the point of keeping interlocutors in the room if they actually do not do anything about what is required, moreover, quite the contrary, only make the situation worse. With respect to the quality of the peace process—and I repeat the point that I make these remarks not from a political point of view but because the humanitarian situation and lack of development are fundamental impediments to the peace process—that the approach to the peace process must be inclusive because of the responsibilities of the parties involved. We think that in addition to opening the

crossings and putting the full effort, energy and power of the international community—after all if the Quartet cannot open crossings what hope is there for a peace process—it is very important that all measures are taken, for example through Egypt, to seek to bring an end to the violence on the ground. I am talking about within the Palestinian communities as well as towards Israel. Also, secondly, that there are indications that there will be recognition of the Unity Government so that there is more effort to bring the factions together and not to keep them apart. We think that the fortunes of the peace process, so-called, over the last 18 months to two years have been disastrous because of measures which have effectively divided the Palestinians and therefore made it harder. We are aware that a lot of the diplomatic effort currently is going into recognising the differences on the Israeli side and we think that equal amounts of effort should be put into bringing the Palestinian factions together too.

Q58 Chairman: You made no bones about the inclusion of Hamas for legal as well as practical political reasons in any degree of talks. The last time there was a government of national unity, as far as one can tell, the international community did nothing about it and did not respond to it so it does not give a big incentive for another one to happen. In practical terms, if it is at all possible to engage Hamas what do you think would emerge from that? What would Hamas actually bring to the table?

Mr Leach: That is a question for Hamas and people much better qualified than us to say. The point is that if the international community puts so much effort into deciding that it will not speak to Hamas as a critical player this misses the point; it is indulgent and selfish. The question really is will bringing them to the table to help to increase the chances of peace, the absence of which is clearly devastating so many lives and undermining the possibilities of peace. It feels like a completely circular and diabolical relationship.

Q59 Ann McKechnin: What are the views of the neighbouring countries in the Middle East, which were raised by colleague Marsha Singh earlier on, and their contribution to the aid efforts? You would have thought that the countries in the region would be the best people to try and broker some kind of agreement between Hamas and Fatah for example. Are there any efforts or talks currently going on within the region and within the neighbouring countries or are they simply feeling that there is nothing they can do in the current circumstances?

Mr Leach: I am only going to give you an answer which is anecdotal and impressionistic. That is a question which is properly addressed to the Quartet's special representative and to others not to Oxfam. We hope so. We know that Egypt has been involved and we know that there were talks in Yemen. They did not seem to be very profitable but we think that efforts to include the regional powers are very, very important. Clearly this is a regional problem but I would also add that we see this as an international and a global problem and the

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international community has fundamental responsibilities, as high contracting parties to the Geneva Conventions by agreements that have been made with the Israelis and with the Palestinians and agreements amongst themselves, to act. Therefore, I think it is spurious to seek to pass this one onto the regional powers alone. It is very important that the international community exercises its responsibilities in this circumstance.

Q60 Chairman: Is Oxfam GB talking to the British government? What do you think the British government should or could do, and what would you like it to do, that might make a material and positive contribution to the peace process?

Mr Leach: In addition to the main points about pushing for the opening of the crossings explicitly and for the other points that I made about the inclusive process and scrutinising breaches of agreements, I think there are some practical and immediate things that can be done. Challenging the definition of humanitarian goods is vital. Challenging notions of dual-use for so many people who are so clearly prejudiced by the absence of basic necessities, and acting in accordance with the known humanitarian impacts of policies in line with Israeli assertions is important. We understand that a Department for International Development

assessment has been made of the humanitarian impacts and that could be shared and could provide the basis for assessing the humanitarian impacts of Israeli policy. As we said in our submission, we are very disturbed about the notion of any suggestion that the objective of Israeli policy was to ensure no development, no prosperity and no humanitarian crisis because they do not have any mechanisms for checking whether they have any impact on the humanitarian situation so I think challenging the inconsistencies and following through on that is very important. Support for the numerous plans that have been proposed could also be offered. I think it is very important that any economic measures that are proposed, as the last discussion illustrated, do not hinder or deflect from the real activities so measures suggested by the Quartet's special envoy should not be allowed to deflect from the real issues. The simple answer to this is that the solutions are not complex. This is a matter for political will and a matter of choice and it is now time that those choices are made. We believe that the UK Government has an important role to play in insisting those choices are made.

Chairman: We think so too otherwise we would not be doing this report. Thank you for your written submission which was detailed and helpful. I am sorry we have slightly compressed the time but I still think we dealt with the main topics.

Tuesday 20 May 2008

Members present

Malcolm Bruce, in the chair

John Battle
Hugh Bayley
Richard Burden
Daniel Kawczynski

Ann McKechin
Jim Sheridan
Mr Marsha Singh
Sir Robert Smith

Witnesses: **Rt Hon Douglas Alexander MP**, Secretary of State for International Development, and **Mr Michael Anderson**, Head, Iraq and Middle East Group, Department for International Development; **Mr John Jenkins**, Director, Middle East and North Africa Directorate, Foreign and Commonwealth Office, gave evidence.

Q61 Chairman: Secretary of State and colleagues, thank you very much for coming to give evidence to us on our brief update inquiry on the situation in the occupied territories of Palestine. We produced a report about 18 months ago and we are now conducting a London-based inquiry to try to bring ourselves up to speed with how things have developed. A good number of things have happened since. For the record, perhaps you would introduce your team.

Mr Alexander: It is a pleasure to be before the International Development Committee. To introduce my colleagues, John Jenkins is head of Middle East and North Africa Directorate in the Foreign and Commonwealth Office. Given the interrelationship of aid and the peace process it seemed appropriate to be supported by a colleague from the FCO. Michael Anderson is head of the Iraq and Middle East Group within the Department for International Development. With the Committee's permission, I propose to bring in both of my co-witnesses at the appropriate stage.

Q62 Chairman: Thank you for putting that on the record. We had evidence from John Ging¹ via a video link direct from Gaza. He gave pretty stark and shocking evidence about the situation on the ground. He said it was a shameful situation and there was real suffering. He quoted statistics in relation to the numbers killed. He reported that 334 Palestinians had been killed and 756 injured in Gaza since the beginning of 2008. These figures included 60 children killed and 175 injured. He gave a catalogue of disruption and a shortage of food and fuel supplies. Even those who were dependent on the UN for food distribution did not get it for a period because it was unable to provide it. Perhaps I may start by asking you for your department's assessment of the humanitarian impact of the closure of the crossings and the effective isolation of the people in Gaza. Obviously, we are aware of the fact that you, Tony Blair and others have made calls for the crossings to be opened and relaxed and to allow in supplies, but what have been the results of that? How bad is the situation from the department's

point of view, and what effect is its engagement having on improving the situation and creating access to essential supplies?

Mr Alexander: In preparing for this meeting of the Committee obviously I familiarised myself with the evidence of my immediate predecessor Hilary Benn in the session that gave rise to your previous report on the situation. If I correctly recollect, he described the situation as pretty grim. In that sense I am afraid that I come before the Committee with equally dispiriting news in terms of the humanitarian situation. To take the relevant parts of your question, first, we are seriously concerned about the humanitarian situation about which I will say a word and then move on to the issue of movement and access. The indicators available to us, the principal sources of which are both OCHA² and other UN agencies within Gaza, paint a very bleak picture. Ninety per cent of the water is polluted and over one million Gazans are dependent on some form of food aid. To take a couple of other statistics to put into context our discussion, there is a prevalence of anaemia in children aged nine to 12 months which has risen from 67.8 per cent in January 2007 to 69 per cent in August 2007. In the year to 2007 diarrhoea among children has increased by 20 per cent. Twenty to 30 per cent of wells do not work properly due to power cuts and fuel shortages, and 60 million tons of raw and partially treated sewage flows into the Mediterranean every day. Food prices, which is a source of concern and discussion far beyond the boundaries of Gaza, have increased by 17 per cent in the year to March 2008, and 76 per cent of Gazans—over one million people—are in part dependent on food aid. As to the related point raised in your first question, we judge the partial closure of the Gaza closings since Israel declared Gaza a hostile entity in September 2007 in response to the Qassam rocket attacks to be the principal cause of the deterioration, although other factors, including the ongoing violence, have contributed to the deterioration that I have described. Not only do the shortages cause difficulties in terms of humanitarian supplies accessing Gaza and the population therein but they also at a very basic level increase the costs of the efforts of agencies like the World Food Programme

¹ The Director of Operations (Gaza) for the UN Relief & Works Agency (UNRWA)

² UN Office for the Coordination of Humanitarian Affairs

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(WFP) to deliver aid. The WFP has calculated that additional cost created by Israel's food clearance procedures will reach \$6 million in 2008–09 alone. Health infrastructure and equipment are deteriorating or breaking down, not least as a result of frequent power cuts and surges which damage dialysis equipment. To deal specifically with fuel before I come to the efforts we have been making, that situation came to a head last April when a militant attack on the Nahal Oz fuel pipeline closed fuel supplies. That was temporarily stopped. That was exacerbated by a prolonged strike by the Association of Gas Distributors in Gaza. Supplies of ordinary fuel and cooking gas are therefore severely limited. Reports in mid-April stated that 12 per cent of Ministry of Health staff were reporting late to work due to lack of transport and fuel cuts also shut Gaza's main power plant from 10 to 11 May. The cuts have left humanitarian agencies working within Gaza with little or no fuel. UNRWA's operations were suspended for several days at the end of April. Some fuel and gas are now flowing again but supply does not meet the manifest needs and could be cut off at any time. In terms of the response of the British Government I will say a word about the Quartet envoy in a moment. I can assure the Committee that we continue to raise directly with the Government of Israel the concerns reflective of the situation on the ground both in private and public. I and the Foreign Secretary David Miliband have issued three public statements on 11 and 21 January and 8 February specifically related to the humanitarian situation in Gaza and the issue of movement and access that you describe. I can assure you that in addition to those public comments these are matters we continue to press directly with the Israeli authorities. In relation to the actions of the Quartet, I last spoke directly to Tony Blair when he was here at the curtain-raising event for the Palestinian Investment Conference, to which I will travel in a few hours' time. Again, both in his contribution to the AHLC³ meeting that took place in Lancaster House and in private conversation it was equally clear that he continues to press the Israeli Government on the issue of movement and access.

Q63 Chairman: Thank you for that update. John Ging's written evidence provided some of the information you have just given as well as his own impression of it. The particular point he made was that this was not a stage-managed crisis. There have been some suggestions that it has been blown up. He said: "It is a reality for Gaza's 1.5 million residents." When you look at proportionality, everybody understands that Israel is under severe pressure from rocket attacks on civilians and that causes a great deal of concern, fear and anger within Israel. Nobody underestimates the fact that whilst these rockets are not very well directed and do not hit many people they terrify an awful lot of the population, but the casualties and disruption in Gaza are extremely severe. The reality is that unless the crossings are opened and people can get goods

and supplies in and out the situation moves pretty close to crisis. The impression one gets is that Israel will stop short of starving people out but pretty well up to that point almost everything else can be restricted. How could UK pressure turn round that situation? We are not talking about somewhere that is cut off from the world in the sense it is remote; it is next to a highly developed economy and there are supplies people need very close by but they just cannot get through. What is the effect of pressure by the UK and the international community to provide a means of delivering that? John Ging also made the point that the restriction on supplies into Gaza had severely affected the humanitarian condition but it had not stopped the rockets; in other words, the two do not seem to be connected. What can we do to improve that situation?

Mr Alexander: Clearly, we look to Hamas within Gaza in terms of the rocket attacks that continue to afflict Sderot in the southern part of Israel to take what action is within its power to end them. As to what action we can take, we continue to fund UNRWA and other humanitarian agencies amidst all the difficulties that your evidence clearly manifests. We continue to work the political and diplomatic tracks to try to effect change, but this is part of a broader peace process. I should also mention that in the recent discussions between Gordon Brown and Prime Minister Olmert of Israel this was one of the issues discussed. It was also a key message in what was quite a strong statement from the Quartet during its meeting that took place simultaneously with the Ad Hoc Liaison Committee just a couple of weeks ago in London. We continue to press the case for a UN access cell which we regard as a practical means by which we can secure the humanitarian access required by Gaza.

Mr Anderson: The humanitarian access cell is a very practical measure. We are looking to fund up to £800,000 to provide seven plus one UN officials to be on call 24 hours a day, to anticipate when people will need to use the crossings and to make sure that liaison with Israelis is effective, proactive and done in advance so that people can get through. We were particularly concerned about the benefits this could have for emergency medical cases where in the past people have been stuck at places like Erez unable to get across and unable to receive treatment. We are doing two things. On the one hand, we are pursuing the diplomatic front on a regular basis; there is routine discussion with the Israeli Defence Force to ensure they are doing everything they can to open up. On the other hand, we are taking very practical measures to try to facilitate movement and ensure that the relief effort is not impeded.⁴

Q64 Chairman: Was that decision taken at the meeting in London on 2 May?

Mr Alexander: You can appreciate how frustrating it is given the scale of effort we are making in terms of both the humanitarian response and the political input. There is no direct correlation between British effort and results on the ground. In that sense it is

³ Ad Hoc Liaison Committee

⁴ Ev 54

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important that we continue to work with our international partners. Perhaps Mr Jenkins can say a word about the continuing work with the UN, the Quartet and others to press the case for change on the ground.

Mr Jenkins: I was Consul General in Jerusalem for nearly four years. To have a practical impact on the ground there needs to be a collective international response, in particular through the UN which with UNRWA has the most significant international presence in Gaza and the EU which has the most significant level of donor funding available, together with other willing donors including regional partners like Egypt which has a major role to play in the southern Rafah crossing. That aspect is critical. The access cell is one aspect of the work that the UN has been trying to do on the crossing points. I think it has been very creative in thinking about how to link up humanitarian access issues with security issues which are also critical to Israel. That is the lever by which you will get these things open in the end. General Dayton, the US Security Co-ordinator, is involved in this as well along with General Jones and we are also providing support to them. We have been working very hard with them for a long time to come up with practical plans to get these crossings open. It is all linked together in that way.

Mr Alexander: In no way wishing to diminish the issue of movement and access and the powerful evidence you have already received, I should like to make clear that we are continuing to get aid into Gaza. For the record it is worth giving a sense of the continuing efforts we are making despite the very severe restraints under which we are working. In 2008–09 we have given £17 million to UNRWA which will help provide health education and other services, given that 70 per cent of Gazans are designated as refugees. We would expect to provide a further £2 million to UNRWA based on performance. The UK's contributions to the Commission's PEGASE mechanism also helped to provide allowances to 77,000 key workers such as doctors, nurses and also engineers engaged in Gaza power supply. As a department we have also given £2 million humanitarian support for Gaza and the West Bank through the ICRC⁵ as recently as March, and as late as last year DFID provided £3 million to help pay debts for the Palestinian Authority with the private sector which benefited firms within Gaza. We are continuing to press the case for the provision of humanitarian support, but, as Mr Jenkins' comments reflected, none of us would deny the inter-relationship between the political process and the ability to achieve the scale of change on the ground we would like to see.

Q65 Chairman: All I would say is that the evidence we have both in writing and verbally from John Ging reinforced the point he made that vital public services are in a pathetic state. He gave detailed, horrific descriptions verbally as well as in writing. There was one comment—which was perfectly

understandable—from an Israeli source saying that Israel was being attacked with rockets while normal life carried on in Gaza. What is described by UNRWA is not normal life under any circumstances that would be tolerable. I take it you accept that.

Mr Alexander: If one looks at the deterioration in the economy in Gaza—never mind the public services you describe—the situation is far from normal. We are seized of both the urgency and importance of trying to find a way through very challenging political circumstances.

Q66 Richard Burden: Perhaps I may seek further clarification on what is happening as regards the crossings, in particular the discussions with the UN which you say are proceeding in a cautiously optimistic direction. What confidence can we have that that is likely to be different from the saga of EU monitors at Rafah? The EU monitors were there to observe that everything that happened at the Rafah crossing was above board but half the time they could not get to that crossing because the Israelis stopped them and, therefore, the crossing was shut. Why should this system not be equally entirely dependent on the grace and favour of Israel as the Rafah crossing?

Mr Anderson: There is absolutely no doubt that the effectiveness of crossings with the UN access cell or any other initiative will depend on the goodwill of the Israeli authorities because they regard their vital security interests as being at stake. That will continue to be the reality, so the key to success is building the confidence of the Israelis that their security concerns are being taken into account. There is an important difference between the UN access cell and the EUBAM⁶ mission in Rafah. The EUBAM mission was there to do some monitoring of a crossing that was controlled by other people, so it was to provide overall assurances. A lot of the obstructive actions taken on EUBAM had to do with the Israeli position in respect of Corporal Shalit. It was clearly the case that if we had had some kind of agreement for Corporal Shalit to be released we would have had much better co-operation from the Israelis on EUBAM. That kind of political reality will remain the situation in Gaza. If we are concerned about making a real impact on the dire humanitarian situation in Gaza we need to accept that reality and work very closely with the Israelis to ensure that they have the confidence to open up the crossings. In terms of ultimate confidence in whether the access cell will possibly be frustrated, of course it will be frustrated sometimes, but that is the reality in which we are working. What we can do is make sure that what we do is as professional, efficient and proactive as possible and so give the Palestinians the best possible chance of making crossings in these circumstances.

Mr Jenkins: I should like to make one point about EUBAM and the monitors at Rafah. I was there when we did the deal. I thought EUBAM worked pretty well. There were interruptions which as time went on increased; it became patchier, but it did get

⁵ International Committee of the Red Cross

⁶ EU Border Assistance Mission

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that crossing open and effectively kept it open until June of last year. I believed that it was quite a creative response and an unusual one in the sense that it was the first example of which I am aware in the Middle East where there was acceptance by the Israelis of a third party doing some sort of monitoring on their behalf at a border which mattered to them. In a minor way that was something of a breakthrough. What affected EUBAM were developments on the ground in Gaza in June 2007, but it could have continued. It was the one bit of the agreement on movement and access which lasted and worked.

Q67 Richard Burden: Perhaps you could talk briefly about Karni specifically and what is happening there. The reports are that it is closed most of the time. One hopes that the kind of initiatives you have talked about will help. For the record, in your view what is it that stops Karni being opened? Is there a security concern around Karni as opposed to concern in relation to something else, for example Corporal Shalit, that stops it being opened? If so, what is that security concern?

Mr Jenkins: The Israelis have had security concerns about Karni for a long time. I think there were a number of attacks, one actual and one or maybe two abortive attacks, on Karni back in 2006 when I was there. A large part of what General Dayton was trying to do at the time was develop a kind of cordon sanitaire arrangement at Karni which would stop these attacks. The attacks we saw at Karni then were analogous to the attack on the Nahal Oz crossing in the sense there were people within Gaza who wanted to interrupt the operation of those two interlinked crossings. It goes back to the centrality of security as an issue in unlocking this conundrum. What do you do about access and crossings? You need to get that right to make the crossings function on a sustainable basis. At Rafah security did not work. You need some sort of regime that makes security work for everybody. The Israelis would say that they do not have that assurance yet about Karni. I know it is something that General Dayton has focused on for something over a year.

Q68 Richard Burden: But Israel and nobody else controls Karni; it decides whether it is open or closed. If there is anything to be checked going through Karni they will do it for their own security reasons. They have in practice created a cordon sanitaire around Karni anyway. Given all that, what more could be done to resolve their security concerns; or is it just a matter of saying that some time in the future somebody somewhere might attack Karni? That is true, but nobody could ever give such a guarantee against that.

Mr Anderson: There are four elements. First, the closure of the crossings regime is partly directed by security concerns and is partly a political strategy on the part of Israel to put pressure on Hamas to sign up to the Quartet principles. Therefore, the decisions that have been taken about crossings are partly about security but they are also part of a broader political agenda. Clearly, there is a political element

to this equation. Second, the Israelis have created a cordon sanitaire, but in the end if the crossings are to work there will have to be a credible Palestinian side of the crossing. In the nature of crossings, there are two sides. At the moment we do not have the kind of conditions in which the PA⁷ can put in credible forces, ideally the Presidential Guard. Third, the infrastructure and equipment at Karni need to be upgraded. Wolfensohn dealt with this in part when he was on the case. Lieutenant General Dayton has continued with plans for how Karni can be upgraded. Clearly, there are infrastructure improvements at Karni so it could be made much more secure. Fourth, there is a question as to the intelligence patch around Karni and the management of information in and out; it is about who is coming, what their purposes are and so on. That could be greatly improved. A whole package of things would be needed in order to make Karni the kind of efficient crossing envisaged in the agreement on movement and access in November 2005.

Q69 Richard Burden: To put a question of fact, the US security co-ordinator was assigned to Karni and then removed. Is he back? Is he assigned to the Karni project?

Mr Jenkins: Are you talking about Keith Dayton?

Q70 Richard Burden: Yes.

Mr Jenkins: He still has plans for Karni. I am not entirely sure of the status of those plans as we sit here today.

Q71 Richard Burden: But Karni is still part of the plans?

Mr Jenkins: Yes, indeed.

Q72 Hugh Bayley: Ever since the land for peace deal fell apart the prospects for peace have moved backwards despite the best efforts of the Quartet. It is easy to point the finger at failures of Palestinian or Israeli leadership, but the fact is that we are now further from a peace settlement than we were last year, and last year we were further from a settlement than the year before. It seems to me absolutely essential that the siege on Gaza is lifted. Economic deprivation is a better recruiting sergeant for extremism than the use of force. I know that both our government and the Quartet have issued statements saying very clearly that humanitarian needs should be addressed but they seem to have no effect. It seems to me incredible that world powers cannot use pressure, including economic pressure, to achieve some change in the circumstances of the Palestinian people, especially in Gaza. Why is it that more than words are not apparent from the Quartet?

Mr Alexander: With respect, there is a lot more than words. The European Union is the largest funder of humanitarian support and assistance to the Palestinian Authority. Notwithstanding the very real constraints under which efforts by the international community operate they continue. It

⁷ Palestinian Authority

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is hard to overstate, as Mr Anderson's answer anticipated, the inter-relationship between the views taken by the Government of Israel towards the security threat it faces and continuing rocket attacks from within Gaza and the broader political process in the Middle East. In that sense my answer to your question would be to say that we need to continue to be unstinting in our efforts both to provide the long-term support so we can see the emergence of a viable two-state solution, which means continuing to support the Palestinian Authority and the longer state-building process in which it is engaged, as well as provide the immediate humanitarian supplies that are so desperately needed but, at the same time, seek every opportunity as an international community constructively to engage with all sides in that peace process. I do not underestimate the sense of frustration that clearly you and we feel at the slowness of the progress made, but when you say we need more than words I point to the very real decisions reached in Paris in December where \$7.7 billion was committed by the international community to manifest in a financial sense the potential benefits that could accrue to the people of the occupied Palestinian territories if we are able to secure the kind of breakthrough we want. That matters not simply in relation to the West Bank but also in relation to Gaza. To be able to persuade the Israeli Government that it does not face the kind of security threats it has experienced to date from what it has now designated a hostile entity requires the success of that broader peace process. I struggle to see how we could have a breakthrough on Gaza without a broader breakthrough in the Annapolis process. As to the latter, that would be one other point on which, with respect, I might take issue with you in the sense that 2007 was a pretty uniformly bleak year for the prospects of progress in the Middle East. Notwithstanding that disappointment, the fact is that real negotiations are now under way as a result of Annapolis and to an unprecedented extent the international community has supported it, not simply in terms of attendance at the original meetings in Maryland but also in reinforcing it with financial commitments in December. We have also sought to sustain that progress through meetings of the AHLC here in London and also at a further Quartet meeting which issued a stronger statement on issues like settlement and the humanitarian needs of Gaza than I can recollect. That means the international community continues to press the case for negotiations. A judgment has been made on those negotiations by the principal parties—we may get to those issues in due course—that they do not want to send out public messages on the progress being made against what are continuing fundamental disagreements on issues for negotiation. But the clearest indications we have—Mr Jenkins from the FCO point of view is better qualified than I to discuss them—are that there are real and substantive negotiations under way. Substantive discussions are taking place not simply between Mahmoud Abbas and Prime Minister

Olmert but also between the Foreign Minister and the Palestinian Authority's chief negotiator twice weekly. Given how difficult these issues are, we need to be respectful of the right of negotiators to proceed in a way that they judge most likely to yield the outcome that we seek.

Mr Jenkins: It is critical that Gaza remains part of the goal of the Palestinian state for which we are all aiming. When one talks about Gaza, it remains an integral part of what we think will be the eventual Palestinian state of Gaza and the West Bank. That certainly remains the position of the Palestinian Authority. In terms of the negotiations that have taken place, we are told by Abu Mazen, Olmert and Livni, Abu Ala and Saeb Erekat that they are starting to drill down into some of the key issues particularly borders and water. As I understand it, there has been some detailed discussion about Jerusalem and the right of return of refugees. This is the first time since 2000 that this has happened. We are not privy to the details because, as the Secretary of State says, the parties have said they want to keep them confidential. I know there is a lot of scepticism here and possibly more in the Middle East than anywhere else about these negotiations and where they are going, but given it is the first time there has been a structured dialogue and discussion and they are talking about the key final status issues and want to keep the details confidential, because in the past when they have been leaked they have undermined the whole process, what we have to do is try to find ways to support that practically. That brings me back to the issue of Gaza and what we do about access and so forth which is an integral part of trying to sustain a Palestinian Authority and the negotiations on the part of the PA which can make some sort of progress on these issues. When one bears in mind that in Gaza we are historically the third biggest donor to UNRWA and something like 55 per cent of the Palestinian Authority budget which is sustained by donors goes into Gaza mostly in the form of salaries, there is a real practical link between the assistance we provide and sustaining conditions as far as we can in Gaza and giving Abu Mazen and Salaam Fayyad⁸ a platform on which they can continue negotiations with the Israelis. The situation is not great but it is better than it was this time last year because we have a negotiating process which we simply did not have.

Q73 Hugh Bayley: I hope you are right. Secretary of State, both you and Mr Jenkins cited UK aid as something that went beyond words, which I accept is absolutely right, but since June of last year what proportion of UK aid to the Palestinians has been routed specifically to Gaza?

Mr Anderson: UNRWA's estimate is that 46 per cent of the overall aid goes to the Palestinian territories together. They do not have a breakdown as between Gaza and the West Bank, but not a bad

⁸ The Prime-Minister of the Palestinian Government

indicator of this is where the PA budget goes. The PA estimates that approximately 55 per cent of its budget goes to Gaza.

Q74 Hugh Bayley: But there are big worries, are there not? For instance, the salaries of Palestinian Authority officials in Gaza are of course paid but the officials are not in a position to do any work because their bosses are not in Gaza?

Mr Anderson: The bulk of the money goes into frontline workers and education and health. We have had problems with strikes and so on.

Q75 Hugh Bayley: Obviously, UNRWA must have figures to show where the money is spent. Would you be able to obtain from UNRWA and let us have the breakdown of expenditure between the West Bank and Gaza because there is a real concern? Given the enormously greater economic pressure on Gaza than on even the West Bank and that aid is to provide humanitarian relief because normal economic circumstances do not exist, we must make sure that sufficient aid is applied to provide for humanitarian basic needs which it is intended to supply in Gaza as well as the West Bank. Your answer does not tell me that that is happening.

Mr Anderson: We are very happy to go back to UNRWA to ask again to see whether or not they can give us a breakdown. The difficulty for UNRWA in the past in giving a breakdown is that a lot of its sourcing is global and it does not have good data on the distribution of some it. We are very happy to go back and ask for that again.⁹

Q76 Hugh Bayley: Given the incredible difficulties in getting material in and out of Gaza, it must be possible to determine which trucks taking UNRWA goods and service got through and which did not?

Mr Anderson: The details on exactly which shipments and in what quantities are going in when are available. We have data on that if you would find that helpful.

Q77 Hugh Bayley: I think it would be helpful.

Mr Anderson: We can provide that.

Q78 Hugh Bayley: To try to be optimistic, until the siege on Gaza is lifted the economic prospects are absolutely dire and the political consequences which I have already mentioned are in my view entirely negative to the peace process. To what extent will the Palestinian Investment Conference look at investment in Gaza and will creating conditions in which investment in enterprises that can operate be one of the priorities for the conference?

Mr Alexander: It will be one of the functions of the conference. I say that on the basis that I along with the Prime Minister hosted the curtain-raising event for the event that takes place in Bethlehem tomorrow which I will attend. There was a prominent focus on Gaza along with the economic opportunities on the West Bank at the curtain-raiser. One of the confidence-building measures of

the Quartet's special envoy, Tony Blair, is the extension and development of the sewage treatment plant in Gaza. That is one of the specific projects that has been identified. I can give you the assurance that is one of the continuing focuses of the conference. If it is helpful perhaps I can write to the Committee having attended the conference and give more detail about the discussions that take place.¹⁰

Mr Anderson: There is a specific session at the Palestinian Investment Conference on Gaza that will focus on economic issues. There is a lot of opportunity there for infrastructure investment. Bear in mind that prior to June 2007 Gaza along with Nablus were a very important part of the overall Palestinian economy. In terms of exports to the EU, many of which are agricultural, Gaza is a major source. Therefore, the economic opportunities in Gaza, if we can open up movement and access, are very substantial. The Palestinian Investment Conference which starts tomorrow will have on the table \$1.8 billion worth of project proposals. The UK Government has put in a lot of effort. It has funded Ernst & Young to go in and make sure that these project proposals provide a credible prospectus with a business case and good details on the information that investors need to make investment proposals. We think that a large number of these will be viable even in the absence of liberalisation of movement and access. Obviously, economic growth particularly in Gaza will depend on movement and access liberalisation, but we can make an important start. Leadership on this has been shown by Salaam Fayyad who by background is an economist who believes strongly—we support his assessment—that a lot can be done even in current circumstances. Therefore, we feel that there is no excuse just to sit back and wait for movement and access to open up. We can make real progress, get the investment started and begin to get the wheels moving on this.

Q79 Sir Robert Smith: Dealing with the humanitarian situation caused by the siege which you have all agreed is dire, you have talked about various funding that DFID is doing in the region. Specifically UNRWA has asked for \$168 million of emergency funds and so far only \$90 million has been pledged. Given the severity of the situation that we have all agreed upon, does DFID have any plans to put any money into that emergency appeal?

Mr Anderson: We negotiated what was then a unique five-year agreement with UNRWA in March 2007. The deal we put on the table with UNRWA is that we would provide them with predictable funding over a period of years. It has two components: a core tranche which is very substantial—it is £17 million this year—and a performance tranche of an additional £2 million. One of the objectives was to provide predictable funding. A second objective was to create strong incentives for UNRWA to reform and be more effective particularly in monitoring and evaluating its work. A third message to UNRWA in general

⁹ Ev 51

¹⁰ Ev 51

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was that we wanted it to begin to operate in a situation where funding spikes would be a routine part of the work it did and it should plan for them in advance. We wanted UNRWA to get away from lurching from crisis to crisis. UNRWA got in the business of funding some of its core activities through emergency appeals. We are trying to shift it back to a position where it is funding its core activities much better. Not only has our aid for UNRWA increased; we have been urging others to join in this approach and increase the overall profile for UNRWA funding in the entire donor community. Part of the consequence of that is that we were urging donors to increase on a sustained basis the level of support for UNRWA and we would not necessarily look to UNRWA as the only vehicle for dealing with crises. In March we made a commitment of an additional £2 million to the International Committee of the Red Cross, in part because UNRWA alone is not ideally situated to deal with surges in need. Therefore, the surge in need which you have rightly identified is great at the moment and is not fully subscribed to. We have taken the decision to put a greater portion of our funding into core budget support for the Palestinian Authority following consultation with Salaam Fayyad. We put it on the table and asked whether he wanted more money in the core budget to make sure that salaries were being paid or emergency assistance through UNRWA. There are two arguments. One is that in order to build up the capacity of the Palestinian Authority you need to continue to work with it rather than through parallel systems. As good as UNRWA is it is still a parallel system. The second argument is that this is a more sustainable response than lurching from crisis to crisis. We hope that other donors will come to the table. Other donors are less willing than the UK to provide budget support. Although the \$7.7 billion pledged in Paris is not yet committed we hope that they will help to fund that gap, but at the moment we think that the UK has a credible set of reasons why it does not plan to do that.

Mr Alexander: At the same time that this is identified as a humanitarian need there is also an identified fiscal crisis facing the PA. In that sense in part the judgment that has to be reached, given that salaries are paid both to Gaza as well as West Bank civil servants and public service workers, is how we balance our innovative and long-term approach, which is what UNRWA seeks, with sustaining the only entity that is capable of being a credible negotiating partner for the peace process which underpins the prospects for resolving both the humanitarian crisis and the broader political challenge that we face.

Q80 Sir Robert Smith: You refer to planning to avoid spikes. It cannot really control the political factors that create humanitarian situations. Are there other problems in its management that you have identified?

Mr Anderson: There is a whole series of management-informed targets which UNRWA itself has identified, including achieving better

results in education and having in place better monitoring and evaluation systems, financial controls and so on. Part of the business case it has itself identified is that UNRWA is in the business where it needs to have a contingency on which to draw because spikes are part of its business; they are normal in UNRWA's business. In the past UNRWA has not planned for those spikes. We have encouraged UNRWA to support its own initiative to move towards planning to have flexibility in its budgeting. It will need to continue to make emergency appeals, but we want it to be an organisation that is better able to anticipate and absorb spikes in need.

Q81 Jim Sheridan: Secretary of State, what are your views on the current position with Hamas? The Chairman has already made reference to the video conference with John Ging who gave an extremely detailed account of exactly what was going on in Gaza. I take the view that when people like John Ging, a highly respected figure, tell you something perhaps you should listen to it. He said quite clearly that the current blockade in Gaza was not having the intended effect in stopping the firing of rockets into Israel. The only people who suffer are the civilians in that area. I should also be interested to know your views on organisations such as Oxfam. Oxfam says quite clearly that now it is time for Hamas to be brought to the negotiating table, if for no other reason than for it to justify what it is doing to its own people. It is important that that happens given the control it has within the civilian population but also under international law Hamas should be encouraged to come along. If we do not invite Hamas what other steps or measures can we take to make Hamas face up to its responsibilities in terms of what it is doing for its people? You and I know that in our profession we have to negotiate with people we would rather not deal with, but that is the nature of the job we do. Surely, it is time that Hamas is brought to the negotiating table to seek its views on what is going on there.

Mr Alexander: As my parliamentary neighbour, I hope and trust that was not a reference to Renfrewshire politics. I will deal with the points in the order in which you put them. First, is this achieving the intended effect? I suppose that implicit in that question is: is the effect of the blockade to radicalise those within Gaza and thereby cause greater security risks to the people of Israel? Clearly, Hamas aims to portray the current situation as having been caused solely by Israel's actions and deploys that narrative on an ongoing basis with the public in Gaza, but it is right to recognise that Hamas itself has chosen violence and must accept responsibility for the rocket attacks which pose a real security threat to the people of Israel. That is why in terms of the statements David Miliband and I have made and in our private and public utterances we unreservedly condemn the continued rocket attacks from Gaza into Israel and recognise the security dilemma that that poses for the state of Israel in terms of its response. Equally, we have been clear that any response by the state of Israel must be

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consistent with its obligations under international law and that applies in relation to access by humanitarian aid to people within Gaza. As to negotiations with Hamas, clearly Abu Mazen leads on the question of how the Palestinian Authority can once again be judged to be in control of Gaza. In that sense there is an intra-Palestinian dialogue in which it is right to be respectful of the right of Abu Mazen to take that forward not simply in terms of his position within the PA but his position within the PLO. Our position as a member of the Quartet has not changed and on that basis we do not have contact with Hamas. I have great respect for Oxfam; indeed, I have just been on the airwaves in recent days complimenting them on its work with partners in Burma, but it is right to recognise that while NGOs, even respected ones, within the development community have a point of view on these issues, ultimately it is for the government to reach a view on the right approach. The approach we have taken is one that has been agreed in concert with international partners. Because we believe that the key to making progress in terms of the negotiated settlement, which is the aim of all of us, is to support the process being led by Olmert and Abbas in the bilateral talks, we do not want to do anything that is judged to undermine the process or the capacity of Abu Mazen to be seen as a credible negotiating partner with the state of Israel. We judge that that includes talking with Hamas at this stage absent some significant movement by it towards the principles set out originally by the Quartet: recognition of the state of Israel, adherence to previous agreements and the renunciation of violence. We do not judge that these set an unreasonably high bar. On that issue I appreciate that there are others who disagree with us and that may be reflected in the comments from Oxfam to which you have referred, but we see them as fundamental conditions for it to be able to engage in a serious way and negotiate ultimately with Israel. In passing I note the recent comments made by President Carter following his conversations with Hamas, but I think that a political dialogue is impossible so long as one party is dedicated to violence and the destruction of the other. In that sense there is a heavy responsibility, but we regard the principal responsibility as resting with Hamas and do not regard the bar that is set as being unachievable. I assure you that the reason the bar has been set at that level, which incidentally was determined long before the most recent actions taken by Hamas in 2007, is to ensure that there can be credible negotiations rather than that it should prevent them.

Mr Jenkins: I said that I was Consul General in Jerusalem. I was also Ambassador in Damascus. Therefore, I was in the two places where Hamas was established. It is true that Abu Mazen is authorised to negotiate on behalf of the Palestinian people because he is chairman of the PLO which is the institution that chairs the negotiations. I recall speaking to Abu Mazen two or three times back in 2006 after Hamas had won the elections about what it would take to make Hamas part of the negotiating

process. His position was that it needed to subscribe to what he considered to be his government's programme. He tried this twice in formal letters to the then Hamas Prime Minister, inviting Haniyeh to sign up. Both times Haniyeh refused. He did not just refuse; there was no answer to those letters. Therefore, there is a fundamental disconnect between Hamas's desire to exercise power in the Palestinian territories and the PLO's desire arising out of Oslo to have serious negotiations with Israel. Personally, I think it would be great if Hamas wanted to be part of the negotiating process and would allow Abu Mazen to negotiate on behalf of the Palestinian people and accept the conclusions of those negotiations. A couple of times it seems to have come close to it but each time it approaches the point when it says it will let Abu Mazen do this it steps back again; it says it will not happen and refuses to recognise Israel. There are no negotiations; it will offer a 10-year truce or whatever it is, but that is all; and in the end it wants back the whole of mandated Palestine. That does not seem to be a basis on which Hamas can be part of the negotiating process. Whether it wants to participate in something which has international legality behind it—the Oslo process which empowers Abu Mazen to do what he is doing—or to strike off completely on its own irrespective of international legality and continue on the course it has set is a decision it must make itself. I think that it should do the former but at the moment it is doing the latter.

Mr Alexander: Another matter that it may be helpful to draw to the attention of the Committee is the point that we reached in discussion on the criteria set for Fatah.

Mr Jenkins: The three Quartet principles are in effect those to which Fatah signed up at Geneva in December 1988 in the exchange of letters between Arafat and Rabin and with Clinton in 1993: recognition of Israel; signing up to previous undertakings, including Oslo, and renunciation of violence. Those were exactly the principles to which Fatah signed up, so they are not being asked to do anything that Fatah did not do.

Q82 Jim Sheridan: To expand on the response you have given, I go back to the situation in Northern Ireland. The response was exactly the same until paramilitary groups gave up their arms. We managed to overcome that and get a peace agreement in Northern Ireland. I do not defend Hamas in any way or wish to force it, but if the status quo prevails and it refuses to speak what other measures can be taken to make it face up to its responsibilities to the people of Gaza?

Mr Alexander: First, although there is a superficial attraction in drawing a parallel between the ultimate resolution of the historic conflict in Northern Ireland and the continuing challenge of finding a resolution to continuing conflict in the Middle East, I am not sure how helpful it is. Even if you take that example as your starting point, a fair reading of what happened not simply in terms of the Good Friday agreement but the discussions that preceded it involving Michael Ancram and John Major's

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government was that at some level within the IRA leadership a judgment had been reached to take the democratic and political path and renounce violence. That may not have been publicly articulated immediately, but it was not simply that the British state chose to engage in negotiations, albeit at that stage in secret; a separate and equally important judgment had been reached within the Provisional IRA in terms of the path forward to try to secure its objectives. In that sense it is still open to Hamas to participate in discussions, negotiations and consultations internationally, but ultimately it rests on judgments and the responsibility that it has. In that sense I am not sure it is always the right parallel to draw in terms of a willingness to negotiate on the one hand and a willingness to negotiate on another. The relevance of the point on which Mr Jenkins concluded his earlier remarks is that all too often in the public press it is suggested that somehow there is a uniquely onerous set of obligations being placed on Hamas as a barrier to it participating in further discussion when in essence the criteria set for credibility in having those discussions are exactly the same as those set for another significant part of the Palestinian community, Fatah, in a previous time. Second, I do not want to leave the Committee with the impression that somehow we are sanguine about the status quo. Clearly, already in this evidence session there has been great emphasis placed on the humanitarian efforts we are making. We are unstinting in our efforts to try to find a political way forward, but in order to do that it is essential that we have a credible negotiating partner in the Palestinian Authority. Of course the armed takeover of Gaza in 2007 by Hamas has complicated what was already an extremely challenging political situation, but I think that if we want to get to a negotiated two-state solution one of the prerequisites is a credible negotiating partner. If you accept the legitimacy of having a credible negotiating partner then at some level you also need to accept the ability of that negotiating partner, in this case Abu Mazen and the Palestinian Authority and principally the PLO, to be able to resolve the issue in relation to the takeover by Hamas. In that sense the intra-Palestinian conversation rightly has to be led by the PLO leadership.

Mr Jenkins: I do not want to pontificate on the situation in Northern Ireland, but one aspect of that which seems to be distinct from the situation in the occupied Palestinian territories is that all the parties engaged in the negotiations in that case could in some sense do the deal and sign up to something. In Palestinian and Israeli terms that means Palestinians talking to Israelis. The fundamental conversation that needs to take place is between those two parties because they are the ones who in the end will sign the deal. I see no indication that Hamas is prepared to do that. This takes us back to the Quartet principle on the recognition of Israel about which there is a lot of debate. It seems to me that a fundamental principle that lies behind this is that recognition in particular gets you a seat at the table because you recognise the power of the other party to do the deal. Of all that I have seen of Hamas in public and the

indications from private dialogue or debate going on within Hamas over the past two years nothing tells me that its fundamental position on this or the desirability of negotiations leading to two states has changed. I think there has been inconclusive debate within Hamas about this and that the power of the radicals—the military wing and so forth—is such that for the moment it has closed off the possibility of this evolving into something more serious. At the moment I just do not believe we are in a position to move this forward. Hamas really needs to decide which way it is going.

Q83 Chairman: I do not know whether you have any observations to make about the apparent engagement by the French at arm's length as reported today? I do not defend Hamas, but it will argue that there was an election. It went into the election in a situation where consistently Israel said that it should not be allowed to contest it because it had not signed up to the principles but the international community said that it could contest it and it won. There is competition between Hamas and Fatah as to who is defending the rights of the Palestinian people. Therefore, in terms of *realpolitik* does not somebody somewhere need to test from where the point of engagement will come?

Mr Jenkins: I think there is a contest between Hamas and Fatah. Speaking to another point which has been raised about opinion in Gaza, quite often you see polls saying that Hamas has more support in Gaza and so on. Having looked at polls over the past four years, they tell me that Palestinian opinion is very volatile and the thing which appears to be growing is the bit in the middle which says in respect of both Fatah and Hamas “a plague on both your houses”. In a way, it is that unrepresented segment in the middle that loses out through the freezing of forward political movement within the Palestinian territories. As to the French, I read about this yesterday in the French press before it was reported this morning in the *Guardian*. Looking at the press reports, the man concerned is a former ambassador and is no longer a member of the French diplomatic service. They have said that this is not the French opening talks with Hamas. I believe what I read in the press statement.

Mr Alexander: If we have an interest in seeing a single unified Palestinian Authority there is an urgency and importance in having not simply the capacity of the proto-state build but also these negotiations proceeding in the sense that if you are Abu Mazen sitting today in Ramallah you want to see tangible benefits emerging from the Annapolis process, not simply because it makes sense for the broader Middle East peace process but it clearly would be a strengthening of his position not only in terms of the West Bank but his claim to support within Gaza. In that sense I think there is a real urgency in seeing sustained progress in the Annapolis process on which I am sure we are all agreed.

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Q84 John Battle: Given the positive approach you take to Annapolis, how is it possible to conclude an agreement as suggested by the end of 2008 without the participation of Hamas? Is that not completely idealistic?

Mr Alexander: To add an important caveat, I am not panglossian in terms of Annapolis, but I think optimism offers more potential for progress than pessimism at this stage. Let us not underestimate the historical differences or the fact that intelligent, committed people have been working on these issues for many decades to find a way forward. I think that the kind of timescale that has been set for the progress that the parties want to see in the course of 2008 is a necessary corrective to the idea that this is a process without end and we can take our time as an international community or as individual partners in negotiating. I cannot prescribe where that process will reach in terms of the remaining months of 2008; nor can I yet offer you clear views as to where Abu Mazen will reach in terms of his strategy to ensure there is a single unified Palestinian Authority not only with legal but actual authority over Gaza and the West Bank. Obviously, I will take the opportunity to discuss that issue with him and Salaam Fayyad in the course of our discussions tomorrow.

Q85 John Battle: It almost seems as though we are operating in parallel universes. One is more hopeful. I do not use the word “optimistic”. It is seriously negotiated by the best minds with the intention of seeing the process go forward which we should and must support. Then President Bush of the US makes a visit and the reaction to that is that Israel steps up its rocket campaign. How can there be prospects of peace in the future if the response is to step up the rocket campaign against Gaza by Israel? We are taking a step back. In that sense what should the international community do in circumstances where there are parallel discourses going on, one being the rocket attacks and the other being the Annapolis peace process?

Mr Alexander: It will not surprise you that I come before you to speak on behalf of the British Government, not the Government of Israel or the Administration in Washington. Notwithstanding that, I am not sure how clearly the connection can be made between the rocket attacks you describe and the visit of the President of the United States. For me that would be conjecture rather than a clear connection. I know that there is a wide variety of opinions about the President of the United States both among the British public and within Parliament. It is less often recognised in debates around the Middle East that he is, if I recollect, the first American president to state support for a two-state solution. As Mr Jenkins pointed out earlier, frankly Annapolis is the only show in town. For the first time in seven years we have a negotiating process moving forward. That is not to underestimate the profoundly difficult and challenging final status issues under discussion; it is not to diminish the historic alliance between the state of Israel and the United States, or the strong

desire on the part of the international community collectively to find a solution to the Middle East. The reason I am optimistic is that we have a process by which progress can be made. Without such a process we would return to the period we witnessed after the Clinton presidency. For years we had no process by which progress could be made.

Q86 John Battle: But when President Bush visited at the very same time Israel said that it would step up the military operations in response to the rocket attacks. Therefore, the signal appears to be going in the opposite direction and was not clawed back in any way by the international community in general. Nobody said that would not help the peace process; it was just left as if that was the situation which moved it in the wrong direction. My heart dipped when I saw that.

Mr Jenkins: Often the matters that periodically derailed the peace process in the 1990s were the violence and terror. The good bits of the 1990s were when the peace process continued in spite of the violence. For seven years we have hardly seen anything. There have been occasional meetings mostly with Abu Mazen and at Sharm el-Sheikh but they were always stopped by violence. I am not starry-eyed about all of this and I recognise there is massive scepticism about the whole Annapolis process, but it is the first continuous negotiation—sustained in spite of the violence—for seven years. That seems to be an important point which suggests to me there is something which both parties think is really valuable in what is happening and want to keep hold of. There may be elements of domestic politics in this on both sides, but given the past and where we are it seems to me that this is something we should recognise, grasp and support as much as we can.

Mr Anderson: Mr Battle, you raise a characterisation which I recognise about what seem to be parallel universes in which on the one hand the facts on the ground are just terrible. On the other hand, there is optimism about the peace process. That is precisely why Tony Blair is there trying to move forward the confidence-building measures. We strongly recognise that the facts on the ground are fundamentally connected to the confidence that the parties will have in the peace talks. But I think that in the mind of Abu Mazen in these two parallel universes the future of Palestinian unity with Hamas and what happens in terms of negotiations with Israel are matters that are absolutely and intimately connected because clearly the political strategy for Abu Mazen and Salaam Fayyad is that if they can deliver some progress on the peace front that is the magic key to finding a way into Palestinian unity where popular support among Palestinians will recognise that ‘we all need to be in it together’. So there is a purpose to Palestinian unity which is doing a deal where real benefits are delivered to the Palestinian people. I strongly recognise that often they appear to be different worlds but they are quite strongly connected in an overall political strategy which we support.

Q87 Daniel Kawczynski: Secretary of State, at the beginning of this session you said that you were flying out to the conference later today to be held to talk about the aid that goes to Palestine. What message will you take with you to some of these countries about stumping up the cash they have promised to the Palestinian authority? You will know that part of the economic crisis in Palestine is the result of a lack of finance from donor countries. I am particularly interested in Saudi Arabia. As Chairman of the All-Party Group on Saudi Arabia, I am continually told by the Saudis that they are doing everything possible to give money to the Palestinian Authority. Interestingly, Saudi Arabia has a budget surplus this year of over \$300 billion. We are borrowing about £45 billion. I should like to have your comments on that.

Mr Alexander: First, as a point of clarification the principal focus of the conference that I shall attend tomorrow is not international donations but private sector growth within Palestine. That is complementary to the continuing efforts to provide both the capacity to develop the architecture of governance within the Palestinian territories and the immediate humanitarian needs. We need a sustainable economic foundation which requires a dynamic and thriving private sector which has been a big focus of the work that Tony Blair as Quartet representative has taken forward. You raise a very valid point and was one much discussed at the Ad Hoc Liaison Committee meeting at Lancaster House just a couple of weeks ago under Norwegian chairmanship. Progress was made in the sense that another Gulf country, Kuwait, made an \$80 million commitment at the conference which was regarded as a significant step. We were genuinely heartened and not a little surprised by the scale of the contributions that emerged in Paris in December. In that sense we had worked hard to facilitate that outcome. We had been vocal fairly early on with full understanding of the relevant parties that we wanted to encourage others, to be something of a cheerleader for significant donations to add momentum and sustain progress on Annapolis. That being said, the Arab pledges in Paris totalled \$1.5 billion, 20 per cent of the total. You are right to recognise that there is a gap between pledges being made and commitments being delivered. My recollection is that there is a meeting of the Gulf Co-operation Council at which some suggestion is made that Saudi Arabia may take the step that you are looking for. I do not know whether Mr Jenkins can clarify the date of the meeting.

Mr Jenkins: There is a GCC summit, I believe, on the 24th or the end of this month. This was a matter that came up a good deal at the AHLC both in its plenary meetings and the meetings that the Quartet had with the Arab foreign ministers who were present. There was a lot of discussion about the need for Arab donors to provide faster funding this year to the Palestinian Authority. To be fair to the Saudis, historically they have been the most consistent of all the Arab League states in providing funding to the Palestinian Authority. They were the ones who consistently provided \$7 million to \$8

million a month as its contribution throughout the 1990s and up until 2006. I think the Saudis have done pretty well over the years. There is now an issue about getting funding into the Palestinian Authority faster to deal with the looming fiscal crisis that Salaam Fayyad faces. That is something which he himself has highlighted at the AHLC. Tony Blair has been very active on this in the Gulf since his appointment as Quartet envoy. When he is not in Palestine quite often he is in the Gulf to try to get those states to meet their pledges.

Mr Alexander: This is a matter about which we talked to Salaam Fayyad. I had conversations with him even ahead of the December conference at which we discussed the Saudi contribution. If you have opportunities to continue to make the case that I know you have been making through the All-Party Group that there is urgency in terms of the fiscal crisis facing the Palestinian Authority we would be genuinely grateful.

Q88 Daniel Kawczynski: Obviously, given the present price of a barrel of oil, which is likely to continue its upward trend, some of these countries in the Arab League find themselves with a lot more resources at their disposal. I presume you will tell us that in comparison we are better at fulfilling the pledges we have made. Can you confirm that we have stumped up the cash we have said we would?

Mr Alexander: Yes—not least because we hosted the AHLC meeting along with the Norwegians, we certainly made sure of that in terms of being able to say that we were beginning the spend of the £243 million we had committed in Paris.

Mr Anderson: In the first quarter of 2008 we spent £39 million which is well ahead of the trajectory of delivering our £243 million pledge over the course of three years. Therefore, the UK is right out in front in setting an example on giving aid on the ground. We are also right out in front in terms of making a large commitment to budget support which is absolutely vital to both increased capacity and the sustained existence of the Palestinian Authority. It really faces an existential crisis unless it is able to face its fiscal challenges.

Mr Alexander: To be fair to Salaam Fayyad, he has been fulsome both in private to us and in public in recognising the extent to which the British have been leaders both in terms of translating pledges into commitments but also the manner in which that money has been committed, addressing the most urgent and specific needs that the Palestinian Authority faces. As to your observation on the continuing rise in the price of oil, which bears on a point made earlier about why in the international community there is such a sense of urgency, one of the contributory factors, in addition to the fact that the global need for oil is growing at about two per cent a year and production at about one per cent a year, which itself contributes to rising prices, is that a significant risk premium is built into concerns in terms of security of supply emerging from the Middle East. In that sense there is very practical benefit in terms of fuel costs and the price of a barrel of oil which would emerge if we were able to see the

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kind of progress we all want to see in the Middle East peace process. Again, that is a clear example of interaction between commerce and politics. If we were able to find a way through the Middle East peace process in a manner that resulted in a greater premium in terms of oil prices the benefit would immediately be felt not simply in our own petrol tax but also in the global economy.

Q89 Ann McKechin: Secretary of State, has the Ad Hoc Liaison Committee made a formal assessment of the likely impact of the shortfall in funds? Are donors fully aware of what the impact would be and how soon it would kick in in terms of the current cost and essential services?

Mr Anderson: The Ad Hoc Liaison Committee did not issue any formal report. There was a Chair's Summary but it did not go into detail. The tracking is being done by Salaam Fayyad; he is keeping a close eye on it. On current projections he anticipates a fiscal shortfall for the PA of \$650 million. It will start to kick in in late June, so we hope there will be very strong Saudi and further Arab pledge of support before then.

Q90 Ann McKechin: As to economic development, given the fact it has been effectively strangled in Gaza by the current blockade and also an increasing number of roadblocks in the West Bank, what is your assessment of the possibility of an improvement in economic development? Given the fact this has gone on for a considerable period of time, how quickly could things recover if there was an easing of the blockade?

Mr Alexander: It is extremely difficult to achieve sustainable economic growth under present circumstances for the reasons you describe, principally the constraints on movement and access. It is probable that the West Bank economy grew in 2007 but, at the same time, we judged there was a significant contraction in terms of Gaza. Regrettably, if one looks at where the principal drivers of growth are judged to have been even in terms of the West Bank economy that was principally in terms of aid and support for the public sector rather than private sector investment. There were significant concerns there. The IMF has suggested three scenarios based almost solely on the Israeli closure regime. Its pessimistic scenario is the status quo with little or no improvements in movement and access, leading to continuing falls in per capita income of about two per cent a year. Its baseline and optimistic scenarios cover modest and marked improvements in the closure regime and a corresponding one to two per cent and five per cent increases in per capita incomes. The IMF has itself recognised the fairly mechanistic connection between rates of growth or contraction and change in terms of movement and access.

Q91 Ann McKechin: Given that there are so many young people in the West Bank and Gaza—I believe that about half the population of the latter are under 16—has any thought been given to how employment can be created should there be a change in

circumstances? People need to see some rapid progress if they are to believe that a political settlement is possible.

Mr Anderson: A critical factor in employment is that we need to see a larger sector of the economy taken up by the private sector. In 2000 when the Palestinian economy was quite a different place the PA expenditure was 27 per cent of gross domestic product. By 2007 it had nearly doubled to 50 per cent.

Q92 Chairman: Do you mean that the private sector or the economy had contracted?

Mr Anderson: There were two things going on. First, there was a growth in public expenditure; second, the economy contracted. Of those two, you are right that the larger factor was the contraction of the overall economy. Salaam Fayyad has very impressively managed to bring that down to 47 per cent in a short period of time, but what this illustrates is that the part of the economy that has collapsed has been business. There is a long historical tradition of Palestinians being very effective entrepreneurs. As we saw between the two intifadas, Palestinian growth took off given the right policy context. You are absolutely right about the demographic bulge of young people that faces the Palestinians and the need to create a lot more jobs, but the key to that must be getting the private sector moving again. That does not require a huge amount of public sector pump-priming. There can be some of that. For example the confidence-building measure that Tony Blair has recently announced on the housing initiative is a way to create construction jobs which would be helpful, but the real key is simply to unlock the potential of the private sector that is there. Yet again that focuses on the importance of making political progress on movement and access. On that front I can report that the Quartet representative Blair has recently shifted the strategy on movement and access restrictions to focus on the small number of restrictions which make the biggest difference. In the past we have perhaps spent too much time looking at the aggregate number of roadblocks and restrictions. Blair's team has recently focused down. There are probably 40 to 60 roadblocks and other restrictions that make the biggest difference. The Blair team are focusing on some of those and will try to make progress in the next few weeks.

Q93 Richard Burden: If I may put some historical context, when we carried out our previous inquiry a lot of emphasis was placed by DFID on the fact that whilst the boycott of the PA was going on the actual amount of funding to the occupied territories was not going down; on the contrary, to some extent it was going up. All that was happening was that we were shifting where it went but it still went on payments to the poorest and helped maintain fuel supplies and so on. In a sense my question could have been asked then but, looking back, what was meant by that? Was it saying that the quantitative nature of the aid and to which organisations it went changed but it was doing the same kinds of things, or

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was it saying that the assistance became qualitatively different at the time of the boycott? If it was the latter what was the difference? What new things were you trying to achieve? Has the department made any assessment of how effective things were during that period? What was that assessment and how, if at all, does it inform the ways you have gone about resuming direct assistance to the PA and, say, policies towards things like funding NGOs and other civil society organisations?

Mr Alexander: Let me start and then I will ask Mr Anderson to say a word or two given that this period preceded my time within the department. One of the untold stories amidst much of the concern and disappointment in terms of recent years within the Middle East has been the extent to which Britain has genuinely been a leader—this was a department that I did not lead at the time and so it is not in any way a personal observation—in developing innovative and effective new mechanisms and instruments for aid in what is and has been an almost constantly changing political environment. In that sense I think we can take real pride in the work we have done. For example, the establishment of the Temporary International Mechanism ensured that essential aid continued to reach exactly the type of people you were describing, whether it be teachers, doctors or engineers. Over the piece we provided about £15 million through the Temporary International Mechanism and an equivalent sum to its successor PEGASE established by the European Union. The rationale was to ensure that we were able to get the resource directly on the ground with all of the stringent conditions that were set in terms of checks and audit being secured. In that sense it required a degree of policy innovation as to how best to do it both by checking with the individuals who received the money against five lists to establish whether they had any connection with terrorist organisations and it was subject to both pre and post-audit checks. There has been real innovation about which I will ask Mr Anderson to say a word. That is not simply my assertion in terms of what has happened with TIM. There was an independent review in July 2007 which said that it was both appropriate and an effective instrument to continue donor engagement with the occupied Palestinian territories. As you implied in your question, it has informed the development of what now has been taken forward principally by the World Bank. In that sense it has affected PEGASE and informed the thinking of the World Bank in terms of the new instruments to be used. I have probably talked enough about a period of the department when I was happily ensconced in transport.

Mr Anderson: I can answer your question very simply. There was an aid framework for the Palestinians within DFID prior to January 2006 and that was £30 million a year. We did not modify that up or down, so the level of UK assistance remained exactly where we anticipated it to be prior to the 2006 elections; it did not change. What did change was how we disbursed it because we took the view that we could no longer provide budget support through the Palestinian Authority once Hamas

formed the government in March 2006. As this Committee will know very well, budget support is an instrument which DFID regards as an important tool in helping to build government capacity and helping donors to align behind the country priorities and build leadership and capacity. That is particularly important in the context of the Middle East peace process. An absolutely vital function of aid in the Middle East peace process is to help create a Palestinian Authority which has the capacity to manage its own affairs, police its own borders and guarantee the security of its people and Israel. That is an absolutely essential function of aid in the context of the Middle East peace process. Therefore, we wanted to continue budget support. The Temporary International Mechanism was designed largely internally by DFID and was launched through the European Union with the EC running it. In particular, the third window of TIM which provided allowances and salaries was a real attempt to mimic as closely as possible budget support without going through the Hamas-controlled systems which we could not use. We felt that we had to provide assurances to UK taxpayers that there was simply no chance that UK assistance was going into the hands of terrorists or those pursuing violence. Therefore, we came up with a system with the European Commission which we hoped would do the very best at minimising the undermining effects of the parallel system. The review which was carried out—if the Committee does not have a copy of it we shall be happy to provide one—was conducted by the European Commission and was an independent assessment. It was in the public domain. It indicated that one of the drawbacks of the TIM was that to some extent it created parallel systems, but in the circumstances that was inevitable and it had to be temporary. A further element of the review was that the TIM should work more closely with the Palestinian Authority in terms of priorities and management. After Salaam Fayyad came into power in July 2007 that became possible, and that was precisely what the TIM did. In its new form PEGASE we feel it is now doing that. We have taken the decision to move away from the TIM and into direct budget support for precisely the reasons I have indicated. Our view was that given the circumstances at the time where most donors went for project support, or humanitarian support, or stopped support entirely, the UK effort sustained capacity building and delivery of frontline services by doctors, nurses and teachers. We think we did a pretty good job.

Q94 Mr Singh: Poverty rates increased in the West Bank and Gaza throughout 2006. I presume there was an increase in 2007 and that has continued this year. According to the figures we have, in 2006 64 per cent of the West Bank population was below the poverty line and for Gaza the figure is 78 per cent. Given that the central mission of DFID is poverty reduction, is it fair to say that we are fighting a rearguard action in the West Bank and a lost cause in Gaza?

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Mr Alexander: First, as to the information available to us, we do not have good data on the levels of poverty in 2008. Second, it would be remiss of me if I did not challenge the assertion that getting humanitarian assistance to people in desperate need is somehow a lost cause. DFID is called upon to work in increasingly challenging environments and undoubtedly Gaza and to an extent the West Bank meet that criterion. That challenges us to be both innovative in terms of the approach we take but not naïve in presuming that aid alone will ever be the solution to the problem we face. In a conversation about a conventional aid programme no doubt I would be telling the Committee we would seek to balance the development assistance we offered with development of the private sector which in turn would allow a credible exit strategy. That is true in terms of both Gaza and the West Bank as we have described and that will be the substance of the conversations tomorrow at the Palestinian Investment Conference, but in the context of the Middle East it is only part of the story. Unless we find a way forward in terms of a credible peace process then notwithstanding our best efforts to stimulate economic growth within the private sector, to secure humanitarian access and the kind of innovations we have heard about in terms of the Temporary International Mechanism that delivered allowances to 77,000 frontline workers, we shall continue to fight a rearguard action against the consequences of the failure of politics to find sustainable common ground on which people in the Middle East can live and in turn prosper. In that sense I would say that the very difficult circumstances in Gaza, which were further complicated by the armed takeover by Hamas in 2007, does not diminish our determination to work there. If anything, the kinds of figures you quote on levels of poverty make very clear why it must continue to be a priority for DFID to work directly in the region at the same time that it supports the efforts of our colleagues in the Foreign and Commonwealth Office to find a sustainable peace process and way forward.

Q95 Mr Singh: I appreciate that humanitarian assistance is of the utmost importance in the situation in which we find ourselves, but is it fair to say that most of DFID's aid is now spent on humanitarian assistance rather than development projects to reduce poverty?

Mr Alexander: Our aid is spent both on humanitarian assistance and in building the capacity of the Palestinian Authority, first, to be a credible negotiator and, second, to be able to bear the responsibilities of the two-state solution which is the ultimate goal in terms of the peace process. There is a very clear correlation between the capacity of the Palestinian Authority to be allowed to make that evolution and the consequential impact in terms of levels of poverty because there is an inter-relationship between the economics and politics in the region. In that sense our humanitarian assistance is a necessary but insufficient condition of the progress we want to see. That is why in addition to

the humanitarian aid we provide we continue to provide support for the capacity of the Palestinian Authority to develop and support the efforts of the international community to find a way forward in terms of the peace process. With humility, we recognise that we are only one part of the jigsaw and that is why cross-departmental working on this issue is so important. At both government and international level it is critical that we pool our resources because none of us independently will be sufficient to the task.

Q96 Mr Singh: Is there any co-ordination of aid resources to Palestine by the international community or is everybody doing their own thing?

Mr Alexander: To take the most basic example, UNRWA has worked there for many decades and is reflective of a co-ordinated international response. We have been innovative in providing both core funding and also an incentives-based package against an established set of criteria. We are but one of a number of donors that provide support in a co-ordinated fashion through UNRWA and we continue to work with our colleagues in the European Union, which is the largest single funder of the Palestinian people, along with the United States and others to make sure we have as co-ordinated an approach as possible. Clearly, there are a number of actors, but there is progress in terms of co-ordination and UNRWA is one example of where that co-ordination takes place.

Mr Anderson: Leaving aside the humanitarian side, the systems of aid co-ordination for development assistance were renegotiated at the AHLC which the UK hosted in December 2005. That was the result of UK leadership in the aid co-ordination effort in which Mr Jenkins played a big role. What is agreed is that the Ad Hoc Liaison Committee remains the international supervisory body but on the ground in Jerusalem there is the Local Aid Co-ordination committee. There are four working groups dealing with governance, infrastructure, economics and the social sector. Those working groups co-ordinate the aid. The idea is to put the Palestinian Authority in the lead on setting the agenda and to work closely with the Authority, and the UK has put a lot of effort into making sure that those structures work. They do not always work as well as we would like. To be honest, a good part of the reason is that a lot of the donors who operate in the Palestinian Authority have strong incentives to have their national flag on programmes that they run. The truth is that aid effectiveness sometimes is undermined by that set of incentives, but we and the World Bank work very hard to try to pull everyone together so that does not happen. On the humanitarian side, the co-ordination is very good. There is always room for improvement but OCHA has done a very good job of pulling together various agencies—11 major UN agencies and a number of NGOs—in the form of a consolidated appeal. Co-ordination is taking place. In terms of compliance with the Paris principles on aid effectiveness we are not doing badly given the circumstances.

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Mr Jenkins: This has been an issue in Palestine since the start of the Palestinian Authority. Various mechanisms were designed in the 1990s to enhance aid effectiveness. I think it became clear some years ago that these were not working very effectively. It sounds as though we are all congratulating each other, but in my time DFID has worked extremely hard on this issue in making this much more effective with real resources and people on the ground because it is critical to making aid effective.

Q97 Sir Robert Smith: I should like to clarify why if direct assistance to the Palestinian Authority is resumed there is still a need for a funding mechanism like PEGASE?

Mr Alexander: In terms of progression from the Temporary International Mechanism to PEGASE and now the World Bank, in part it reflects the real progress that is being made by Salaam Fayyad in terms of strengthening public financial management and systems within the Palestinian Authority. He is an individual with a significant international reputation given his background in the World Bank; he is impressive in terms of his understanding as to the steps that need to be taken in order to allow the international community to make direct budgetary support payments. He already has a track record of being seen to deliver on that progress. We have worked very closely with him in facilitating the progress he has managed to make to date, but equally he is clear given his own position as a leading Palestinian and having worked in the development field as an economist for a number of years that it is far preferable not to have parallel systems. In that sense there has been a genuine urgency in his work but he does not miss an opportunity to tell even his valued partners that the best way they can support him is to address the fiscal crisis that is being faced and to uphold and strengthen the legitimacy and capacity of the Palestinian Authority's own systems, and in that regard he serves the cause of the Palestinians well in terms of both words and actions.

Q98 Sir Robert Smith: Therefore, will PEGASE be phased out?

Mr Anderson: When TIM changed into PEGASE a fourth window was added. The European Commission runs its own budget support window. There are now two budget support vehicles for the Palestinian Authority: the European Commission which operates under PEGASE and the World Bank Trust Fund which is a much more standard operating procedure. The idea is that PEGASE will stay in place in part because for the very first time the European Commission is committed to the provision of budget support through its own mechanisms. In the past it has always worked through the World Bank. In terms of aid architecture this is a new thing. But there are also some donors who are not comfortable working through budget support, so PEGASE provides the three other channels by which other money goes in. It presents a package of different kinds of aid instruments with which European Union Member States are comfortable.

Q99 Sir Robert Smith: How much of the PEGASE funds do you expect to go to Gaza? Is there an impartial distribution of those funds to the territories?

Mr Anderson: Of the three windows of PEGASE the most important is that dealing with budget support. On Salaam Fayyad's estimate, approximately 55 per cent of that goes to Gaza. As to the other three windows, the funding that is probably most important for Gaza is the second one which is purely about supplying fuel and other supplies, so it is really paying Israeli companies to supply fuel which is absolutely vital. Therefore, 100 per cent of the fuel that goes to the Gaza power plant now is paid for by the European Commission under that heading. In terms of the improvements made by Salaam Fayyad, it is worth visiting the webpage of the Ministry of Finance which every month provides a record of where all the expenditure goes. In terms of transparency this is a remarkable achievement; it is the kind of dream world that we hope for in our other partner governments.

Mr Alexander: Your parallel universe is ending!

Mr Anderson: In terms of transparency it does not get better than this. Salaam Fayyad is doing his utmost to deliver world-class public financial management in the face of some big challenges. Partly because of his background in the International Monetary Fund he is taking very dramatic steps to improve the transparency and effectiveness of the public financial management system.

Q100 Chairman: When we produced our previous report the most shocking thing on the West Bank—we did not go to Gaza—was how obstructive the roadblocks and various other barriers were. When I was speaking at a Palestinian reception across the road I simply said it was great that \$7.7 billion had been offered in aid and development but it was difficult to see how that could be spent if people could not move around and engage in normal activities. I received a pretty rapturous reception for just saying that. All I did was point out something which was fairly obvious, but it is a huge problem. It appears that since we reported the number of obstacles has gone up. According to OCHA following a detailed field survey completed on 18 March 2008 obstacles to movement in the West Bank increased to 612. This represents an increase of 236 obstacles over the baseline figure of August 2005. The Government of Israel claims to have removed 61 obstacles from the West Bank, which is only a fraction of the number, but OCHA says that when it checked it found that of those six had not been removed, 11 did not exist, 17 were insignificant, nine were of minimal significance and 30 had very recently been put in place. It does not seem to me that there is a realistic engagement given that Israel is increasing the number of obstacles and making the situation worse and then claiming the removal of obstacles which did not exist or do not really count. Is there any serious engagement in this very practical

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issue? When you visit the West Bank and see it you can understand that no one can do normal business in that situation.

Mr Alexander: My experience when I visited in December was very similar to yours. The first visit I made on my arrival was to OCHA's headquarters where I was given a presentation. You probably had it. One is taken to where the physical barriers exist. OCHA remains the most authoritative source in terms of numbers. The figures we have within the department show that as recently as 18 March there were 612 physical barriers including checkpoints, roadblocks, earth mounds, trenches, fences and gates. That represents a 61 per cent increase in the situation at the time of the Agreement on Movement and Access, with a baseline of 376 in November 2005. As to the prospects for forward movement on this issue, on 30 March this year Defence Minister Barak indicated that measures would ease movement and access on the West Bank and the easing of restrictions on businessmen and suggested a target of 50 roadblocks which would involve clearance by the Israelis. My recollection is that since that announcement was made only five significant obstacles have been removed notwithstanding the 61 that you described. That gives a sense of how slow progress is on this issue. In addition to the statement made by Mr Barak, amidst a rather bleak outlook on the whole issue of movement and access the other small point of light that I identify is the continuing work of Tony Blair as special envoy of the Quartet to try to identify the specific roadblocks that have the greatest impact on the Palestinian economy.

Mr Jenkins: One of OCHA's great achievements is to have become the respected international interlocutor of the Israeli Defence Force in talking about these obstacles and barriers. We did not have one before and it was difficult for OCHA to get into that position. It was done under David Shearer, the former head of OCHA, in Jerusalem. As far as I know, that continues which means that there is at least a basis for having this conversation with the IDF. The IDF simply will not say, as it said before characteristically, that these figures are wrong. I believe that to have a common data set as we have now is good. It has not impacted on the number of obstacles although that has fluctuated over the past four or five years, but the sort of approach that Tony Blair is trying to pioneer in Jenin in expanding space around an urban commercial centre, dealing with security and economic and social issues at the same time with Salaam Fayyad and the Palestinian Authority who are very keen on this, seems to me to be the right approach. It will be slow.

Q101 Chairman: But do you believe you are seriously engaging with Israel when it makes claims that are, to put it mildly, disingenuous? I have just double-checked what the Secretary of State said. I have added up the ones that they said did not count. That leaves five out of 61 which presumably did count. Therefore, if the Government of Israel says that it has removed 61 and OCHA can quickly say that of those 56 are for all practical purposes irrelevant or do not exist, what is your assessment of

how successful Tony Blair can be in Jenin given that the Israeli authorities have the right at any time to move in and close it down if they feel their security is threatened? Are they really serious about engagement in this?

Mr Alexander: Frustrating and disappointing though the pace of progress is on this issue, candidly in conversation with the Israelis it is almost impossible to talk about the number of constraints on movement and access without having a dialogue about the number of suicide attacks because they see a mechanistic relationship between the strengthening of the barriers to movement and access within the West Bank and the very significant decline in terms of the number of suicide bombing attacks within Israel. In that sense we just need to be honest with each other as to the rationale behind the approach that the Israelis have taken to this issue. They feel that they face an existential threat and there is public support behind the action that has been taken. That is not to say that we are in every instance in agreement with them in terms of the specific measures that have been taken, but at least we need to understand the rationale they adopt. It is not coincidental that the conversations I have had on the issue have been with the Defence Minister.

Q102 Chairman: But is it not also true that quite a lot of these roadblocks and obstructions are not to protect the state of Israel but to protect illegal settlements within the West Bank? Therefore, one argument may be valid but that argument is not.

Mr Alexander: I hold no brief to speak on behalf of the Israeli state. Our position in terms of settlements is that they are, as you suggest, illegal. Equally, it is right to recognise that that is not the position that the IDF takes when an illegal settlement is established. It takes the view operationally that its responsibility then is to defend and protect citizens of Israel. There are immediate consequential impacts, namely a security cordon is established and buildings are demolished with all of the damaging consequences with which this Committee is familiar. In that sense the fact that we continue to disagree with the Government of Israel in terms of the legality of these outposts and settlements does not diminish the fact that the Israelis take a contrary view in terms of both settlements and outposts. As to engagement by the Quartet's envoy Tony Blair, I spoke to him ahead of the AHLC meeting and the Quartet meeting in London a couple of weeks ago about whether at that stage we were in a position where there would be significant movement from Israel in terms of the removal of roadblocks. Unsurprisingly, given that there was not significant movement even before the conference he was able to say that there had not been the movement he wanted. On the other hand, it rather echoes the statement I made in terms of the broader challenge of Annapolis. It is hard to think of a better alternative than to continue to work through every channel we have, including the office of the special representative of the Quartet, to try to make the case to Israel that there needs to be movement on this; otherwise, notwithstanding the efforts we as the international community and

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Salaam Fayyad and Abu Mazen will make tomorrow we will not see the kind of sustainable economic growth for all the reasons we discussed in relation to Ann McKechin's question.

Mr Jenkins: The security angle to this is absolutely critical. That is why what Salaam Fayyad wants to do in Jenin and maybe in Nablus as well seems to me to be the approach we have to adopt. One must try to create a space in which Palestinians can function and for the economy to start to grow. There is a disproportionate number of obstacles around the major towns certainly to the north of the West Bank. Nablus is a particular example but Jenin is also one. If you can isolate and remove the obstacles that stop these places functioning economically and backfill with Palestinian security in such a way that you provide a platform for the economy to grow without intervention by the IDF that is the path we have to take. It is a process that will proceed very much by attrition and it will be slow, but that is the nature of the beast.

Mr Alexander: For completeness, I have just been passed the figures for suicide bombings. In 2002 there were 36; in 2003, 20; in 2004, 12; in 2005, seven; in 2006, three; in 2007, one; and to date in 2008 there has been one. Those figures are cited not because I disagree with the suggestion that there are significant discussions to be had with the Israelis in terms of whether each and every one of the barriers just discussed is necessary to avoid this, but it is important to recognise how significantly these figures weigh in the calculations not simply of politicians but also the public within Israel. Much as I would like to suggest there is a significant disparity between the position taken by the public and that taken by the politicians, the politicians to whom I speak in the state of Israel feel they have the strong support of the public in ensuring these roadblocks and restraints remain in place for the improvement they judge in security. The sustainability of that security—whether or not it offers a long-term and viable basis on which Israel can exist alongside its neighbours—is a wholly different discussion, but it is important to be clear as to what they tell us in bilateral discussions as to the very strong approach they have taken to this issue in recent years.

Chairman: I appreciate that is an explanation of the Israeli perspective, but it is very difficult to understand the commitment that Israel claims to a two-state solution when the West Bank does not even have internal movement and Gaza is effectively blockaded and President Bush says that he wants a settlement by the end of this year. He was somewhat credulous about the good intentions of the parties in that situation, security notwithstanding.

Q103 Richard Burden: Perhaps I may explore a little further the strategy of Tony Blair in removing the major impediments to movement and where it might go. I understand that that approach has quite a lot to commend it, but perhaps you would say how we can avoid some of the possible dangers in that approach. When I was last there I was told that a number of the roads previously reserved for settlers were no longer so reserved and anybody could travel

on them. The reason they are no longer reserved for settlers is that no Palestinian can in practice travel on them because the restrictions now are such that unless Palestinians want to travel from one Israeli settlement to another they will have no business being on that road anyway: all the routes to villages, towns and so on leading off those roads were blocked off at that stage. Is there a danger we could reach a stage whereby what are seen to be the key elements or obstacles to economic activity are removed so there is one isolated Palestinian town joined up with another and movement between those two but with the villages still being cut off and Palestinians in practice still not being able to move around the West Bank? We cease to have a situation where we can look at a Palestinian state based on territorial contiguity and instead have a strange patchwork based on transport continuity, with Israel saying that the Palestinians can get from one place to another, so what is the problem? Is that a danger and, if so, how do we guard against it? What mechanisms are in place to work out at each stage whether what is going on here is helping the Palestinian economy or is a way of making the occupation just seem a little nicer?

Mr Alexander: I suppose I would say with humility that life is full of risks. In that sense I think the greater risk is simply to engage in what could increasingly become a dialogue of the deaf over aggregate numbers, in the sense that by any measure we have not seen the progress that all of us in this room would I am sure have wished to see on movement and access in recent months and years. Notwithstanding the efforts made bilaterally and multilaterally I think it is a perfectly reasonable for Tony Blair as special representative of the Quartet to adopt the approach of seeing whether or not there is another route by which we can avoid a situation whereby the constraints become ever greater, the impoverishment increases and critically hope diminishes. In that sense I do not believe there is an "either or" between economic development and progress in the peace process. Certainly, from the conversations I have had with Abu Mazen and Salaam Fayyad it is critical for the viability of the Palestinian Authority and an alternative state to emerge that a credible peace process is seen to be moving forward. Sustaining that possibility among the Palestinian people, never mind among those engaged in negotiations, requires that if progress is not being made in the dialogue on movement and access we have to search for other routes that prove more fruitful. I have had conversations with Ehud Barak in terms of movement and access; I have talked to him directly on the position of the British Government and our concerns not simply about where it leaves the state of Israel in terms of international public opinion but where it leaves Palestinians in the context of the relative impoverishment or prosperity of an emerging Palestinian state. But if we have quoted to us the diminution in the number of suicide bombings and are told that the first responsibility of the state of Israel is to protect its own population then to find a way to channel that conversation to identify where

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the balance point lies between the need for a viable economic solution to emerge and the legitimate security concerns of the people of Israel seems to be exactly the job in which we need somebody like Tony Blair to engage. That does not guarantee the outcome or prescribe how many or where those barriers exist, but it seems to me to be an important conversation in which to engage; otherwise, the risk is that over a period of time we will see the haemorrhaging of confidence in the legitimacy of the process in which we are engaged. That haemorrhaging of confidence would itself have an impact both on the ongoing negotiations and in turn the facts on the ground.

Mr Anderson: The danger identified is absolutely valid and is one on which we shall be working with Blair's team to try to ensure that does not become a reality. There is another danger in focusing only on roadblocks and particular obstacles to movement and access. The regime of regulation which imposes a challenge for economic growth in Palestinian territories is also related to other aspects. For example, for each building permit granted to a Palestinian there are 55 orders for the demolition of Palestinian buildings. There has been a lot of discussion about the number of gates within the official separation barrier. We have had arguments on the number of gates, but we also know that at the moment only 64 per cent of them operate in accordance with officially published opening times. That is another example of where in practice constraints are imposed. Sixty per cent of Palestinian families in the Seam Zone between the barrier and Green Line do not have access to their land. Of the Israeli settlements, only 1.3 per cent are owned by settlers and some 40 per cent of settlement land is owned privately by Palestinians who have not been compensated. There is a whole series of policy issues, not just access, over which Israel has direct control all of which we need to take in the round and address. We hope that one of the things Blair will be able to do is continue to make progress on all of them. That said, in addition to the very real security concerns of Israel, 36 suicide bombings a year equate to three per month. If one compares that with the bombings in London even at the most intense times of the Northern Ireland conflicts one can imagine the sort of impact that has on the population. Israel is very clear that it cannot return to those days. But the other consideration which clearly is borne in mind is that Israel is managing facts on the ground with an eye to the bargaining chips it has in the peace talks. There is no point in pretending that that is not the case. As long as the peace talks proceed that will continue to create incentives for Israel to have bargaining chips which is why the Annapolis process is absolutely vital. To go back to the question of the extent to which we expect Israel to deliver, it will not deliver on all of these until such time as we have some movement on a final settlement which gives Israel what it needs which is security.

John Battle: The phrase "facts on the ground" is one that Israel imposed on the international debate in a sense and it has become the benchmark for defining the situation. We sometimes say that there are the

facts and we make our commentary on them, but the very phrase "facts on the ground" tells me that one side is setting the terms of the debate and we ought to be aware of that all the time.

Q104 Ann McKechin: In the context of increasing the number of bargaining chips let us turn to the question of settlements. Perhaps the reason why settlements are continuing apace is because of the timidity of the international community's response.

Mr Alexander: I am not sure that I share your view. In the conversations that I have described I have set out very clearly the British Government's position and the Prime Minister, Foreign Secretary and others have done the same. The position of the British Government remains unchanged. In the exchanges that I have had with Israeli ministers "timidity" has not been the first term they have used to describe our continuing assertion that settlement on the occupied Palestinian territories is illegal.

Q105 Ann McKechin: A great number of statements have been made but there have been no real consequences. One issue that has been raised consistently is the European Union trading agreements which allow Israel to have preferential treatment. If there is no consequence to increasing the number of settlements—there were 1,000 new units in 2007 alone and £13.5 million for settlement building already set aside for this year's budget—surely the inevitable conclusion is that Israel will simply be encouraged to increase the number of bargaining chips it has by the time it reaches some form of negotiation?

Mr Alexander: There is a judgment to be made as to whether the more appropriate response to the situation in the Middle East is to disengage economically or politically, to impose sanctions or at some level to walk away. That has never been and is not the position that the British Government has adopted in relation to finding a way forward in the Middle East peace process.

Q106 Chairman: That is a slightly unfair response to Ms McKechin. She does not suggest that that is what the policy of the British Government and the international community is or should be. She is asking what sanctions at all is one prepared to apply to try to even the balance?

Mr Alexander: As I say, we are not convinced of the case that sanctions would themselves assist. I recognise that that is a judgment to be made, but in terms of our long-standing discussions and engagement with the state of Israel I am not convinced that the response to that would yield the results for which we are looking. I recollect a conversation—this is not part of my brief and my officials will clearly be very concerned—to which I was party shortly after President Clinton left the White House. He was talking about the part he had played in trying to find a way forward in the Middle East. He said that unless there was a belief in the minds of the Israeli Government that you would literally be in a trench next to them as the tanks rolled across the Jordan River they simply would not

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listen to you. He was speaking on his own behalf and it does not represent the position of the British Government, but it is a telling remark by someone who in a number of ways came closer than many others to finding a way forward in the Middle East. It is a recognition that psychology matters in this as well as economics, and in that sense there is a judgment to be made as to how best we can influence not simply the Palestinian Authority but also the Government of Israel. We have not regarded sanctions against the state of Israel as the way we can maximise the leverage that we need, reflecting the extent to which the Israeli economy is now integrated not simply into the European economy but the global economy. Some years ago I had the opportunity to visit Haifa and see for myself Intel and Microsoft plants in the same business park. First, I am not convinced of the idea that there would be a straightforward or immediate response following the imposition of sanctions. Second, I think the reason we have resisted that path is not because we do not have robust exchanges with the Israelis both in private and if necessary in public but because of a judgment as to how best we can influence the capacity—I hesitate to say “the facts on the ground”—of the peace process to find a way forward.

Mr Jenkins: In the 40 years since the settlement enterprise started the Israelis have not managed to persuade anybody that settlements in Jerusalem, East Jerusalem, the West Bank or Gaza are legal. There is a consistent international position on this; it is our position. I do not speak on behalf of the Government of the United States either, but I note that Condi Rice has been pretty vocal recently about this and has pushed back particularly on the issue of settlements in East Jerusalem. I believe that is an international *acquis* to which it is worth holding on. In the end the resolution of this will be the same as the resolution of everything else; it will be a package deal that concludes the negotiations and constructs a Palestinian state on the 1967 borders. Ultimately, all these things are interlinked, but it is important to recognise that on this particular issue the international community as a whole has been very consistent over the past 40 years. In the end, if we get to a stage where there is a conclusion to negotiations and a peace deal with a Palestinian state this will be one of the matters, which is clearly associated with the whole issue of borders, that will be resolved.

Q107 Ann McKechin: In relation to settlements and the E1 plans already there is a definite sign of development by the Israeli authorities, including the expropriation of Palestinian land surrounding four West Bank villages and investment in public infrastructure such as police stations and roads. The Government has stated previously that if E1 goes ahead it will threaten the prospects for a sustainable

Palestinian state with access to Jerusalem. What is our Government’s strategy now to try to ensure that that does not proceed?

Mr Jenkins: We have been as robust as anyone in saying that any construction leading to settlement activity is illegal and risks cutting off access between the north and south of the West Bank, which is the critical issue; that is the bit which goes down the Jordan valley. The rest of the EU and the United States have been as robust on that. This arises in the context of the barriers to travel up and down the West Bank because it is an integral part of that. This is an issue on which we need to keep pressing the Israeli Government extremely hard. Ultimately, like all the other settlement issues and those relating to the barrier around Jerusalem it will be resolved as a package. The security issue again is integral to the whole issue of the wall or barrier around Jerusalem of which E1 will form a part. This is a matter on which we have made our views extremely clear to the Israeli Government and we shall continue to do so, but ultimately the answer will lie in some sort of package deal.

Q108 Ann McKechin: Presumably, that will be before the E1 settlement is built; otherwise, effectively the chances of a two-state solution will be substantially reduced?

Mr Jenkins: I do not think that any of the settlements at the moment mean that a two-state solution is unavailable. It means that when we reach the stage, as I hope we shall, where a two-state solution is on the table to be negotiated there will be mechanisms to deal with the existing settlements. Settlements have been removed before; Gaza is one example and the Sinai withdrawal is another. It is slightly different on the West Bank given the level of population but clearly it needs to be dealt with. That is something we and the rest of the international community have said consistently, and that remains our position.

Chairman: Secretary of State, we thank you and your team very much. You will appreciate that this Committee like your department is interested in the development of the Palestinian territories. Inevitably, we stray into foreign policy issues which is why we appreciate the attendance of the Foreign Office representative. Our fundamental frustration is that one looks at the situation and thinks that if there was peace there would be no need for DFID to be there. It would have the capacity to be a viable and functioning economic area and our money could be spent in other parts of the world where perhaps there was a greater need for aid. These exchanges have been extremely useful and have given an insight into the tensions. The facts on the ground are moving against us, or in the other direction. We appreciate that your evidence in this context is slightly out of order. Tony Blair is still to come and no doubt we shall have an interesting exchange with him, too. This session has been extremely useful.

Thursday 5 June 2008

Members present

Malcolm Bruce, in the Chair

John Battle
John Bercow
Richard Burden
Hugh Bayley
Mr Stephen Crabb

Daniel Kawczynski
Ann McKechn
Jim Sheridan
Mr Marsha Singh
Sir Robert Smith

Witness: Rt Hon Tony Blair, Middle East Quartet Representative, gave evidence.

Q109 Chairman: Can I say to you, Mr Blair, thank you very much for coming to give evidence. I know there have been some problems with both our diary and your diary so we very much appreciate the fact we have managed to find a slot that is mutually productive. I appreciate the fact you were able to accommodate this slot as it became available. As you know, we produced a report in January last year on the situation in terms of development support in the Occupied Territories and we decided we should do a follow-up because there have been substantial changes since then: there was the creation and collapse of the Government of National Unity, there was the Hamas takeover of Gaza and the subsequent blockade, there is an increase in the number of roadblocks on the West Bank; on the positive side there has been the Annapolis Conference, the Paris Donors Conference and the Bethlehem Investment Conference. We took the view this was an appropriate moment to update the situation, and also your own appointment which is obviously what we are here to discuss today. Thank you for coming in to answer our questions. I wonder if we could start with the situation in Gaza. You will be aware that the Committee did not entirely agree with the Quartet strategy in our previous report, and in particular we said that we thought the treatment of Hamas was not entirely appropriate. What we said was that it was right to place pressure on Hamas to change its policies but dialogue and engagement were better tools than isolation. Indeed, we expressed concern that we would be driving them to a more extreme position which appears to have been borne out: the economy of Gaza has collapsed and Hamas is excluded from the Annapolis peace process. You said to the European Parliament Middle East Working Group that you felt the current approach to dealing with Gaza is, to use your terms, “not a clever strategy”. Can you explain what you mean by that, assuming you stand by it?

Mr Blair: I do stand by it. The situation in Gaza is terrible. The humanitarian situation is dreadful for the people there. The vast majority of people in Gaza are people who want to live a decent life but cannot at the moment. What I meant by saying we had to get a different strategy for Gaza was that we had to alter the current state of events fundamentally, and this is what the Egyptians are trying to do in brokering the agreement between Hamas and Israel. I have been strongly urging that what we need to do is get a period of calm, get a ceasefire in Gaza and

progressively start reopening the crossings, start to get proper humanitarian help through some other goods and services and then build our way back out of this to a situation where the people of Gaza can be helped and, secondly, and very importantly, the situation in Gaza does not disrupt other possibilities of progress. As we speak, as you will know, there is still a very uncertain situation as to whether the Egyptians can broker that deal or not. I hope they can because the current situation will not hold and it is not acceptable.

Q110 Chairman: We had very powerful evidence from John Ging¹ by video-link direct from Gaza. At that time on 13 April he pointed out that 344 people had been killed, six of them children, and 756 injured of whom 175 were children. He also, to put the balance, pointed out that 2,600 rockets had been fired into Israel with three people being killed and 20 injured. He made the point that in spite of the restrictions in Gaza the rocket material apparently was still getting in so the blockade was not stopping the rockets but it was causing what he called a “shocking and shameful situation”. In that situation, how are you going to move it on? How do you deal with the fact that the Quartet seems to have different approaches? At the same meeting of the European Parliament the Norwegian Foreign Minister, Gahr Støre, said “Norway talked to the National Unity Government including to its prime minister. The international community could have done more to give that government a chance”. In fact, Oxfam and others said legally one has to engage to some extent with Hamas because they are actually responsible for security in Gaza.

Mr Blair: The big question is: what is the right attitude to have towards Hamas. I abide by the Quartet principles, and the Quartet principles are very clear on this point. However, in the particular situation we are dealing with in Gaza, it is important to realise that the issue is not that Hamas are not being talked to, because they are being talked to by the Norwegians, by the Egyptians and by others, the issue is at the moment how do you get a situation where you have a ceasefire so that the rocket and terror attacks stop coming out of Gaza and the retaliation stops coming into Gaza. Without that happening I think it is very difficult to see how we are

¹ The Director of Operations in Gaza for the UN Relief & Works Agency (UNRWA)

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going to ease the humanitarian situation. Here is the essential political problem. People in Gaza are suffering in the most terrible way, that is absolutely true, but if you are an Israeli politician sitting in Israel and there are 2,500 mortars and rockets falling mostly on one town, Sderot, and where people are in constant danger, where the people are suffering trauma, where just a few weeks back, when I was on one of my visits, there was a massive demonstration outside the Israeli prime minister's office from people from Sderot saying you have to get tougher on the situation. Even though, as I will go on to say, there is a lot more Israel could do, and has to do, not only in respect of Gaza but in respect of the West Bank, it is important to realise that if these rocket and mortar attacks stopped life would be easier. When, as I was, a few weeks back pressing the Israelis to let in more fuel into Gaza and they then go and kill two innocent Israeli civilians who were trying to get fuel into Gaza, it does not create a very easy situation. The politics of this, at the moment, are that until you get a period of calm in Gaza you will not get the space into which a more rational and sensible political discourse starts to happen.

Q111 Mr Crabb: Moving on to the peace process, you described the recent Annapolis Conference as the best chance that all sides in the Middle East dispute have to conclude a deal. In fact, you told the working group at the European Parliament that it is possible to get this conflict resolved I think you said by the end of the year. How realistic do you think the peace process envisaged at the Annapolis Conference actually is given the ongoing conflict between Hamas and Fatah?

Mr Blair: There is a Hamas/Fatah complication but, in a sense, for the purposes of the negotiation, it is very clear that President Abbas is charged with the political negotiation. I think a more complicating factor is what is happening in Israeli politics at the moment, which is obviously more uncertain and that can create a difficulty. Here is my take on it, and I have a different understanding of it than I did when I was Prime Minister even though I used to spend a lot of time thinking about this and going out to the region. My view very clearly is that most people know roughly what a final settlement looks like. That is not to say there are not very tricky issues to resolve: Jerusalem, the right of return, land swaps, precisely the elements of the border. In the end, people are agreed to a two-state solution. If you put five smart Israelis and five smart Palestinians together and said go away and produce a piece of paper that says this is the peace deal, what would be amazing is you would find that there was not a vast gap on what people thought ultimately should be the solution. The problem, as I understand it now, is this. What happens on the ground is a vital determinant of whether the political negotiation can succeed, and because both sides have to make compromises they do not feel like making those compromises unless they see the situation on the ground moving towards a political solution. If the situation on the ground is really bad, bad for the Israelis on security, bad for the Palestinians in the

weight of occupation, then the political negotiation becomes tougher and that is why I am trying to concentrate on building up Palestinian security capability and trying to lift the weight of the occupation. In my view, if you started to get real movement on both of those things you would pass what I call the minimum credibility threshold for this situation. The Israeli prime minister could say in time you can see how the Palestinians could be a safe partner and the Palestinian president would be able to say that in time you can see the Israelis will get out of our territory and let us run it. At the moment, whilst the weight of the occupation is really heavy and people think it is ridiculous to say this is going to be lifted because we can see all the signs around us that it is not, and when the Israelis are still subject to these type of attacks, it is very hard to get the political negotiation working. My answer to your question would be that it is at any point possible to do a political negotiation but we need to pass that minimum credibility threshold of what happens on the ground.

Q112 Mr Crabb: Is it your view that a sustainable peace deal can be struck which does not include Hamas as a partner?

Mr Blair: If you have a political process going that started to result in real progress on the ground and the shape of the political negotiation being clear, then I think Hamas would have to face a choice. You can agree or disagree about the Quartet principles, and I totally understand the point of view of people who say you just talk to everyone. It is not the Quartet position but I can understand it. However, let us be clear that to cut a deal that has Hamas in it cannot be done unless Hamas accept the existence of Israel. The realistic thing is to get Hamas into the negotiation. The Quartet principles are not foolish in that regard: they are that you accept Israel exists and you have peaceful means of pursuing the negotiation. That is quite similar to what happened in the Northern Ireland situation. I would say it depends on how Hamas deal with the situation if there is real political progress being made. At the moment obviously people are very far apart.

Q113 Mr Crabb: If I can ask you about the role that Hamas is playing on the ground, specifically with regard to the humanitarian situation in Gaza. Are they proving to be a positive agent in terms of helping to facilitate the distribution of aid or are they hindering that? We get frequent reports of rocket attacks on check-points when humanitarian aid is trying to be transferred into Gaza? Are Hamas responsible for that?

Mr Blair: People argue about this but I would say the one thing you cannot dispute is Hamas have a military grip on Gaza and, therefore, my view is if they wanted to stop these attacks they probably could. Maybe they could not stop all of them all of the time but I do not think there is much doubt their writ, in a military and an armed sense, runs in Gaza. That is why I think one does have to put the other point of view the whole time. The fact of the matter is if Hamas stopped and said they will be part of this

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process on the basis of peaceful co-existence then a whole multiplicity of opportunities would open up for Gazan people and for people on the West Bank. A strategy of deliberately targeting the crossings at the same time as saying to those of us in the international community this is a humanitarian catastrophe you cannot really justify. Although, as I say, I have my own very strong views as to how Israel has to go further and faster particularly on the West Bank, it is important always to recognise they are subject to these terrorist attacks and they do have a genuine security threat. One of the most difficult things about this whole business, which again I have learnt since going there, is what each side says about the other is essentially true: the occupation is hellish for the Palestinians but the Israelis have a genuine security threat from elements on the Palestinian side.

Richard Burden: Before we leave the Gaza situation could I ask you about the specific case of a man who has written to you, and there has been something in the press this week, Wissam Abuajwa. He is an environmental science student who lives in Gaza and has been accepted for a course at Nottingham University but has been prevented from leaving Gaza to take up that course. The Israelis will not let him out and it is not clear why. You said that if Hamas stopped its rocket attacks the situation would transform on the ground but the letter that Mr Abuajwa sent to you indicates that this is his fifth attempt to get out. His first attempt was in 2001 long before Hamas took over, his second was in 2003 again before Hamas took over and also in 2005. Does it not appear that this is not just to do with what Hamas is doing but there is somehow a policy of stopping Gazans getting out even to get education? What, in practical terms, can we do not just to say this is wrong but to stop it happening?

Q114 Chairman: John Ging told us that people were actually dying waiting to get out for medical treatment because they were not getting timely exits.

Mr Blair: This is something that is important we raise with the Israelis and get changed. It is tragic when you get students who have scholarships to come out here and study, and there was some coverage last week of students who have scholarships to study in America, and people who obviously require medical treatment. Actually both this case and others we will raise with the Israelis and try and get the situation changed. I am not here to defend the blockade. All I am saying is that the situation which we find ourselves in is one in which, in a sense, the ordinary Gazan people—and I have not been down to Gaza myself yet because I need to be sure it does not cause more harm to go there than if I do not, but I do want to go when I can. I talked to John Ging; in fact, I met him a couple of weeks back. People like him are really sensible people. They are not in any shape or form other than reasonable, decent people trying to help in this situation. What happens and all I am pointing out, and I am not saying more than this, is the options on the table for the Israeli government are also very limited in this situation because of the pressures they are under as well. However, having said that, there

should be a situation where we are able to get humanitarian aid in and we are able to allow people who, after all, only want to come and study. Actually it is to our advantage, in the end, that they come and study because they are less likely to have an extreme view of the world if they are allowed to come and study in Britain and America.

Q115 Jim Sheridan: There are some serious people who question whether or not you are the right man for the job. There is nothing new there.

Mr Blair: I am fairly familiar with those type of questions.

Q116 Jim Sheridan: Given your track record as Prime Minister of the UK and our involvement in Iraq, Afghanistan and our lack of involvement in the Lebanon, there is a serious question mark about your independence, about your neutrality and whether or not the Arab world have the trust in you to deliver the political and financial support that is needed to help the people in Palestine. What tangible evidence do you have that you are independent, neutral and that the people of the Middle East can trust you to deliver the financial and political support they need?

Mr Blair: The Paris Conference in December was supposed to raise \$5.4 billion in pledges and we actually raised \$7.7 billion so I do not think there is a problem with us raising the money out there. Sometimes when people talk about whether you are independent or not what they really mean is you are too close to America or Israel. As I always say to people out there, the thing about this peace deal between Palestine and Israel is that it includes Israel. Actually I find ordinary Palestinians know that whoever helps them has to have some leverage with Israel and America to be of any use in this situation at all. Although I get a lot of questions from various parts of the media about this, the issues to do with Iraq and Afghanistan and the broader questions out in Palestine all they want is somebody to go and help them sort their situation out. For example, the package which I negotiated with the Israelis a couple of weeks back was the first time the Israelis have sat down and had that negotiation in quite that way, but you need the relationship with the Israelis to do that. That is why one of the things I actually learnt during the course of the whole Northern Ireland peace process is you can go out and start condemning one side and saying it is all their fault but that is basically your exit speech. Once that happens then you cannot work with both sides, and you have to be able to work with both sides. It is not really something I have found that is a big problem there.

Q117 Jim Sheridan: In response to your question to Richard, you said that you have not had an opportunity to visit Gaza which suggests that the trust element is not there yet because of the difficulties you may cause if you go.

Mr Blair: It is more to do with the fact that in a situation that is immensely tense and sensitive, at the moment where these negotiations are going on, frankly it is better to wait and see how they go before

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you create a situation which may make it more difficult for the people trying to do good down there rather than harm. I see people out of Gaza, a broad range of civic society there. I see them a lot of the time and I talk to the NGOs who are there and it is a question of choosing a moment that helps rather than harms.

Q118 Sir Robert Smith: On a practical point about your role, how exactly do you report back to the Quartet and how do they relate back to you?

Mr Blair: It is not a desperately formal reporting mechanism I have to say fortunately. I speak to the UN Secretary General regularly, to the President of the United States and to Condoleezza Rice obviously, to the Europeans and to the Russians as well. I met the President of the European Commission just recently and, to be fair, they have been extremely supportive collectively. It may sound not like the ideal quartet of people who ought to have a similar view but basically they have all been very supportive and very helpful.

Q119 Sir Robert Smith: A lot of what we have talked about so far has been about the peace process. I think you would accept that the peace process and trying to bring prosperity are inextricably and strongly linked, the one does not come without the other that easily, yet your own remit that you have been given by the Quartet does not include the peace process. How do you really get international aid and development on the ground effectively if you are not integrated into the peace process?

Mr Blair: I would say it is pretty integrated. It is true that in my terms of reference I do not handle the political negotiation. Again, to be blunt, when you are out there I am talking to everyone all the time about all the issues. The particular part that I am focused on, and that is within my remit, is, in my view, central to this for the reasons I have given. One of the things, for example, that we have agreed with the Israelis in this package which will be, in my view, of really quite profound significance in whether we can move this process forward is for a new way of working around the Jenin area up in the north of the Palestinian Territory. Without going into the detail now, the point is that when you then come to look at a negotiation like that everything comes into it: the politics, the economics, the security. The central thing is if we cannot build Palestinian security capability then the reality is we will not get the Israelis to lift the weight of the occupation. You have to do both of those things simultaneously. Those are the things that, if you can get them done, support this political negotiation.

Q120 Sir Robert Smith: Although the peace process is not part of your remit you have links to those involved in the peace process?

Mr Blair: Yes, and I discuss it with them the whole time. That is not to say I am handling it because I am not; do not misunderstand me. Obviously if I am seeing the Israeli Prime Minister and Foreign Minister and Defence Minister and the Palestinian President and Prime Minister and so on, you do not

have a conversation where some things are excluded from it. In any event, as I think I said to people right at the outset when I was appointed, if I have to start going through my terms of reference like a contract and say I can do this and I cannot do that, it probably means that something has gone amiss.

Q121 Mr Singh: A couple of weeks ago you co-hosted the Palestinian Investment Conference which I believe was very well attended by over 2,000 people. Given that attendance, what were the actual outcomes of that conference?

Mr Blair: There were a series of investment projects announced: housing and others as well. It led on from the package that we agreed with the Israelis which include things like a new mobile telephony licence, industrial parks and so on. The most important thing about the Palestinian Investment Conference was that it happened, that people came to it and that the Israelis facilitated it. What I have been trying to say is how we worked, because we were intimately connected with that conference, in setting that up and implementing it is not a bad lesson in how the thing could work if people had the right attitude and goodwill. People came and it was a very well attended conference. Take Bethlehem, for example. I went to stay in Bethlehem late last year and then we made an arrangement with the Israelis somewhat to ease the restrictions in Bethlehem. The tourist and hotel occupancy rates in Bethlehem are now back up to where they were pre Intifada. That is just a small thing which has happened that shows you what could happen if the right attitude and the right goodwill was there, and that has impact on the local economy. That investment conference, where they expected to get several hundred people and got 2,000 people from right around the Gulf region, was a big thing for the Palestinians. Some projects were announced at the conference and it will lead to others.

Q122 Mr Singh: The proof of the pudding is in the eating. What percentage of the projects which were on the table received a firm financial commitment?

Mr Blair: For those projects that were announced at the conference, there was firm money put there. For example, one of the things I was involved in just a few weeks back was putting together the mortgage facility for this housing finance idea which is to offer support for mortgages so that there can be low cost and affordable housing for Palestinians. Our Department for International Development played a very helpful role in that and were a major part of putting that together. That is a \$500 million facility which is now there and will probably bring in about \$1.5 billion worth of housing investment.

Q123 Mr Singh: On mortgages, could you do the same for the UK?

Mr Blair: That is definitely not my remit!

Q124 Mr Singh: You mentioned a number of projects which received firm financial commitments. Were any of those commitments for the region of Gaza?

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Mr Blair: In respect of the package we put together with the Israelis, some were infrastructure projects for Gaza. There is the North Gaza Sewage Treatment Works which we have clearance for now. The first phase of that will be completed and the second phase we can put under way now, but it has been incredibly difficult. There is no point disputing the fact that it is very difficult to get things into Gaza at the moment. There is a massive amount we could do in Gaza. If you have a ceasefire, if the crossings started to re-open, if you got some normality back, there is a huge amount of potential there. The other thing that is very frustrating and very sad is the Palestinian private sector. Obviously Gaza has suffered enormously and the West Bank has had its difficulties but these are good business people. They are creative, intelligent, able people who are prepared to put real money in, and I think the outside international community is prepared to help them, but they need the situation to ease. One thing that I think is absolutely vital is on the West Bank at least we show what progress there can be if there is a different atmosphere.

Q125 Mr Singh: Do not Hamas see the need for development in Gaza to benefit their own people?

Mr Blair: They do but it is at one level. They have a strong ideology, there is no point in getting away from it, and it is one of the complicating factors.

Q126 Mr Singh: Prospects in Gaza for economic development are very dismal at the moment.

Mr Blair: They are dismal until you get a ceasefire and some normality and calm. If you get some normality and calm, everything becomes possible. For example, if you go back to the Irish situation for a moment, and there are real parallels there, if there had not been a ceasefire and there had not been an agreement that this thing was to be pursued essentially through peaceful means, even with the fact there were still acts of violence, if you had not that basic agreement there and created the space within which the politics, the economics and the social development can work you would never have got a peace deal. That is the problem: whatever criticisms can be made of Israeli policy, and I share the criticism in terms of getting more things in, humanitarian aid, the students, things that Richard was talking about, nonetheless the fact is Hamas are using the situation in Gaza to put pressure on the Israeli government and to provoke the Israeli government. It is not an easy situation either way around. It is important to put both sides of the argument down because otherwise one is not being fair to the situation.

Q127 Chairman: Can I put a comment we had from John Ging about Hamas's involvement in Gaza? We asked him what co-operation or what engagement they had with Hamas and he said "The de facto reality here is that Hamas are in control of the security situation in Gaza. Therefore, it is their responsibility as long as they chose to be the de facto power here to ensure an environment where the humanitarian agencies can freely operate and in the

case of ourselves"—that is UNRWA—"they are discharging that responsibility." Could the same be said of the Israeli government?

Mr Blair: Again, if you ended up in a situation where there was a ceasefire there would be absolutely no reason why you should not then be reopening the crossings and allowing the goods and services to come in, and indeed the people and goods to come out. As I say, at the moment some of those attacks are happening on Israelis at the crossings. I have discussed this at length with John as well, as I was indicating earlier, and people like him feel the same frustration. You cannot agree with the effect the blockade has on the people of Gaza but you cannot agree either with the way Hamas operates there. It is a deeply frustrating situation. At the moment there is a discussion specifically around the concept of a ceasefire and building out of this situation which has been conducted by the Egyptians. For these purposes, if you like, there is not a failure of communication or misunderstanding as to what is being asked. The Egyptians, who are well schooled in doing this type of thing, are going between the two sides and talking to both of them and actually talking to the other groups as well in Gaza.

Q128 John Bercow: You are keen to combine large-scale investment and enhanced security with the proposed industrial park in Jenin, potentially, I suppose, acting as a trail-blazer for this purpose. Can you tell us, what is the timescale envisaged for that particular industrial park?

Mr Blair: In Jenin there are a whole series of small-scale projects that we are getting underway now and then there is one large-scale project, which is the industrial park around the Jalameh crossing. There is basically an agreement for this now. The German Government is providing the money for the infrastructure. I was up at the crossing just a few weeks back. I think they think this can be got underway very quickly, within months, and the interesting thing in this—it gives you a slightly different picture of the situation and what is possible—is that when I then crossed into the village on the Israeli side, where you have got Israelis and Arabs living in the same village, you have got an Israeli mayor, an Arab deputy mayor, and I conducted the conversation with the Israeli mayor with the interpretation being done in Hebrew by the Arab deputy. Here is a situation where, basically, they live completely peacefully with each other. They both support this industrial park at Jalameh. The actual border has been open more so that Arab Israelis can go into Jenin, and this is going to make a difference in Jenin. The Jalameh industrial park could be underway within months.

Q129 John Bercow: I think we all want to be optimistic about it, and it might well be justified to be, and what you have just said is potentially quite encouraging, but I think we could not allow a discussion on this point to conclude without some reference to the fact there are sceptics, and there are sceptics numbered amongst those who have already given evidence to us, to whose scepticism and doubts

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I would be pleased to hear your response. Specifically, the Portland Trust has said these projects of themselves, though potentially valuable, are not novel; there is some track record of such initiatives being tried and they have tended to founder on precisely the issue of strategic checkpoints, roadblocks, et cetera. I note what you have just said about the border, but with reference to the four strategic checkpoints in particular, do you detect, and can you report to us, progress in removing them on a permanent basis?

Mr Blair: First of all, the sceptics outnumber the optimists very considerably in this situation, as I have discovered. On the other hand, to be blunt about it, there is not much point in just sitting and moaning about the situation; we have got to try and change it. We have actually chosen the industrial parks carefully in order to minimise the potential problems around either checkpoints or security. So at Jalameh there is not really a problem, at Tarqumiya, down in the south near Hebron, where we are still debating the precise site, but that will be situated in or around the border there, the Jericho agro-industrial park, I think, once the feasibility study is completed, should go ahead and actually some of the housing projects that Portland Trust and others are working on, there is now no reason why they should not go ahead and they can go ahead. The four checkpoints that we have asked the Israelis to remove, one of them has been removed—that is the Kvasim one which is down in the south near Hebron. There are another three that we wish then to remove over the coming period of time, and that they have agreed, in principle, to do. One of those, Shave Shomevron, is around the Jenin area and will actually allow greater access between Jenin and down into Nablus. There is then the container one which is around Bethlehem and there is the Halhul Bridge one, which is just north of Hebron, and here is the point about the checkpoints and roadblocks. People talk about over 600 of them, and so on, and it is true, there are very significant numbers, but actually if you look at any sensible map of where these checkpoints are, the real problem for the Palestinians is not so much the checkpoints that stop them getting access into Israel, the real problem is those which block the arterial routes going down from the north to the south and out to the east, out towards Jordan. What we are concentrating on—and there are actually not large numbers of those very strategic checkpoints and roadblocks, probably a score of them—is progressively to remove those. We have asked for four to be removed. We have actually wanted another six or seven upgraded, because some of it is that people just wait far too long. Ultimately, that is not a substitute for removing them, and they have got to be removed, do not misunderstand me, but the reality is that, at least for the time that they will remain. If the access was improved, that would make a big difference. If you like, the four that we have identified to be removed go more or less north to south, and if they were removed it would shorten significantly, dramatically actually, the time it takes to get from north to south and, therefore, that eases business, it eases restrictions on ordinary Palestinian people.

Q130 John Bercow: Are guarantees being offered to reassure investors specifically on the subject of the security and speed of access to, and egress from, those industrial parks for the purposes of delivering supplies?

Mr Blair: Yes, absolutely, and that is the critical thing. For example, up in Jalameh, there is no real security problem in and around where the industrial site is. Obviously they can go straight into Israel and out to the port or, alternatively, they can go down towards the Allenby Bridge and out the Jordan way. In the Jenin area, which I know we will come to in a moment, the whole purpose is that the Palestinians provide their own security capability and gradually over time then they take charge of that chunk of territory, and the actual Jenin project, the Jenin area that we are talking about, is an area in geographical terms slightly bigger than Gaza, so it is not an insignificant geographical space.

Q131 Richard Burden: You have emphasised, on a number of occasions, the importance of maintaining and building on relations with both sides—that if both sides do not trust you it is difficult to move forward—but if I have understood you right, you have also indicated that there are some bottom lines that are important. A bottom line that you have particularly emphasised to the Palestinians has been the importance of maintaining, in practice, the rule of law. Would that be reasonable?

Mr Blair: Yes, absolutely.

Q132 Richard Burden: Does it apply to both sides as a bottom line?

Mr Blair: Yes, it does. I have agreed a package with the Palestinians and with the Israelis. The one on security, we will probably go through a lot of the detail of that and how it is going to be properly funded over the timetable at the Berlin Conference at the end of this month, but the Israelis and I have agreed a package of measures. If that package is implemented over the next few months, that will make a significant difference on the ground. If it is not implemented, then that will be a breach of the undertakings that were given.

Q133 Richard Burden: Perhaps we can come on in a minute to talk about the package, but I am just trying to establish the bottom lines on which the packages are built. As far as the Palestinians are concerned, you said that the rule of law, both domestic and, I guess, international, is a bottom line. For example, we tell Hamas the bottom line is, “You should not fire rockets over the border at someone else’s people”. In relation to Hamas it even stops a discussion with them, let alone an agreement with them, unless they abide by international law. My question is, does that apply as a bottom line to the Israelis as well as to the Palestinians?

Mr Blair: The Israelis should abide by the law too, of course.

Q134 Richard Burden: Is the occupation legal or illegal?

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Mr Blair: The problem with looking at it in that way is here is the difficulty the Israelis have, and it is important to realise this. We can talk about the illegality of the occupation, and so on and so forth, but we do not actually get to where the hard politics of this is. Everybody wants to see the occupation lifted. It has got to happen. However, and this is the brutal reality from the Israeli point of view, no Israeli politician is going to depart from this view whoever, in any subsequent election, is elected Israeli Prime Minister unless it is clear that on the West Bank there will be the rule of law by a Palestinian Authority with whom they have got an agreement for peace. One of the things about this situation which if we are going to solve it we have got to do, is to recognise this problem. Again, as I say, I do not sit here as the person speaking for the Israelis, but it is important to recognise it from their point of view. They think they got out of Gaza, they took their 7,000 settlers with them and they let the Palestinians run it, and then they think they get a whole lot of attacks. We can all debate the unilateral nature of that and why it was not done properly, and so on and so forth, but that is their mindset on that. When it comes to the West Bank, therefore, they need to know that if the IDF² get out of the West Bank you do not have armed militias going into it or taking control of it. That is why building Palestinian security capability properly is absolutely central, that is why Jenin is important, because, for the first time, we are doing this in a different way; there are then Palestinian forces being trained in a different way in Jordan that are going to be forces capable of exerting that rule of law, not in the situation where people are engaged in ordinary criminality, but where people with weapons try to challenge the legitimate authority of the Palestinian state.

Q135 Richard Burden: I put that question to you not to make an academic or debating point but to lead on to some issues of practicality, the first of which would be that, if there is going to be trust, then do you not feel that sometimes on the Palestinian side there may be a perception of double standards. It is not that practicality is not important on both sides, but we seem to require adherence to international law as a bottom line for the Palestinians, whereas with the Israelis it is a bottom line that depends on the political situation at the time. Might not that actually undermine confidence too? I suppose the second thing is, if actually there are certain things going on in the West Bank that are illegal under international law—settlement building, the wall where it is built on Palestinian territory rather than down the green line—and you are intending to negotiate ways often around those problems, it could be said that in some circumstances there is a balance to be struck. At what point are you actually easing restrictions on the ground to enable economic development, furthering the peace process and lifting the weight of occupation on the Palestinians? But at what point does that transfer through to a situation where the Palestinians in Nablus, may have a road that can get them down to Ramallah—so you can have some trade going on

there and you have got the transport continuity between areas—but if you have also still got the settlements and you have still got the West Bank divided up into different cantons and are you moving away from the idea of a contiguous Palestinian state towards transportation continuity? Is that a problem? Is it a problem for a villager who does not live on an arterial route who still has to get through one of those little checkpoints in order to get there?

Mr Blair: Yes.

Q136 Richard Burden: And if it is a problem, what mechanism have you got for dealing with that and assessing what you are doing?

Mr Blair: Yes, it is a problem. Since I have tried to be fair to the Israeli side, let me be fair to the Palestinian side. If Prime Minister Fayyad was sitting here, and he is a totally good guy, a really sound person, someone who wants a two-state solution, is as tough on terrorism as any of us, he would say to you, “Look, the fact is the Israelis could and should be doing much more”, and I think it is necessary for Israel to do more and to go further. And the answer to your point is, yes, if all you do is some economic and social development and it is not put alongside lifting the occupation and making a political final settlement, the deals, with also the settlements issue and the outposts, some of which are illegal under Israeli law, never mind international law, of course, that will not work. That is why I say you have got to integrate these things together. You have got to have the politics, the security capability of the Palestinians and what happens on the ground in an economic and social sense moving in the same direction. But, no, of course, what Palestinians feel is that there is a genuine double standard on the part of the West. They feel that—there is no doubt about that—but what I am trying to do is to say: how do we work our way out of it, and where I think it is important to try and change the reality on the ground is that that is the only way you are going to get a political deal in the end. It is quite a hard thing to say this, but I think it is my sense of the political reality. Unless Israel is sure that a Palestinian state will be a safe partner, it does not matter how long you sit in a room looking at maps and negotiating, they will not agree it. On the other hand, it is my actual genuine belief, and this is the importance of building their capacity, their governance, their security capabilities, as Prime Minister Fayyad is trying to do, if the Palestinians do that, then my view is that the Israelis know that in the end, for their own long-term security, a Palestinian state is the only option. As I say to people, if the alternative to a two-state solution is a one-state solution, then there is going to be a hell of a fight.

Q137 Richard Burden: It has been suggested that there should be a mechanism on a project-by-project basis for just determining whether a project is taking things forward or whether it is getting round international law. Some kind of mechanism for assessment should be in place. Is there one, would you consider one and, if so, who would do it?

² Israeli Defence Force

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Mr Blair: To be honest, I do not really think that is where it is. I think the single thing that people would ask me if I was in Palestine right now is: "That package that you agreed with the Israelis sounds good. Is it going to be done?" That is the only question they would ask. If you are waiting two hours at a checkpoint every day, if you can bring that down to 20 minutes, that makes a big difference to their life; if you can remove it altogether, that is even better; but we have got to proceed in a way that is geared to the reality. I think for most people on the Palestinian side they are just desperate to get the freedom back in their lives to start making something for themselves and their families and, therefore, I honestly think that the most sensible thing is not to introduce a new mechanism, but the reason I negotiated this in such detail with the Israelis over many weeks and really got down to the detail of it is that it is now there on the table as the test of whether things are going to happen or not.

Q138 Daniel Kawczynski: Mr Blair, could I ask you about the Quartet's development proposals for the Jordan Valley and, in particular, these agro-industrial zones. What sort of standing do they have under international law?

Mr Blair: In what sense exactly?

Q139 Daniel Kawczynski: In the sense that obviously this is a disputed area, a disputed territory, and you are allowing Israeli firms to set up there. It could be perceived that this is a way in which the Israelis are getting a strangle-hold on the area and legitimising their presence there by creating these industrial zones.

Mr Blair: The idea of an agro-industrial corridor around Jericho is an idea that has been taken forward by the Japanese Government. They have done a lot of work on this and are prepared to put investment into it. The idea is primarily how the Palestinians do this. The problem that we have negotiated our way round, I think successfully now but time will tell, and this is maybe what you mean by this, Daniel, it is in part going to require a use of Area C. This is really important for the Palestinians, and actually I think it is as important as anything else, and it does not get the profile or the coverage that it should. Sixty per cent of the West Bank is in Area C and Area C, under the Oslo Accords, is under Israeli administrative control. The real problem for the Palestinians is that, even though a large chunk of that is along the Jordan Valley, which they should be allowed to develop, they find it very hard to get a development there. So the idea of the agro-industrial corridor around Jericho is so that Palestinians—there will be some foreign investment but it will be mainly Palestinians—get the chance to engage in what is very easy trade to do there, and because it is quite close from Jericho to the Allenby Bridge, we have now agreed with the Israelis a longer route, bidding for the Allenby Bridge, then they can get the goods out via Jordan and then they have not got the same problems in trying to ship them back through the ports on the Israeli side. I do not think there is really an issue about international law, but there is this issue to do with Area C and whether

some of this will be sited in Area C and whether we can use part of Area C as an access, because you will have to go across Area C to get the proper access from Jericho to the Allenby Bridge.

Q140 Daniel Kawczynski: So you envisage that these industrial zones will be primarily populated with Palestinian businesses?

Mr Blair: I think around the Jericho area, although there will be others too, but it will be primarily for Palestinian business.

Q141 Chairman: Should it not be exclusively Palestinian business, in the sense that if these are filled up with Israeli companies that actually will be at the expense of Palestinian business opportunity?

Mr Blair: I do not think that is the anticipation at all. What I would say to you about that is it is probably for the Palestinians to decide themselves, because sometimes they may want to do some joint ventures, but my understanding is, basically, for the vast bulk of these industrial projects there will be international investors, there will be Palestinian investors. There may from time to time be Israeli investment as well, but that will be on the basis that the Palestinians want it and agree, and sometimes you will get a situation where they do genuinely want it. The other thing that is quite interesting is that there are Israeli business people who are very much on the same line as we would be talking about and who themselves want greater access of movement in order to be able to do business.

Q142 John Battle: Our committee is International Development, which is different from Foreign Affairs, and I mention that because the first reason that this committee took an interest in Palestine in 2002, and why we went there, was because of the poverty indicators for the Palestinian people being lower than some of the countries of sub-Saharan Africa. For example, on water and sanitation, to take a very practical point, the Palestinian people are further behind in access to clean water and sanitation than the people of Sierra Leone. I wondered if I could pass on a practical possibility. The Quartet did a report on projects and referred to water treatment, but when we met with the Negotiation Support Unit, they said the real focus, particularly in the Jordan Valley, should be access to ground water resources. Do you know, is there any movement on that? Secondly, and I know that you have done some work on waste water management to get equipment for waste water processing, sanitation, into Gaza, for example, apparently the equipment is stuck at the checkpoints. Is there any progress on that very primary, basic access to water? I fail to understand how you can have agriculture without water, but you cannot have living without it either.

Mr Blair: No, and this is where you get into the short-term versus long-term that Richard was talking about earlier. We have now agreed with the Israelis for provision for about 12 of these infrastructure projects to go on—water and sanitation projects—and the Palestinian Water Authority are now taking those forward, but there is a longer-term question,

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which is what is going to be the agreement about the use of water, particularly along the Jordan Valley, and that is in this Area C territory which is part of the final status negotiation. In the meantime, again, there is much more that could be done there. That is why I would say that Israel could do more to help in this situation. In respect of Gaza, I think the equipment has now gone in but we have been going to and fro and to and fro on this the whole time. There was a time when there was a problem getting the cement in. I think the cement is now in. There is also a Phase II of the project. We needed a letter of agreement from the Israelis so that we could tender for that project. I think that has now been done, so that project will be completed, but let us be clear, it will be completed in circumstances where at the moment there is still raw sewage being pumped out on a daily basis and it is an appalling situation. I do not conceal that at all.

Q143 Ann McKechin: You have spoken a great deal this morning about changing the reality on the ground. About 18 months ago when the committee visited the West Bank we attended a border cross point at Hawarrah, which was, frankly, a chaotic crossing for Palestinian goods vehicles, was highly inefficient and was actually, frankly, insecure for the Israeli soldiers who were trying to man it. Yet Israel is one of the most sophisticated defence electronic engineering manufacturers in the world, and there is no lack of capacity in Israel to actually put in very sophisticated border points of the type that existed in Northern Ireland before the troubles ended. What is really happening, seriously, in the negotiations, and do you believe the Israelis are doing enough to improve the technology at the border crossings which they say are vital for their security?

Mr Blair: In respect of those checkpoints that we agree the Israelis should upgrade significantly, Hawarrah was one of those checkpoints. You are absolutely right, there is a lot more that could be done, and that is what should happen. There is a package that has now been agreed with the Israeli Finance Minister as well in order to fund proper equipment. When you visit some of those checkpoints, it is a small but significant investment and it could make a huge difference. I know people say that is not really what should be happening, they should be lifted, but I think the reality is that with some of them they are going to stay for a time, at least, and what is important is that they are significantly improved; but, yes, we could do that, and that is precisely one of the things that was in our package.

Q144 Ann McKechin: You mentioned earlier improvements in the tourist industry in Bethlehem. Could you tell me which checkpoint is going to be used for tourists, and why would this be a different one and a better one than that for the ordinary Palestinians who have to try and get in and out of Bethlehem every day?

Mr Blair: Again, that is a good point. Why should it be different? The reality is that at the moment when the wall is there and you have got a situation where there are long queues of people to get in and out, it actually matters to have a fast-track for tourists, so

that is what we are doing, because it helps, but in time to come, obviously, we want that to apply to ordinary Palestinians too.

Q145 Ann McKechin: Should you not be applying humanitarian standards that if you are sick, if you are ill and disabled or elderly, you should have first access rather than someone who is fit and healthy and can stand for two or three hours in the sunshine when it is 95 degrees?

Mr Blair: Of course. Again, one of the things that we are in discussion with the Israelis about—and this is part of how we change the situation—is to start discriminating and differentiating between your ordinary person and the person who is in chronic need. Again, the reality is that for the moment you will not stop there being a checkpoint on that part of Bethlehem going into Jerusalem—that is not going to happen—but certainly people should be allowed swifter access for humanitarian reasons and, in any event, it is important for the tourist industry because, as a result, as I say, of what has happened in Bethlehem over the last few months, the tourist industry is significantly revived there and that is important. Overall, what is happening to the West Bank economy—and, again, I say all this against the background of the fact that Gaza is in an extremely difficult situation for all the reasons we have just been through and not enough is being done to help the West Bank economy—it has gone from a contraction but it is now growing. In fact, the overall World Bank projection for Palestine this year is three per cent, and that includes Gaza. The truth is, if we manage to get these restrictions progressively lifted, you could get that figure up to probably 10, 11, 12 per cent, and then you would be starting to see a real change for people, and that will make a huge difference to them. It is a very difficult thing to say, and we found this difficulty with the Bethlehem Investment Conference: on the one hand you have to admit the situation is extremely difficult and challenging; on the other hand you do not actually want to say to people, “Do not come here. Do not come and invest”, and the truth of the matter is in many ways, because of what Prime Minister Fayyad has been doing, there are elements of the Palestinian economy that are improving, it is just that so much more could be done and should be done.

Q146 Chairman: We are close to the end of our session, but I hope it is acceptable to you if we take a quick supplementary from Stephen Crabb and some questions from Hugh Bayley.

Mr Blair: Yes.

Q147 Mr Crabb: It concerns an issue we have not touched on this morning. The Israeli Government, I understand, recently announced they would increase by 40 per cent the number of Palestinian workers allowed to come and work back in Israel. How quickly do you envisage that becoming a reality on the ground and, longer-term, seeing the return of really significant numbers of Palestinians working back inside Israel, as they used to, and the rebuilding of some shared economic interest there?

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Mr Blair: One, it is important, because it helps the Palestinian people; two, I think it is important and, again, this is part of our agreement with them that some of those people should be able to overnight there, and so on, because it is important for their work, and three, yes, in time, I hope that then improves and increases. That is where, again, Jenin is important, because there are now people coming across the border and into Jenin for the first time in several years. So that is important to do for sure.

Q148 Hugh Bayley: What security outcomes would you expect to see from the Berlin Conference later this month?

Mr Blair: I think Berlin is really important; it is a very important moment, and I think we need the following. We need, first of all, a proper plan for the Palestinian security forces, both for their training, their equipping and their reform. Secondly, we need the EUPOL COPPS³ proposals, which is for the civil police to be implemented. Thirdly, we need the proposals for prisons and courts and judicial reform to be set out and funded and then implemented, because the security picture is not just about people with weapons taking on other people with weapons, it is also about other procedures for prison, for courts, for prosecution, for the whole panoply of measures associated with the functioning of the criminal justice system.

Q149 Hugh Bayley: What particularly would you expect the Palestinian Authority to agree to in order to create the sort of situation which, as you described earlier, would enable Israel to lift the occupation or take steps in that direction?

Mr Blair: They need, and I think they will, to be fair, to agree to the reform of those security forces as well as their proper funding and equipping and training, and they need to be in a position where in a few months time, building out from what is happening in Jenin now, we can then take another area and start to do the same, and this is the purpose of the strategy we have outlined. This is very difficult for the Palestinians, because sometimes they are taking on people that they have been alongside in previous times, but the fact is a state is not just a geographical territory, you have to have one rule of law, you have got to have one authority, you have got to have one proper system of law enforcement, and for the Palestinians this is where the work that President Abbas, who is also very committed to this, and Prime Minister Fayyad are doing is so important. It has got to happen. This has really got to happen.

Q150 Hugh Bayley: In any negotiation—and you know this from Northern Ireland—a step taken, a statement made by one side, needs to be reciprocated. You have already said that the Israeli security apparatus has a devastating effect on the quality of life for Palestinians and, rightly or wrongly, tends to fuel feeling of desperation and anger. So how can Israel be persuaded to make specific changes to their

security apparatus in order to improve the lives of Palestinians and create conditions for progress with the peace negotiation?

Mr Blair: I think that they can be persuaded to do that because I believe that, as I say, the majority of sensible Israelis know that there is no alternative to a two-state solution but a big fight continuing over a long period of time and throughout the whole region. So I think that most sensible Israelis know that a two-state solution is there. Again, the impact of the Intifada and the breakdown of the negotiations between President Clinton, Prime Minister Barak and President Arafat a few years back has been to leave the peace camp in Israel feeling it does not have a lot to go on, and rebuilding that confidence is very important. What I actually think about this situation, which is why calming and helping Gaza is so important, is if you have just got sufficient time and space to show that things could happen, you could get a momentum established that would accelerate quite quickly. This is what I find very frustrating. I am absolutely convinced that if everything else remained calm, let us say we got on with these economic and social projects, it would make a big difference over a period of time. The trouble is everything else is not going to remain the same. So the point about it is that, if we were able to rebuild some confidence and if people felt there was a real strategic grip on this situation, namely we have a political negotiation that is meaningful, we have a security capability built amongst the Palestinians that does the business and we have genuine change on the weight of the occupation without Gaza disrupting it, you could start to move this situation and you could move it, I think, quicker than people think, but all of those things is an open question at the moment and that is why it hangs in the balance and certainly, I think, why it is natural you should start with Gaza today. I think the danger of Gaza is not just the terrible situation for the people but that it is used, in a sense, to overwhelm anything else that might be good that is happening. I am not naive about this. I know that if I built an industrial park up at Jalame but meanwhile Gaza is in turmoil, for your ordinary Palestinian they are looking at one state. They are not looking at two states—Gaza and West Bank—they will get one state. They feel a sense of responsibility and solidarity with their people.

Q151 Hugh Bayley: I agree, from my visits to the region, that a majority on both sides want peace, and the only prospect for that is to have a two-state solution, but the majority who want peace are marginalised time and again by acts of violence, whether it is a missile being fired over the border into Israel or the use of violence by the Israeli security forces. You can take the parallels with Northern Ireland too far, but it was undoubtedly the case in Northern Ireland that community groups on both sides—the Falls Road and the Shankhill—started saying, “We want peace”, and they reduced the political space within which the terrorists operated. You have talked about a series of high-level talks you are involved with, but I think there is a need to nurture and strengthen community organisations of

³ EU Co-ordinating Office for Palestinian Police Support

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moderate Palestinians and moderate Israelis to try and nurture that space for discussing a future of co-existence. To what extent would you like to see DFID and other donors working in this area and what should they be doing?

Mr Blair: I think it is a very worthwhile exercise for them to work on. If you take an organisation, for example, like One Voice, which is for the young people, who are lovely young people, if that is the future on both sides it would be bright. I think it is very important to encourage a sort of civil society exchange at the same time, and I think that those are things that are easy to do and very worthwhile.

Q152 Chairman: Thank you. Can I perhaps draw two threads together and conclude this session. I think as far as Gaza is concerned, the comments that you and others have made, for the people of Gaza, they are looking to the international community for their humanitarian rights, not for the consent of Israel or Hamas or anybody else. So what is left on the ground is what more will we be able to do to actually deliver what the people of Gaza have a right to expect from the international community? In relation to your project, particularly in the West Bank, it has been expressed to us that there is a danger of legitimising the facts on the ground. Nobody is questioning the intention, but actually, effectively, creating almost two parallel universes: a network of Israeli settlements with their own communications, and a new network of new Palestinian developments with their own parallel communications, neither of which meets, which I think many people would feel was taking us further away from a two-state solution. In that context, in terms of the agreements you have negotiated, do you think that they have more chance than previous access and movement agreements which have not actually been fulfilled? We sat in probably the same hotel as you did in Bethlehem just before Christmas, the year before last, with two per cent occupancy and I think many of us reflected on the fact that the first Christmas there was no room in the inn; here we were in Bethlehem with an inn full of rooms and nobody in them. You say you are going to unlock that but it has to be in ways that benefit the people of Bethlehem and not just the people of Jerusalem.

Mr Blair: In that hotel where I was two or three weeks ago, the hotel occupancy is now over 40 per cent so it has changed. There are changes that are there. You know this issue about legitimising the occupation, to be absolutely frank nobody on the Palestinian side has ever put this to me as a serious point because I think they understand very well. Yes, of course, in the end they want the settlements out and the outposts away, and so on and so forth, but they do not ignore the fact that if you can get economic projects going and open up some of the access within the Palestinian side that is obviously of enormous importance and help to Palestinians. I would go back to the central point about all this. A strategy for resolving this has

all the different bits of it operating in an integrated way. In other words, if you take the politics but do not take the security, it will not work. If you take the politics and the security but there is nothing happening to give the Palestinians hope on the ground, it will not work. If you leave Gaza as it is, there is a danger that Gaza, quite apart from the misery of the people there, overwhelms everything else. My response would be that I would never suggest that building an industrial park or new houses or municipal projects is a substitute for the politics, the security or sorting out Gaza but I do think it is an important part of it. I also think for ordinary Palestinians, and again there are parallels here with Northern Ireland, the greater the chance of prosperity the greater the stake people get in a fledging peace process. The other thing to remember about Palestine is the age of the people. I forget the precise percentage but the majority of the people are under the age of 25 in the West Bank and Gaza. If these young people start to think they have a chance of a job then that is the best way you can start to diminish some of the contrary forces that are pulling them into extremist groups that, in the end, do not offer them any way forward at all. I think everything should be put together and the single most important thing for the international community, including America, is just to focus the whole time on it. One of the things that is really important is that through to the end of the year, and into next year when there is a new American president, the focus is kept on this all the time and not to diminish it in any shape or form. It would be a real problem if the new American president takes a couple of years to work their way into this. One thing I am absolutely sure of is this issue is even more important than I thought it was when I was Prime Minister of this country. It is fundamental to sorting out the region, it is fundamental to peace between the world of Islam and the world of the West and it is fundamental, obviously and most importantly, to a decent future for Israelis and Palestinians.

Q153 Chairman: As an International Development Committee rather than a Foreign Affairs Committee, our concerns are for the plight of the people and their potential. Our frustration is frankly if there were peace there would be no need for any international development support for the people of Palestine. That is our fundamental frustration and the money could go to the people for whom it is required.

Mr Blair: That is what the Palestinians would want too.

Chairman: If you have any reflections on the exchanges we have had, we will be producing the report before the summer recess so I hope you will feel free to comment because sometimes things occur afterwards. Thank you again for enabling us to have this session, and particularly for accommodating this particular date given that the Committee were due to be in China but because of the earthquake we are not.

Written evidence

Memorandum submitted by the Department for International Development

SUMMARY

1. The political, economic and humanitarian landscape has shifted dramatically since the IDC last carried out an inquiry into the OPTs in autumn 2006.

2. 2007 was a difficult year. Hamas' violent takeover of Gaza in June forced President Abbas to dissolve the newly formed National Unity Government and declare a state of emergency. The situation posed major challenges not only for the Palestinian people, but also for the international community's engagement with the peace process. However, the year ended with renewed hope. The US-sponsored conference held in Annapolis (November 2007) provided the best hope for a sustainable solution to the peace process since 2000. This was followed by a donor conference in Paris in December, at which record pledges were made in support of the Palestinian Authority (PA). The international community has now to capitalise on the momentum created by these events. Looking forward, the Ad Hoc Liaison Committee (AHLC) meeting on 2 May will be an opportunity to assess progress on commitments made in Paris.

3. While we have seen some progress, particularly on the donor front following the Paris conference, the closure of Gaza's crossings has contributed to the collapse of its economy and a rapidly deteriorating humanitarian situation.

4. The UK has played a prominent role in the renewal of the international community's relationship with the PA. DFID was one of the first donors to provide the PA with renewed financial assistance. The UK also assisted it to produce a Palestinian Reform and Development Plan (PRDP). This was the document against which donors pledged \$7.7 billion of support in Paris. We are also leading a change in the way donors support the UN Relief and Works Agency (UNRWA) from emergency commitments to more predictable core funding, linked to institutional reform.

POLITICAL DEVELOPMENTS

5. Following a stagnant period in the peace process, the Arab League relaunched the 2002 Arab Peace Initiative on 27 March 2007. This offers the recognition of Israel by Arab states in return for a withdrawal to pre-1967 borders and a just solution for Palestinian refugees. Prime Minister Olmert cautiously welcomed the move. The momentum created was sustained by the appointment on 27 June of Tony Blair as the Quartet's envoy, followed by the announcement on 16 July of a US-hosted international conference on the Middle East (Annapolis).

6. In the following months, sustained engagement at high levels of the US administration and a positive relationship between Prime Minister Olmert and President Abbas created the conditions for this conference, held in Annapolis on 27/28 November, to be a success. It was the largest gathering of world leaders focusing on peace in the Middle East since Madrid in 1991. The conference achieved its stated aims of producing a document agreed by both Palestinians and Israelis, and securing the attendance of regional players, notably Saudi Arabia. A joint statement provided for: the continuation of Israeli-Palestinian bilaterals, creation of a committee to oversee negotiations, and formation of a Palestinian/Israeli/US mechanism to follow up implementation of the road map. The parties committed themselves to the goal of concluding negotiations before the end of 2008.

7. Following on from Annapolis, a donor pledging conference was held in Paris on 17 December 2007. Pledges from the international community totalled \$7.7 billion. This was more than enough to cover the \$5.5 billion funding gap identified in the PRDP, though the amount allocated to budget support was insufficient to meet the recurrent funding needs of the PA. The UK was one of the first to announce a substantial pledge, encouraging others to do the same. DFID has committed up to £243 million over three years. This is to be linked to tangible progress in peace negotiations, including progress on reform and the easing of movement and access restrictions.

8. Gaza's crossings have been largely closed by Israel since the Hamas takeover in June 2007, except for some humanitarian supplies, selected medical cases, and very limited volumes of commercial goods and people. Following several days of complete closure, the border with Egypt at Rafah was breached on 22 January 2008. Some 700,000 Gazans crossed to buy basic supplies including food, medicines and fuel in the ten days before the border was re-sealed. The border breach gave a temporary boost to Hamas in terms of popularity. The PA has put forward plans for reopening Gaza crossings on a sustainable basis with PA personnel.

PROGRESS ON THE PEACE PROCESS

9. Bilateral negotiations between Prime Minister Olmert and President Abbas, and between Foreign Minister Livni and Palestinian chief negotiator Ahmed Qurei have been continuing, although events on the ground have led to delays. Tensions over Gaza and increasingly fragile coalition support for Prime Minister Olmert have served to moderate expectations that President Bush's target of a comprehensive peace agreement by the end of 2008 will be achieved. Palestinians' perceptions of progress are even lower. Bush has maintained his commitment to the peace process, urging leaders to continue efforts to find a solution during his visit to the region in January 2008. Rice is visiting regularly to keep up momentum before a further Bush visit. The US has assigned Lt General William Fraser to assist in monitoring the implementation of roadmap commitments.

10. DFID contributes to the peace process through a number of channels:

- Direct financial assistance and capacity building support to the Palestinian Authority (PA): this helps the PA to carry out its obligations as an effective partner for peace in a two-state solution.
- Office of the Quartet Representative: we continue to support Tony Blair and his team. One of the confidence building measures (previously called "quick impact projects") that he is championing is a DFID scheme to provide matching grants to help the private sector develop export markets.
- Security sector reform: as part of a wider HMG effort, the UK is helping improve security in the OPTs through more professional and accountable security forces.
- Peace negotiations: DFID provides practical support to Palestinian negotiators through access to legal advice and briefing which meets high international standards.

PALESTINIAN AUTHORITY

11. Saudi Arabia facilitated the creation of a National Unity Government (NUG) at a meeting in Mecca on 8 February 2007. After Hamas gained control of the Gaza Strip by force in June, President Abbas dissolved the NUG and declared a state of emergency. He subsequently swore in a caretaker government with Dr Salam Fayyad at the helm of a cabinet of technocrats drawn largely from civil society. Israel ended its boycott of the PA in the West Bank, and has paid most withheld customs revenues owed to the PA.¹ The Secretary of State committed £3 million in December to help the PA pay its debts to the private sector, marking the UK out as a leader of the international community's reengagement with the PA.

12. DFID provided technical experts to the PA to help introduce a new planning and budgeting process, including a Palestinian Reform and Development Plan for 2007–10 (PRDP). This was presented in draft at the Paris donor conference in December 2007 and served as the basis for subsequent donor pledges. DFID is finalising its 2008 support to the PA, which is likely to include significant frontloaded budget support and expanded technical assistance in public sector reform, security sector, and financial controls.

13. The PA faced a serious shortfall in budget resources in February 2008. Despite significant pledges many major donors had not yet transferred financing to the PA to meet essential recurrent costs such as salaries. In addition to this the PA has a stock of arrears in both salaries and payments to suppliers that it is keen to pay off.

14. For this reason, Prime Minister Fayyad asked donors to bring forward their pledged and scheduled payments to earlier in the year. Fayyad asked the UK to take an international lead in providing financial assistance for the PA's budget so that other donors would be encouraged to follow suit. DFID responded with a £15.45 million contribution to the EC's PEGASE (French acronym for Mécansime "Palestino—Européen de Gestion et d'Aide Socio-Economique") facility for PA February salaries. DFID will be providing a further £20 million to the PA through the World Bank trust fund and PEGASE by the end of March.

15. Dr Fayyad has shown strong commitment to bring the PA's recurrent budget deficit problem under control. He has reduced the public sector payroll and is aggressively implementing a PRDP commitment to reduce subsidies for unpaid utility bills, which absorb a third of the national budget. He is introducing measures to prevent corruption and improve the PA's budget management systems. Because the majority of the budget is dedicated to public servants' salaries, the government is introducing strong new management systems for the civil service. For example, independent controllers are being appointed to each ministry to scrutinise appointments and staff attendance. The government is also strengthening audit systems throughout the PA.

16. These reforms demonstrate to donors that the PA is serious about taking on difficult reforms and ensuring that donor assistance is well spent. Given the political sensitivities surrounding the OPTs, financial assistance is subject to strict safeguards, including checks of individual recipients against international terrorist lists. With these safeguards in place and with the ongoing PA reform and financial management measures, it is appropriate to again provide financial assistance for the PA's budget. The World Bank trust fund will pool donor funds and provide predictable and transparent budget support as part of its monitoring

¹ Except for deductions made for unpaid utility fees, insurance claims and funds held up in international court cases.

of PA reform and a coordinated policy dialogue. The impact of the international community resuming direct aid should be a more sustainable, strong and efficient PA better able to fulfil its obligations to the peace process and to the Palestinian people.

ECONOMY AND AID

17. The combined impact of the ongoing conflict and of severe restrictions on the movement and access of goods and people has caused the economy to contract. GDP per head has fallen by over 40% since 1999. Both unemployment and poverty have increased sharply. Increased transportation costs, substantial delays and loss of efficiency have caused investment rates to halve since 1999. Exports have fallen by almost as much, now standing at a mere 12% of GDP. The economy is increasingly dependent on overseas aid and remittances, and prospects for sustainability are diminishing daily.

18. The economy in Gaza since the June 2007 closures has collapsed. Commercial exports from Gaza have been virtually stopped since the sealing of its borders with Israel and Egypt in June 2007. It is estimated that current restrictions have led to the suspension of 90% of Gaza's industrial operations.² Even if borders were reopened tomorrow, the Gaza economy would take years to recover. The World Bank suggests that this has left "little productive base for a self-sustaining economy"³.

19. The Agreement on Movement and Access (AMA) between Israel and the PA has not been implemented. According to OCHA there were 580 physical obstacles (including checkpoints, road blocks, earth mounds, trenches, fences and gates) in the West Bank in March 2008. This is 50% higher than the 376 in August 2005, which is the baseline for the AMA. These do not include "flying" checkpoints and age restrictions on Palestinian movement, which have impeded the flow of materials, goods and labour. West Bank trade with and through Israel is being further squeezed by the completion of the separation barrier and restrictions on trade between the West Bank and Israel. There is real concern that even with the additional aid pledged in Paris this tightening of the closure regime will mean further job losses and a hollowing out of the industrial base.

20. Over recent years aid has been critical in supporting incomes and preventing further economic decline in the OPTs. Support from mechanisms such as the EC-led Temporary International Mechanism (TIM) has provided ongoing assistance to 77,000 PA employees and much-needed support to over 79,000 social hardship cases. With an average family size of six, this assistance has directly benefited almost a quarter of the OPTs' four million population. As a result of support by the international community, the economic decline in 2006 was -10% instead of the -27% predicted at the start of the year. We await final figures for 2007.

HUMANITARIAN SITUATION

21. Since the last IDC report, the humanitarian situation in the West Bank has continued to deteriorate. Conditions in Gaza are of particular concern, exacerbated by severe Israeli restrictions on the import and export of all goods and supplies. Gaza's crossings are closed to all but humanitarian supplies and emergency medical evacuations. On 19 September 2007, Israel declared Gaza a "hostile entity" in response to Qassam rocket attacks. The Israeli Security Cabinet consequently decided to reduce fuel and electricity supplies for Gaza.

22. Since September there have been intermittent cuts of diesel for the power station, of ordinary fuel and of direct electricity supplies. Power cuts in Gaza currently average about 4 hours per day, down from 8 hours per day in January and February, as the improving weather reduces demand. The Gaza Power Station is receiving only 70% of the industrial diesel it can currently use. Cuts and fluctuations in supply are damaging electrical equipment, for much of which there are no spare parts. Israel has also imposed a token electricity cut on one power line into Gaza.

23. The breach of the Gazan border with Egypt in January relieved some immediate needs, but has had negligible impact on the overall humanitarian situation in Gaza. According to the World Bank, health indicators have deteriorated progressively over the past three years. Chronic diseases have increased by 31% since 2005. 20% more children aged three years and less were diagnosed in UNRWA clinics in Gaza with diarrhoea in the past year. The prevalence of anaemia in children 9 to 12 months old has risen to 69% in August 2007. Medicines are in short supply: in February, the World Health Organisation (WHO) reported that 85 common drugs were not available and the operation room at one of the main hospitals had closed because of a lack of supplies.

24. Power cuts are putting an increasing strain on medical infrastructure. There is an increasing need for patients to be referred out of Gaza for treatment elsewhere, as medical services no longer have the capacity to deal with difficult cases. 20-30 emergency medical cases are entering Israel through the Erez crossing each day, and Egypt is allowing some urgent medical cases to be admitted through Rafah. However, a number of patients have died while waiting for permission to leave Gaza for urgent treatment.

² The Palestinian Private Sector Co-ordination Council

³ AHLC doc Sept 2007

25. The World Food Programme (WFP) needs to import 150 food aid trucks per month in order to meet basic Gazan needs. Although it has faced considerable difficulties in recent months, it is achieving this. The collapse of the commercial and agricultural sectors has reduced wages—as of September 2007, 70% of non-refugee households earned less than \$1.20 per person per day. At the same time, severely restricted imports have increased the price of almost every imported commodity. As a result 1.1 million Gazans, 3/4 of the population, depend to some extent on food aid. The World Food Programme (WFP) provides food aid for 300,000 non-refugees, while UNRWA provides food for 850,000 refugees. This covers only 60% to 80% of calorific need. The shortfall has to come from commercially bought items, which have been hindered by restrictions on imports.

26. In Gaza 20–30% of wells are not operating properly due to intermittent access to electricity and a lack of fuel. 20% less water is being produced. 90% of tap water is polluted. Even when there is some electricity the pumps are unable to provide water to high-rise buildings, leading to some households going without water for days.

27. Waste water treatment facilities remain inadequate, with around 50 million litres of raw or poorly treated sewage discharged into the Mediterranean per day. Infrastructure is under severe strain. UNICEF is working to keep sewage from backing up through manhole covers in the streets. A project to improve sewage treatment facilities at Beit Lahia in northern Gaza made some progress after pressure from Tony Blair, but has encountered repeated delays because of Israeli restrictions.

28. DFID is responding to this situation both with aid and through the political process. Our agreement to provide £100 million to UNRWA over five years helps the 4.4 million Palestinian refugees in the OPTs and wider region. 70% of the population of the Gaza Strip are refugees who directly benefit from this assistance. The UK also gave £3 million in 2007–08 to the International Committee of the Red Cross' (ICRC) work in the OPTs; helped build capacity in the UN Office for Coordination of Humanitarian Affairs (OCHA); and continued funding the TIM.

29. The Temporary International Mechanism (TIM) and now its successor PEGASE have been the major vehicles for EU funding for Palestinians in Gaza. They have funded all the fuel for the Gaza Power Plant, as well as fuel for generators used by medical facilities and water and sanitation utilities. They also fund the purchase of drugs and provide allowances for Palestinian public servants and social hardship cases in both Gaza and the West Bank. The TIM disbursed €616 million (£423 million) during 2006 and 2007. The majority of this has gone to Gaza. €59.3 million of this was spent on essential supplies and running costs of hospitals and health care centres. €131 million went to essential public services, including energy utilities. €425.7 million provided for social allowances to public services providers and social hardship cases.

30. The UK provided £14.9 million to the TIM over 2006 and 2007, with another £15.45 million in February 2008 through PEGASE. The EC has also provided funding for Gaza through the EC Humanitarian Office (ECHO)—€66.3 million (£50 million) in 2007, as well as a further €79.8 million (£60 million) to UNRWA.

31. During the Secretary of State's visit to the OPTs in December 2007, he encouraged interlocutors including President Abbas, senior PA Ministers and Israeli Defence Minister Ehud Barak to address the humanitarian situation as a matter of urgency. Together with the Foreign Secretary, he has issued three public statements on the crossings closures and humanitarian impacts, appealing to all parties to avoid civilian casualties and urging Israel to reverse its decisions to reduce electricity and fuel supplies to Gaza. We do not believe that humanitarian supplies, whether provided through humanitarian agencies or by the commercial sector, should be subject to any restriction. Without any presence in Gaza, the Israeli Government is unable to monitor humanitarian needs or the impact of restrictions.

SETTLEMENTS AND OUTPOSTS

32. In 2006, construction work began on a police station in the E1 area east of Jerusalem, accompanied by roads and other infrastructure. On 24 September 2007, the Israeli Army ordered the expropriation of Palestinian land surrounding four West Bank villages in E1 (this became public on 9 October). If the barrier is completed along its current route and a settlement is built in E1, Jerusalem would be encircled by settlements, threatening the prospects for the establishment of a territorially contiguous Palestinian state with access to Jerusalem. Israeli investment in the public infrastructure needed for the E1 settlement (eg police station, road) is continuing, which indicates that international pressure has not yet stopped the E1 plans.

33. The Israeli NGO Peace Now reported in 2007 that there were over 470,000 settlers in the West Bank. The 2003 Roadmap called for a complete settlement freeze and the dismantling of all outposts erected since 2001. Since then, no significant progress has been made on removing inhabited outposts in the West Bank. During 2007, work was started on 1,019 new units, work continued on 2,493 and 1,149 were completed. In December, the Israeli media reported that the 2008 national budget would include nearly £13.5 million for infrastructure work for 740 housing units in the OPTs.

34. The Annapolis conference had no impact on the rate of settlement construction. Following the unexpected announcement in December 2007 of a tender to build 500 new homes in Har Homa and 240 in Ma'ale Adumim, Prime Minister Olmert issued an instruction that Ministers and officials should submit all proposals for settlement construction to him and Defence Minister Barak for approval. Since then, Prime Minister Olmert has denied new permits for construction in West Bank settlements (including those that Israel intends to keep in a two-state solution but not including East Jerusalem, where 250,000 Israelis live). Barak also announced a compensation package to tempt the 80,000 settlers living east of the barrier to move west.

35. In February, the Supreme Court accepted Olmert and Barak's commitment to evacuate the Migron outpost by August 2008 and move it, possibly to an existing settlement. On 6 February, in response to a Peace Now petition against the Haresh and Hayovel outposts, the Supreme Court granted the State 60 days to present a plan for the enforcement of demolition orders in the outposts. Vice Premier Ramon told the Knesset State Control Committee in February that Olmert wants to reach an agreement with West Bank settlers on the fate of unauthorised outposts, but warned that the Government would dismantle the outposts by force if necessary.

36. However, construction in the West Bank approved prior to Olmert's instruction continues, as does unauthorised building in outposts. In February, Israeli media reported new construction in the settlement of Eli north of Ramallah and in the northern Jordan Valley settlement of Maskiot. On 9 March Prime Minister Olmert approved the construction of 330 housing units in Givat Ze'ev, a settlement of 10,000 on the "Israeli" side of the barrier but 5 km across the Green Line. The Palestinian perception of unchecked settlement expansion in conjunction with no discernible progress on the peace talks has led to widespread scepticism about the Israeli Government's intentions.

37. The UK is very concerned about recent reports of Israeli settlement activity around East Jerusalem, including the announcement of new housing tenders for Har Homa and Givat Ze'ev. We continue to raise our concerns on continuing settlement activity with the Israeli Government at all levels. The Prime Minister, Foreign Secretary, and Development Secretary have all made clear our concerns about the recent Har Homa announcement to Prime Minister Olmert, Foreign Minister Tzipi Livni and Defence Minister Ehud Barak. The UK Ambassador in Tel Aviv raised the issue of settlements with the Ministry of Foreign Affairs on 21 February. The UK then raised the issue of Givat Ze'ev with the Ministry of Foreign Affairs in March. Such actions threaten the viability of the Palestinian state.

DFID AID PLEDGE

38. The UK demonstrated its support to the Palestinian people by agreeing to provide up to £243 million over three years at the December 2007 donor pledging conference in Paris. This is to be linked to tangible progress in peace negotiations, including progress on reform and the easing of movement and access restrictions.

39. The continued commitment of the PA to reform underpins DFID's increasing funding to the PA. The UK has been a lead donor on strengthening the institutions of a future Palestinian state, and is seen by the PA as a strong and valued partner in this area. This is in line with DFID's core approach in the OPTs—to build the capacity of the PA, so that it may become a legitimate partner in a two-state solution. UK funding supports the Palestinian Reform and Development Plan, which includes priority sectors such as health, security and education. All of our support is provided in accordance with internationally established aid effectiveness and fragile states principles. The UK will provide financial assistance to the PA through internationally respected organisations such as the European Commission's PEGASE and the new World Bank trust fund.

40. Over the pledge period of 2008–10 DFID will also increase our support to the private sector and for infrastructure if restrictions on land use and movement and access allow. Organisations such as the World Bank and OCHA will update on progress made in easing restrictions, which have not yet been relaxed. DFID has already launched a programme with the World Bank providing matching grants to allow Palestinian businesses to increase their knowledge of and competitiveness for export markets.

41. In order to address the growing humanitarian needs in the OPT, the region, and the wider needs of Palestinian refugees DFID's core funding to UNRWA will increase from £15.6 million in 2007–08, to £19 million in 2008–09 and then progressively to £23.4 million in 2011–12. In total, the UK will give £100 million over five years. Around 10% of this funding (approximately £10 million) will be linked to UNRWA achieving targeted improvements of its management and service delivery.

42. The DFID programme will retain the ability to respond flexibly to the changing situation on the ground. Although it retains the support of President Abbas, Fayyad's government is fragile due to its lack of a political base, while a major Israeli incursion into Gaza could derail the peace process and increase humanitarian needs. If the PA's commitment to reform or to the peace process changes, funding channels such as the ICRC, UNRWA and indirect funding to basic services through the TIM's successor, PEGASE, all offer alternatives.

DFID spend for Palestinians is as follows:

<i>Financial Year</i>	<i>UNRWA</i>	<i>TIM/ PEGASE</i>	<i>Direct assistance</i>	<i>Development</i>	<i>Other humanitarian</i>	<i>Total</i>
2005–06*	14.985	–	10	5.1	–	30
2006–07*	15	11.875	–	3.1	0.2	30.2
2007–08 [^]	15.6	18.45	24 [~]	2.55	3	63.6

* Statistics for International Development 2007

[^] Latest figures from DFID internal financial forecasting. Not yet all paid.

[~] Includes £20 million for World Bank Trust Fund, £3 million for private sector arrears and £1 million for civil police support.

We are incorporating the UK pledge into internal DFID funding requests over the pledge period. In Paris, our provisional framework for the next three calendar years was set out as follows:

<i>Calendar Year</i>	<i>Total framework (Paris Pledge)</i>	<i>UNRWA Component</i>
2008	Up to £62m	£19m
2009	Up to £85m	£20m
2010	Up to £96m	£22m

The exact breakdown of the Paris pledge will be linked to progress on the peace process, including PA reform and movement and access. The UK expects to provide substantial financial assistance to the PA, in order to support PRDP priorities and build the capacity of a future Palestinian state. The decision to provide additional, “frontloaded” budget support in the first quarter of 2008 may require adjustments to these calendar year allocations.

Annex 1

QUARTET OFFICE CONFIDENCE BUILDING MEASURES (CBMS)

1. The CBMs are a set of interventions or projects that have been hindered by political blockages. The Quartet Representative is focusing his attention on removing these blockages. All CBMs are covered in the PRDP. The Quartet office does not run projects or manage any project funds. Many CBMs involve sensitive negotiation with the Government of Israel (GoI) and the PA, and are a work in progress.

2. CBMs are intended to create positive change on the ground for Palestinians and build confidence in the peace process. Current CBMs being taken forward by the Quartet office are:

- Gaza sewage: the World Bank has been working to repair the sewage treatment plant at Beit Lahiya since 2004. Israeli restrictions halted the import of essential spare parts. The Quartet office is working with GoI to get vital equipment into Gaza to avoid a repeat of the sewage flood in March 2007. It is also looking to enlarge agreement beyond this project to cover all water and sanitation equipment entering Gaza.
- Industrial Parks: Turkey is sponsoring building an industrial park in Tarqumiya, in the northwestern West Bank. Germany is interested in a similar project in Jenin, and Japan has been working on an agro-industrial park near Jericho. The Quartet office is helping identify a site that meets Palestinian needs for the first (possibly in Area C); providing advice to the PA on a site and lobbying donors for support for the second; and working with the GoI to establish infrastructure links via Jordan to the third.
- Bethlehem tourism: the Quartet office is working with the PA and GoI to improve access to Bethlehem for tourists through the main checkpoint. No donors are involved.
- Housing initiatives: the Quartet office is helping to create a market for mortgages in the West Bank, ensuring that any new housing estates are linked to public infrastructure and lobbying donors for support to build new houses. The US (eg Overseas Private Investment Corporation) and UK are considering providing support.
- Municipal Development and Lending Fund (Denmark, World Bank, Italy, Germany, France and the Netherlands): lobbying donors for support to ensure that local government needs are fully funded.
- Facility for New Market Development: DFID and the World Bank have created a project to provide matching grants to small and medium-sized businesses. DFID has committed £3 million over three years. The World Bank has committed \$1.2 million so far. These are aimed at developing their capability to enter and successfully compete in new markets, and to enhance their export potential. This will launch in May 2008. The Quartet Office has offered to help secure further donor support if needed.

- Telecommunications: the Quartet office is working with the GoI to secure permission for additional bandwidth for a second mobile phone operator in the OPTs, which will raise up to an additional \$100 million for the PA on an annual basis. No donors are involved in this.
- Access to Jordan: the Quartet office is encouraging the GoI to extend opening hours and improve imports and exports of goods and movement of people through the Allenby and Damiya Bridges.

Annex 2**PALESTINIAN REFORM AND DEVELOPMENT PLAN (PRDP)**

1. The objective of the PRDP is to consolidate all PA policy making, planning and resource allocation processes into a unified procedure. This should ensure efficient and effective allocation of resources and match ministry plans with available budget. The PRDP does this by:

- Improving the content, prioritisation and quality of national planning and by linking it to national policy goal and targets;
- Allocating and linking medium-term recurrent and development budgets to agreed policy priorities;
- Improving planning, budgeting and reporting processes and formats; and
- Improving transparency, accountability and coordination in policy making, planning and budgeting processes.

2. The current PRDP will be implemented over January 2008 to December 2010. The PRDP is a yearly planning process, covering a rolling three year period. The PRDP for 2009–11 will be developed during 2008, and will seek to build on the PRDP for 2008–10. It will do this by improving training for PA staff, consultation, budget processes (eg a new budget circular) and conducting more detailed sectoral analysis.

3. Gaza remains an integral part of the PRDP. However, progress on development projects in Gaza identified by the PRDP is severely constrained at the moment. Meanwhile, the PA will continue to try and provide services for Gaza in sectors such as education, health and water and sanitation. It will pay salaries for PA workers, provide payments for social cases and take forward infrastructure projects where possible (especially in water and sanitation).

Annex 3**PEGASE⁴**

1. The European Commission has repackaged its aid, to show that it is moving on from the Temporary International Mechanism (TIM)—a temporary, indirect support designed to bypass PA systems—to a more direct but flexible funding arrangement, closely aligned with PA systems. It has called this PEGASE, and launched it on 21 January 2008.

2. PEGASE will have five windows, covering a range of disbursement mechanisms, offering a sliding scale of control:

- paying allowances direct to public sector workers and poor people. This corresponds directly to Window I of the TIM;
- providing flexible, unearmarked budget support paid directly into PA's Single Treasury Account (STA);
- payments into sub-accounts of the STA which will require both PA and EC signatures for release;
- reimbursement of expenditures already made by the PA (as developed through DFID's private sector arrears programme); and
- direct procurement of technical assistance from suppliers.

3. The two most significant changes are that the TIM (window 1) no longer has to be renewed every three months (allowing longer financial commitments to be made and hence more predictability); and that the EC is offering a variety of mechanisms to channel direct assistance.

Annex 4**FRAMEWORK AGREEMENT WITH UNRWA**

1. In December 2006, DFID's Secretary of State signed a Memorandum of Understanding with UNRWA, which commits DFID to providing regular annual funding totalling £100 million over five years. It lays out a performance assessment framework based on UNRWA's strategy.

⁴ (French acronym for Mécansime "Palestino—Européen de Gestion ey d'Aide Socio-Economique")

2. The performance framework provides for a joint assessment by DFID and UNRWA, in close cooperation with the EC, of UNRWA's performance in the last quarter of each year. This uses a set of agreed benchmarks in eight core areas of UNRWA's performance as set out below. Around 10% of DFID's funding is linked to the achievement of these benchmarks.

3. Although other donors such as the EC and US also use similar indicators to gauge successful performance, in order to strengthen internal rationale for providing more funding to UNRWA, no other donor has committed to providing firm, predictable additional funding as a direct reward of good performance.

<i>Area</i>	<i>Benchmark for 2007</i>
Health	An increase in percentage of cases of non-communicable diseases monitored and treated at UNRWA facilities (from 8% in 2005 to 15% in 2007).
Education	(i) Measures for average contact time per pupil established. (ii) An increase in pass rates of students in the national exams in Lebanon (from 53% in 2004 to 60% in 2007)
Technical & Vocational Training	An increase in the percentage of graduates employed 12 months after graduation (from 78% in 2004 to 83% in 2007).
Microfinance	Measures for the number of informal sector clients accessing the microfinance programme established.
Planning	Approval of biennial budget (08–09) based on strategic priorities substantiated by data, consulted with Advisory Commission members.
Organisational development	Monitoring & Evaluation system of programmes and projects in place.
Stakeholder relations	Advisory Commission members and UNRWA agree that Advisory Commission meetings provide effective consultative forum.

Supplementary memorandum submitted by the Department for International Development—Letter from Rt Hon Douglas Alexander MP, Secretary of State for International Development following oral evidence on 20 May 2008

At my recent evidence session on the Occupied Palestinian Territories, I promised to update the Committee following my attendance of the Palestine Investment Conference (PIC) on 21 May. I welcome the positive response from International Development Committee colleagues to the PIC and to UK support for economic growth in this challenging environment. As you know, the Prime Minister took a personal interest in the PIC and places strong emphasis on the role of the economy in the peace process.

President Abbas opened the PIC. He stressed the importance of the event for the Palestinian economy and a future viable state. He was followed by Prime Minister Fayyad, Tony Blair, a number of Arab and Western ministers and myself. I confirmed the UK's strong support for Palestinian economic development and announced £3 million for a new project to support Palestinian businesses to access new markets and develop new products: the Facility for New Market Development.

The conference was very well attended by over 2000 people. The majority of investors were from the Gulf region, with the US also well represented. There were about 30 UK delegates. Israel fulfilled its promise to ease entry of conference participants, approving all but a handful of visa applications and smoothing passage through checkpoints. Over 100 Gazan business people were able to attend.

Investment projects totalling £1 billion were prepared for the conference with DFID support. These have the potential to create 50,000 new jobs, which, as I highlighted during the evidence session, is critical to economic recovery and a sense of hope, particularly amongst young people. 10 investment agreements were signed over the first two days of the PIC for a total of over £700 million, primarily in housing, infrastructure and telecommunications with Arab companies.

Looking forward, the priority will be to ensure that investments are realised, jobs are indeed created, and that the peace process is strengthened as a result. DFID's Facility for New Market Development will help share the risks for over 300 small and medium enterprise projects and investments. UKTI will follow up on the raised interest among UK investors. More widely, DFID will retain its focus on economic recovery and growth. Our funding to and capacity building for the Palestinian Authority helps ensure the conditions are in place to attract new investment. These conditions include improved public finances, security, and an educated workforce.

The PIC was a success. But major challenges to economic recovery remain. The lack of progress on movement and access, critical to the flow of goods, workers and the investors themselves, did cast a shadow over the event. Without progress on that area, the economy remains under pressure and more likely to decline than to grow. Annapolis provides the best hope for peace and the improvements in movement and access that would go with that. While ambitious, the Annapolis goal of tangible progress in 2008 can still

be achieved. That is why the UK continues to do all it can through its diplomatic efforts and aid programme to support the peace process. We will also continue to support the work of the Quartet Representative, whose efforts helped make the PIC a success.

I also promised to provide further detail on the United Nations Relief and Works Agency's expenditure and access in Gaza and the review of the Temporary International Mechanism (July 2007). These are enclosed.

Douglas Alexander

Additional information:

Interim Evaluation of the Temporary International Mechanism (TIM), Main Report—http://www.delwbg.ec.europa.eu/en/tim/reports/InterimEvaluationOfTheTIM_JULY2007.pdf

Annexes—http://www.delwbg.ec.europa.eu/en/tim/reports/ANNEXES-InterimEvaluationOfTheTIM_JULY_2007.pdf

Annex A

UNRWA—ADDITIONAL INFORMATION

UNRWA EXPENDITURE 2007

	<i>General fund</i>	<i>Emergency appeal</i>	<i>Projects</i>	<i>Total</i>
West Bank	\$77.7m	\$67.8m	\$6.1m	\$151.6
Gaza	\$150.2m	\$119.4m	\$9.5m	\$279.1

TOTAL TRUCKS AND COMMODITIES DELIVERED TO GAZA THROUGH CROSSING/TERMINALS

<i>Item</i>	<i>Flour</i>		<i>Rice</i>		<i>Sugar</i>		<i>Oil</i>		<i>W/Milk</i>		<i>Lentils</i>		<i>Medicine</i>		<i>General Cargo</i>		<i>Total Tons</i>	<i>Total Trucks</i>
<i>Month</i>	<i>Tons</i>	<i>Trucks</i>	<i>Tons</i>	<i>Trucks</i>	<i>Tons</i>	<i>Trucks</i>	<i>Tons</i>	<i>Trucks</i>	<i>Tons</i>	<i>Trucks</i>	<i>Tons</i>	<i>Trucks</i>	<i>Tons</i>	<i>Trucks</i>	<i>Tons</i>	<i>Trucks</i>		
January	4,471	248	1,711	95	269	26	511	29	119	9	597	33	25	5	0	0	7,703	445
February	5,380	299	1,391	77	1,250	96	124	7	86	6	0	0	6	1	20	2	8,257	488
March	5,254	192	75	4	0	0	644	37	465	33	129	7	9	2	155	16	6,731	291
April	2,423	135	1,280	71	1,126	63	287	16	144	10	0	0	8	2	318	32	5,586	329
May	3,220	179	0	0	494	27	709	40	457	33	321	18	15	3	770	77	5,986	377
Totals	20,748	1,053	4,457	247	3,139	212	2,275	129	1,271	91	1,047	58	63	13	1,263	127	34,263	1,930

Fuel							
<i>Issuing</i>							
<i>Total inventory¹</i>							
<i>Month</i>	<i>Fuel Type</i>	<i>Total Receiving</i>	<i>Permanent</i>			<i>Total Non-Inventory²</i>	<i>Total Issuing</i>
			<i>UNRWA</i>	<i>Other UN Orgs</i>	<i>ADHOC</i>		
January	Solar ³	312,700	118,885	54,534	21,152	125,700	320,271
	Benzene	10,000	18,375	828	208	0	19,411
February	Solar	0	96,125	35,778	24,630	61,350	217,883
	Benzene	0	19,937	2,126	55	0	22,118
March	Solar	198,200	103,915	31,570	25,917	56,350	217,752
	Benzene	20,000	18,842	2,511	711	0	22,064
April	Solar	155,000	95,215	18,982	26,231	63,650	204,078
	Benzene	20,000	17,327	2,792	896	0	21,015
May	Solar	414,700	115,931	2,734	44,731	137,500	300,896
	Benzene	57,500	18,794	3,235	2,049	0	24,078

¹ Inventory: Fuel received for the use of UNRWA's regular programme (Health, Education and Social Services)

² Non-Inventory: Fuel received for the use of UNRWA's Emergency Appeal programme and which is passed onto other organisations

³ Solar—diesel

2 June 2008

**Supplementary memorandum submitted by the Department for International Development—Letter from
Rt Hon. Douglas Alexander MP, the Secretary of State for International Development**

The International Development Committee has requested further information about the UK's plans to support a UN access team to help get humanitarian supplies and personnel through crossings and checkpoints.

The UN country team in the Occupied Palestinian Territories (OPTs) approached the UK in April 2008 to co-fund an access team to serve both UN agencies and NGOs. The UN's Office for the Coordination of Humanitarian Affairs (OCHA) will fund a senior policy adviser and a humanitarian officer with security and access expertise. DFID has been asked to provide resources for:

- several posts to facilitate coordination and liaison, including in the office of the UN Special Coordinator for the Middle East peace process (UNSCO) and the UN Department for Security Services (UNDSS); and
- mobile operational support (two staff to visit crossings and maintain relations with Government of Israel representatives) and staff in the radio room, which will become the focal point for questions and reports of access problems.

The UN is confident that this will improve its capacity to address access problems efficiently, to improve the flow of humanitarian goods into and within the OPTs, and to reduce the time and resources spent on these issues by humanitarian agencies and NGOs. The creation of the team does not prejudice efforts to reopen the crossings into Gaza and improve access throughout the OPTs.

The budget is currently being finalised with OCHA, UNSCO and UNDSS. We anticipate the access team will be operational by October 2008.

Douglas Alexander

23 June 2008

Memorandum submitted by Al-Haq

Humanitarian Situation in the Gaza Strip: The Recent Decision by the Israeli High Court of Justice to Allow Continued Fuel and electricity Cuts⁵.

1. Since Hamas became the de facto authority inside the Gaza Strip after a violent takeover in June 2007, Israel reinforced already severe movement restrictions by closing all of Gaza's crossing points to people and goods, with few exceptions. These closures were supplemented, from October 2007, by the reduction of fuel and electricity supplies to the Gaza Strip from Israel, culminating in a total power outages, and jeopardising the delivery of essential medical and sanitation services.

2. Due to the near total closure of the borders since June 2007, the economy of the Gaza Strip has now collapsed, with unemployment at over 40% and 80% of the population relying on humanitarian aid. Today, 70% of households live on less than £1 per day, well below the poverty line.

3. The cuts in electricity and fuel supplies has had a huge impact on Gazan civilians' daily lives. The Gaza Strip is facing a deficit of 20% of its electricity needs resulting in power outages of eight to 12 hours every day, including in hospitals. As the fuel import is also reduced, electricity generators cannot be used for long periods of time. Also due to the fuel cuts, approximately 30% of the population does not have running water and 40–50 million litres sewage continues to pour into the sea daily.

4. The current crisis in the Gaza Strip prompted a group of eight international NGOs to describe the situation of the 1.5 million Palestinians living in the Gaza Strip as “worse now than it has ever been since the start of the Israeli military occupation in 1967.”⁶

5. In response to Israel's decision to cut fuel and electricity supplies ten Israeli and Palestinian human rights organisations, including Al-Haq, filed a petition⁷ on 28 October 2007 with the High Court of Justice (HCJ) calling for an injunction against the State's cuts on electricity and fuel supplies to the Gaza Strip.

6. On 30 January 2008 the HCJ rejected the petition, and declared in poorly argued terms an end to Israel's “effective control” of the Gaza Strip, and thereby the end of Israel's occupation and its obligations under international humanitarian law to the civilian population therein. The Court then proceeded to rule that the implementation of reductions in the supply of fuel and electricity to the resource dependent Gaza Strip were lawful according to Israel's “humanitarian” obligations under international law. The HCJ further accepted the State's assertion that under the laws of armed conflict, such obligations require no more than “the minimum humanitarian needs” of the civilian population be met, and adopted the government of Israel's extremely narrow interpretation of the requirements of “the minimum.” These finding represent a flawed interpretation of international law with grave humanitarian consequences.

7. Under international law the test for occupation is “effective control,” which exists if the occupying power “has a sufficient force present, or the capacity to send troops within a reasonable time to make the authority of the occupying power felt.” Israel has repeatedly demonstrated its capacity to meet this requirement to disastrous effect. Furthermore, Israel retains full control of the Gaza Strip's land borders, population registry, airspace and territorial sea. These facts establish that the Gaza Strip remains an occupied territory, along with the West Bank, including East Jerusalem.

8. The HCJ decision goes against the near-unanimous position of the international legal and political community. Indeed, as recently as 22 January 2008 at the 5824th meeting of the UN Security Council Mr. Lynn Pascoe, UN Under-Secretary-General for Political Affairs, confirmed that the Gaza Strip is still occupied by Israel: “I must state firmly that the Israeli occupation—including with respect to Gaza—carries clear obligations under international law.”

9. As an Occupying Power under international humanitarian law, Israel must not render useless objects indispensable to the survival of the civilian population, and must provide for the basic needs of the civilian population, including food and medical supplies where the resources of the occupied territory are inadequate. Similarly the Occupying Power must seek ensure the proper functioning of medical, public health and hygiene services. Far from meeting these obligations, Israel's current policy in the Gaza Strip amounts to collective punishment of the civilian population of the Gaza Strip as prohibited under international humanitarian law.

10. In rendering a decision allowing the fuel and electricity cuts to continue, Israel's highest judicial body effectively stripped the civilian population of the Gaza Strip of the protections provided under international humanitarian law, and limited Israel's obligations exclusively to those rules related to ongoing hostilities. In light of the severe distortions of Israel's international legal obligations in relation to the civilian population of the Gaza Strip, the decision can only be viewed as a politically influenced endorsement of Israel's policy of collective punishment.

⁵ All statistics in this brief note a drawn from a recent short study by development and human rights agencies entitled, *The Gaza Strip: A Humanitarian Implosion*, found at <http://tinyurl.com/yqrvyp> (accessed 14/03/08)

⁶ *Ibid.*, page 4.

⁷ Unofficial translations of relevant documents are on file at Al-Haq, and can be obtained upon request.

11. The endorsement of collective punishment of the civilian population of the Gaza Strip by the Israeli HCJ only further feeds the impunity with which the Israeli government, as an Occupying Power, carries out clear violations of international law. This impunity, and the deficit in the provision of humanitarian aid, essential services and basic protections, must be a primary concern of those working tirelessly to assist the beleaguered civilian population of the occupied Gaza Strip.

12. Al-Haq therefore urges the Select Committee to include the following recommendation in its report under the heading “The Israeli High Court of Justice,”.

- Concerned agencies must bring Immediate diplomatic pressure to bear on the government of Israel, and in particular the Ministry of Justice, to explicitly clarify how the current policy adopted in relation to the civilian population of the Gaza Strip does not constitute a violation of Israel’s obligations under international humanitarian law.

Joint Memorandum submitted by Trocaire and Broederlijk Delen

THE EU’S FINANCIAL ASSISTANCE TO THE OPT: CAN PEGASE CORRECT THE SHORTCOMINGS OF THE TIM?

1. SUMMARY OF THE MAIN POINTS

This paper discusses the financial assistance given by the European Union (EU) to the oPt in relation to its wider policy objectives in the region. It addresses the effectiveness of the new PEGASE mechanism in light of the experiences with the Temporary International Mechanism (TIM) and the EU’s aid efforts in general.

The EU defies its own policies

- In suspending direct aid to the Palestinian government, the EU defied its long-term objectives. Donors abandoned their primary goal of Palestinian state-building and focused on short-term goals.
- The suspension of budget aid reversed the progress the EU made in institution building and reforms. The EU took the political decision to follow the line of the strongest partner in the Quartet, the United States.

The long-term impact of a temporary mechanism

- When setting up a parallel structure, the EU did not sufficiently ramify the consequences. The temporary freeze of Palestinian state-building was not compatible with its major political aim in the region: the realisation of the two-state solution.
- The international donor community turned away from long-term development and abandoned the goal of planning and budgeting. The suspension of direct aid and the subsequent shift back to humanitarian aid moved the donors away from the development agenda.
- The TIM did not address Israel’s obligation as an occupying power but mitigated the effects of Israel’s abuse of power, manifested through its refusal to implement the Agreement on Movement and Access and the violations of its financial obligations.
- The suspension of direct aid was perceived by the Palestinians a sanction. Furthermore, by contributing to the disruption of public administration, the EU has undermined the respect for IHL.

Can PEGASE repair the mistakes of the TIM?

- The donors are responsible for this two-year standstill in Palestinian development. The PRDP has to be seen in the context of renewed international commitments and is highly donor-driven.
- The donors’ optimism with regard to undoing the damage via PEGASE may be misguided.
 - A) The EU insufficiently addressed the internal Palestinian crisis. PEGASE cannot guarantee long-term stability as long as the internal crisis remains unresolved.
 - B) The EU continues payments for fuel through PEGASE, acknowledging that they are subject to Israeli restrictions, possibly giving legal effect to a measure of collective punishment.

Aid to the oPt: contributing to the two-state solution?

- Over the last two years, donors' increasingly tended to adapt their assistance to suit their political agenda. This tendency to link aid to donors' political preferences has led to the establishment of the TIM that undid a lot of the EU's achievements on the field.
- If the EU does not address the Palestinian political crisis and reverse the isolation of the Gaza Strip, this might also threaten the implementation of PEGASE.
- Today we are seeing the tragic outcome of the donors' refusal to pursue a rights' based approach to development. The EU wants to be an effective player in an environment of disrespect for basic rules.
- The EU can only succeed in advancing Palestinian development if it consistently respects its own international law obligations and requires Israel not to obstruct a lawful European engagement.

2. BRIEF INTRODUCTION ON THE AUTHOR

Broederlijk Delen (BD) is a Belgian development organisation. BD has been highly committed to Palestinian development, both through the support of partners on the field and through northern advocacy.

Brigitte Herremans, BD's Policy Officer on the Middle East, is the primary author of this document.

Trócaire is the international development agency of the Catholic Church in Northern Ireland and the Republic of Ireland. Trócaire works in conjunction with Broederlijk Delen as part of the European network of Catholic development organisations, CIDSE.

BD and Trócaire work with Israeli and Palestinian partners in a rights based approach to promoting a just and peaceful solution of the Israeli-Palestinian conflict.

3. RECOMMENDATIONS TO MEMBERS OF THE COMMITTEE

The issues of the effectiveness of the TIM and the perspectives of PEGASE have to be discussed in the wider framework of the international community's massive aid effort in which the EU takes the lead. It is crucial that the members of the International Committee of the House of Commons address the European institutions and members states and raise the following issues:

- The danger of an open-ended Palestinian aid-dependency, in case the international donor community does not succeed in linking its aid effort to a durable political process.
- The importance of the rights' based approach to development assistance and the consequences of donors' practice to pour in funds while conducting relations with Israel in violation of domestic and European law obligations.
- The need for the EU to bridge the gap between its declarative policy and its operational policy in the region.
- The acute problem of the consequences of the blockade against the Gaza Strip and the danger of giving legal effect to Israel's restrictions on the delivery of fuel.

As development NGOs⁸ with partners in both the occupied Palestinian territories (oPt) and Israel, we are dedicated to Palestinian development. For several years, we have followed the developments on the field from up close. We have witnessed how the significant growth in international aid has failed to reverse Palestinian de-development. This paper discusses the financial assistance given by the European Union (EU) to the oPt in relation to its wider policy objectives in the region. It addresses the effectiveness of the new PEGASE mechanism in light of the experiences with the Temporary International Mechanism (TIM) and the EU's aid efforts in general. The conclusions indicate ways to correct the lack of coherence between the donors' assistance and their political objectives.

4. THE EU DEFIES ITS OWN POLICIES

The Council of the European Union suspended its direct aid to the Palestinian Authority (PA) on 9 April 2006, as a response to the formation of a Hamas led government in March. This was a shift away from the EU's aid efforts in the region. Since the start of the peace process in 1993 the EU, both the Commission and the member states, has been the biggest donor to the Palestinians. European assistance to the oPt is related to its Mediterranean policy. Its primary objective was state-building: the construction of infrastructure, the development of institutions and public affairs. Even when faced with the failure of the peace process at the end of the 1990s and growing de-development, the EU held on to its objective of state-building and did not question its massive aid efforts. However, Israel's unlawful use of force, especially since the outbreak of the Intifada in 2000, has forced the donors to increasingly focus on emergency aid. In 2000, the ratio of development to emergency assistance was 7:1, while in 2002 this ratio was reversed to 5:1 in favour of humanitarian assistance.⁹

⁸ Broederlijk Delen and Trocaire.

⁹ WORLD BANK, "Twenty-Seven Months-Intifada, Closures and Palestinian Economic Crisis", 2003, p. 51.

The EU did question its assistance to the oPt when Hamas came to power and refused to respect the conditions of the Quartet: renunciation of violence, recognition of the state of Israel and acknowledgement of the previous PLO-Israel agreements. According to the Council, it had no other choice than to suspend direct aid to the newly established government. However, the European Commission did want to address the needs of the population and wanted to provide basic services while circumventing the executive. Against opposition of the United States, it created the TIM in June 2006 to provide direct and indirect assistance. Through this mechanism, costs of services that would normally fall under the responsibilities of a ruling authority, such as medical care, allowances and the provision of basic services and supplies, such as electricity and fuel, have been paid by the EU.

In view of the political constraints it was faced with, the Commission has indisputably succeeded in setting up a secure and relatively efficient system to meet the most urgent needs of the Palestinian population. As EU officials reason, compared to 2005, the EU increased its aid in 2006 by 26% to 700 million. In view of the EU's decision to maintain its suspension of direct aid as long as Hamas refuses to comply with the demands of the Quartet, the TIM was its only alternative to provide basic services. The problem was that the EU refused to consider the negative impact that the TIM would have. Furthermore, it extended the TIM, which originally had a time horizon of three months, several times and overstretched its original scope to include among others, allowances to PA officials.

After the formation of a unity government in March 2007, the EU refused to restart direct aid to the PA. However, it did so after the establishment of an interim government under Prime Minister Salam Fayyad when Hamas took over power in the Gaza Strip in June 2007. The EU did not abolish the TIM but adapted it to cooperate more closely with the Palestinian administration until a new mechanism, PEGASE, could come into operation in February 2008. The TIM's mandate was extended until the first quarter of 2008 in order to enable the PA to cope with its liquidity crisis. The mechanism turned out to be less temporary than originally conceived and its damaging impact on Palestinian development cannot be underestimated.

In bypassing the Palestinian government, even after the formation of a unity government, the EU defied its long-term objectives in the region. The donors abandoned their primary goal of Palestinian state-building and focused on short-term goals such as creating jobs, preventing a major humanitarian crisis and a total collapse of the Palestinian institutions. In doing so, they reversed the progress the EU made in institution building and reforms. Knowing that this would contribute to the disintegration of the PA, the EU took the political decision to follow the line of the strongest partner in the Quartet, the United States. As some observers point out, there was an alternative. Donors could have bypassed the PA through the financial system. It could have achieved its goal, to guarantee that Hamas would not benefit from its aid, at a much lower cost.

5. THE LONG-TERM IMPACT OF A TEMPORARY MECHANISM

Many observers from the field agree that in view of the EU's suspension of direct aid,¹⁰ the TIM was the best possible option, but they would rarely go as far as calling it a success, as the EU does. A much-heard critique is that the TIM was a band-aid to alleviate the consequences of the exacerbated crisis, a result of the suspension of direct aid and Israel's refusal to transfer the Palestinian tax and customs remittances. Firstly, the TIM did not tackle the disintegration of the Palestinian institutions and the political system. On the contrary, it contributed to the internal political crisis as payments were directed through the Office of the President. Secondly, delivering aid through a newly established mechanism to circumvent the government turned out to be ineffective. The TIM added costs and further undermined development. Thirdly, by focussing on the TIM, the main problem of Israel's unwillingness to meet its financial and legal obligations as an occupying power, was insufficiently addressed. Fourthly, the TIM did not restore the image of the EU as an honest broker.

- 1) When setting up a parallel structure, the EU did not sufficiently ramify the consequences. Even if it remained committed to the Oslo architecture, the EU temporarily froze Palestinian state-building. This was not compatible with its major political aim in the region: the realisation of the two-state solution.
 - a. The donors abandoned the goal of state-building since the PA was no longer the centre of a structure that was designed during the peace process. The EU's support to the Presidency and the shift away from the executive was an overtly political move given that president Abbas is also the leader of the Fatah party, which lost its parliamentary majority to Hamas in the 2006 elections.¹¹ Preferential support to one party and to certain personalities, such as president Abbas, contributed to the internal Palestinian crisis. This might have reinforced Hamas rather than weakening it.
 - b. Some of the reforms that the EU had achieved, like in the field of transparency with the establishment of the Single Treasury Account, have been undone. The temporary blocking of the Single Treasury Account and the multiplication of aid mechanisms, lead to a scattering of

¹⁰ On the occasion of "One year of TIM", the author interviewed several representatives of Palestinian and international NGOs, UN-agencies, civil servants and academics. Seen the sensitivity of criticising the donors' aid efforts and the Palestinian internal crisis, the interviewees are not cited.

¹¹ D.SHEARER, F.PICKUP, *Dilemmas for aid policy in Lebanon and the occupied Palestinian territories*, <http://www.odihpn.org/report.asp?id=2871>.

the incoming funds. In 2006, there were huge amounts of cash inflow but there was insufficient follow-up and tracing of the revenues and expenditures.¹² The Palestinian Central Bureau of Statistics estimated that the revenues amounted to over \$1 billion but only \$732 million was accounted for.¹³ The direct salary assistance to Palestinian officials is also questioned.

- 2) The international donor community turned away from long-term development and abandoned the goal of planning and budgeting. After the first years of the second Intifada, from 2003–05, donors increasingly focused on the development agenda. The suspension of direct aid and the subsequent shift back to humanitarian aid moved the donors away from the development agenda that the Palestinian Ministry of Planning had set. In the context of a lurking financial crisis, liquidity problems and a break down of institutions, there was no scope for development projects.¹⁴
- 3) The TIM did not address Israel's obligation as an occupying power towards the civilian population in the oPt. Yet, it had to mitigate the effects of Israel's abuse of power, a feature of all aid efforts to the oPt since the start of the occupation in 1967.
 - a. Israel refuses to exercise effective control and military power lawfully and it installed a regime of institutionalised violations of International Humanitarian Law (IHL). Furthermore it refuses to respect its agreements with the PA, such as the Agreement on Movement and Access (AMA) that was brokered after the disengagement from the Gaza Strip. This contributed significantly to the current crisis in the Gaza Strip.
 - b. Israel violated its financial obligations by refusing to transfer Palestinian tax remittances from March 2006 until August 2007. These account for two thirds of the monthly wage bill. The TIM did not sufficiently take this into account and the donors increasingly paid the cost of Israel's violations of its agreements, instead of putting the burden of the costs on Israel.
- 4) The Palestinian population perceived the EU's suspension of direct aid as a sanction. As a result, the Palestinians started to perceive the EU as part of the existential threat to the establishment of a viable state. Furthermore, by contributing to the disruption of public administration, the EU has undermined the respect for IHL. This guarantees the protection and the wellbeing of the civilian population in the occupied territory and provides the population's right to a lawful and effective administration.

6. CAN PEGASE REPAIR THE SHORTCOMINGS OF THE TIM?

There is a currently renewed optimism among donors with regard to the perspectives of development. The Palestinian Reform and Development Plan (PRDP) was launched in November 2007. The international community pledged \$7,7 billion of support for the PRDP at the donor conference in Paris in December. The Commission and the member states pledged €3,4 billion for the next three years. Furthermore, the Commission launched the new aid mechanism PEGASE in February 2008 and argued that this will allow greater stability and predictability while involving the interim Palestinian government. Commissioner Ferrero-Waldner applauded its efforts to “set out realistic priorities for Palestinian development after a hiatus of two years.”¹⁵

It must be stressed that the donors are responsible for this two-year standstill in Palestinian development. The PRDP, albeit a very valid document, has to be seen in the context of renewed international commitments and is consequently highly donor-driven. There is a strong focus on state-building whereas some fundamental obstacles to development such as the freedom of movement and the Wall are hardly raised. The donors' optimism with regard to undoing the damage of the standstill via PEGASE may be misguided. Two elements are worth exploring: the extent of ownership of the PA and its legitimacy and the situation in the Gaza Strip.

- 1) The current interim government will be increasingly involved in the implementation of PEGASE. The EU highly appreciated the role and the work of Prime Minister Fayyad and wants to support his government through renewed efforts in Palestinian state-building. However, the EU insufficiently addressed the issue of the internal Palestinian crisis and the legitimacy of the interim government. Observers like Professor Natan Brown argue that according to Palestinian Basic Law, the emergency government's mandate expired after three months, leaving no other option than new elections.¹⁶ PEGASE cannot guarantee long-term stability and predictability as long as the Palestinian internal crisis remains unresolved.
- 2) Even after the resumption of direct aid to the Palestinian government, the situation in the Gaza Strip remains alarming as the strip is no longer under the authority of the Palestinian government and Israel installed a blockade after Hamas' takeover in June 2007. The EU continues payments for fuel through PEGASE, acknowledging that they are subject to Israeli restrictions. Since Israel declared the strip “hostile territory” in September, it diminished the delivery of fuel, which resulted

¹² Interview at the Palestinian Ministry of Finance, 29/05/07.

¹³ Interview at Palestinian Central Bureau of Statistics, 30/05/07.

¹⁴ Interview at the Palestinian Ministry of Planning, 30/05/07.

¹⁵ Speech by Commissioner External Relations Ferrero Waldner at Annapolis, *Institutional Reform and Capacity Building in the oPT*, 26/11/2007.

¹⁶ N. BROWN, *What Can Abu Mazin do?*, 17/06/2007, www.carnegieendowment.org.

in an insufficient supply of fuel for electricity generation in the Gaza Strip. This reached its climax in January. The Israeli High Court opposed a petition of human rights organisations that consider it an element of collective punishment and declared the restrictions on fuel lawful, thus creating a legal precedent.¹⁷ The EU did not strongly oppose Israel's restrictions on its fuel delivery. Neither did it indicate how it intends to prevent its financial involvement in the delivery of reduced amounts of fuel from giving legal effect to a measure of collective punishment.

7. AID TO THE oPt: CONTRIBUTING TO THE TWO-STATE SOLUTION?

Over the last two years, we have witnessed an intensification of the donors' tendency to adapt aid to the oPt to suit their political agenda. Assistance to the oPt has generally been motivated by donors' political preferences, not by the needs on the field. This has led to the establishment of the TIM that undid a lot of the EU's achievements on the field. If the EU does not address the Palestinian political crisis and reverse the isolation of the Gaza Strip, this might also threaten the implementation of PEGASE.

Today we are seeing the tragic outcome of the donors' refusal to pursue a rights' based approach to development. The EU based its aid on the assumption that it would lead to the creation of a Palestinian state. The premise was that Israel would exercise effective control lawfully and abide by its obligations as an occupying power. When Israel refused to do so, the donors refrained from putting pressure on Israel to dissuade it from pursuing its unlawful policies in the oPt. The *acquis communautaire* obliges the EU to respect international law, including international humanitarian law, in the conduct of its external relations. The EU wants to be an effective player in an environment of disrespect for basic rules protecting the rights and development perspectives of the Palestinian population.

This is an obvious challenge. The EU can only succeed in it if it consistently respects its own international law obligations and requires Israel not to obstruct a lawful European engagement. In contrast to this rights' based approach to development assistance, we are currently witnessing a disturbing trend in which donors pour in funds into the oPt while conducting relations with Israel in violation of domestic and European law obligations. The EU has demonstrated a harmful level of tacit consent in cooperating with unlawful practices in the past. As the case of the Association Agreement has demonstrated, the EU is tempted to accommodate to Israel's application of bilateral agreements in ways that follow its unlawful national legislation and practice.

The massive aid effort since the start of the peace process did not create a political horizon. If the international donor community, in which the EU takes the lead, does not succeed in linking its aid effort to a durable political process, we face an open-ended Palestinian aid-dependency. According to the World Bank, without donor assistance, poverty would be 40% higher.¹⁸ A self-reliant Palestinian economy cannot emerge without freedom of movement and a sovereign state. Stability and predictability are needed first and foremost. Therefore funds should be guaranteed independent of the donors' political choices. The TIM has shown that the donor community's involvement has been ambiguous when it cannot reconcile its aid efforts with its policy objectives.

Donors have to acknowledge that systematic and institutionalized violations against basic rules governing occupation cannot go together with development. The EU has to invest in a political strategy that reverses the destructive dynamics on the ground. It must stop the Palestinian economy's tendency to become increasingly dependent on donor aid while Israel continues its illegal policies. The conflict can only be ended when the expansion of settlements, economic stagnation, the humanitarian crisis and weak Palestinian governance are addressed.¹⁹ If the EU's assistance is not linked to a political agreement that ends the occupation, it cannot advance peace.

Memorandum submitted by Christian Aid

"I just can't cope. I don't know what to do. None of my sons can find work. There is no money to buy food. I have 25 mouths to feed but nothing to give them. I rely on the kindness of friends and neighbours, but I can't continue like this. I've never been so desperate. Somebody has to help us," a tearful grandmother In Gaza told Christian Aid.

The humanitarian situation in Gaza, including access to fuel, food and health services

The situation for 1.5 million Palestinians in the Gaza Strip is worse now than it has ever been since the start of the Israeli military occupation in 1967, as detailed in the recent multi-agency report, *The Gaza Strip: a humanitarian implosion*, to which Christian Aid contributed. The vast majority of the population are dependent on food aid, fuel shortages threaten essential services and water supply, sick people cannot leave Gaza to receive medical treatment, and the economy has effectively collapsed.

¹⁷ GISHA, *In response to the Supreme Court's Rejection of Petition against Fuel and Electricity Cuts*, 30/01/2008 www.gisha.org.

¹⁸ WORLD BANK, *Twenty-Seven Months-Intifada, Closures and Palestinian Economic Crisis*, 2003.

¹⁹ M. KEATINGS, *Aid, Diplomacy and Facts on the Ground*, 2005.

In response to the election of Hamas in 2006, its de facto takeover of the Gaza Strip in June 2007 and the ongoing and indiscriminate firing of rockets into Israel, the Israeli government has imposed severe restrictions on access of goods and people to and from Gaza. The population of Gaza feels that it has been cut off from the outside world.

This situation is not the result of a natural disaster, but due to a lack of international political will to solve a political aisle that has bedevilled the region for decades. The root cause of the escalating crisis in Gaza, and continuing insecurity for both Palestinians and Israelis, relates to the failure to address the underlying causes of the conflict and the continuing disregard of international law.

As the head of UNRWA (the United Nations Relief and Works Agency for Palestine Refugees) recently warned, “Gaza is on the threshold of becoming the first territory to be intentionally reduced to a state of abject destitution, with the knowledge, acquiescence and—some would say—encouragement of the international community.”

Today over 80% of Palestinians in Gaza live in absolute poverty, compared to 83% in 2008, and approximately 20% in 1998. Year on year, the people of Gaza are getting poorer in spite of exponential increases in international aid.

Since Hamas took power last June, Gaza has been subjected to severe restrictions on movement that have allowed in only a drip-feed of aid, preventing a full-scale humanitarian emergency but keeping the population in a perpetual state of economic crisis. In effect, Gaza is under blockade.

The blockade also affects fuel supplies, which leads to an erratic and unreliable supply of power from Gaza’s only power plant. This sometimes leaves homes, hospitals and factories without electricity. The lack of fuel also has implications for Gaza’s water supply and sanitation infrastructure, which has led to untreated sewage flowing through the streets and into homes.

1,627 patients were denied permits for health treatment outside Gaza in 2007. Overall, 18.5% of applicants were denied permits in 2007. The monthly figures paint a dramatic picture of a sharp decline in those receiving permits throughout the year. In January 2007 89.3% of patients were granted permits, but by December this figure had declined to 64.3% (source: World Health Organisation).

However, these statistics fail to show those who were granted a permit but were turned back at the border, and those whose permits have not been refused but “delayed”—sometimes for months—whilst their serious medical conditions deteriorate.

Physicians for Human Rights Israel, a Christian Aid partner organisation, estimates that, since the beginning of 2008, at least four patients have died due to deterioration in their medical conditions after their travel permits were delayed or denied (Source: PHRI).

The current mechanism between the Palestinian Authority and the Israeli authorities at Erez Crossing (including a recent development whereby patients have been sent by Shuttle bus to Jordan or Egypt) functions only partially—with long delays, problems of transparency with procedures and no right of appeal.

Hamas and Egypt have recently set up a temporary agreement regarding access to medical treatment. A number of people are now receiving treatment in Egypt and Jordan under this agreement. However, this system is neither comprehensive nor permanent. It does not serve all residents of Gaza and does not allow people to access treatment in Israel or the West Bank.

According to PHRI, the government of Israel, which still controls access points for the Gaza Strip, must establish a transparent and fair system to ensure access of patients to medical centres outside Gaza. Such a system is urgently needed in order to save lives.

Progress In the Middle East Peace Process Since Annapolis and the Paris donor conference

Since the Annapolis conference, any progress that may have been made in dialogue between the Israeli government and Palestinian Authority has been overshadowed by violence. Whether in the streets of Gaza or in the Mercaz Harav yeshiva in Jerusalem, innocent civilians are paying the price of the political impasse that persists.

The international optimism expressed during and after the Annapolis conference in December 2007 is misplaced. By failing to address the situation in Gaza, and excluding Hamas as a major party to the conflict, the conference only reinforced Israel’s policy to isolate Gaza and undermined the credibility of the process itself.

International support must be given to the efforts of interlocutors, such as Egypt, that are attempting to broker a ceasefire between Hamas and Israel. However, there is also an urgent need for intra-factional Palestinian dialogue and reconciliation in order to put a credible and effective peace partner and, thereby, process with Israel. The way out of the current political impasse is the re-establishment of an OPT-wide representative Palestinian administration.

Violence continues from both sides, with each claiming that they are acting in self-defence. Israel states its blockade on Gaza is necessary in order to prevent rocket attacks on Israel, including those on civilian areas such as the town of Sderot. Christian Aid recently met with the mayor of Sderot during which he detailed the severe impact that the attacks have had on the town's population, which, in our opinion only underlines the fact that the current policy is not working.

In addition, and similarly against the word and spirit of the Annapolis conference, Israel has continued to declare new settlement expansion. For example, on 9 March 2008, 330 new housing units were announced for the Settlement of Givat Zeev. Israel has yet to dismantle any of the outposts in the West Bank, which are illegal even under Israeli law, and there has been no reduction in the number of roadblocks and checkpoints in the West Bank, from which East Jerusalem is increasingly isolated.

Political developments in the OPTs since June 2007 and the role of the Quartet

Christian Aid maintains that members of the Quartet (and the Middle Eastern countries involved in the negotiations) have an obligation, as states parties to the Geneva Conventions and other international human rights treaties, to ensure respect for International law. They should use these prerogatives as a positive force for change and insist that the Israeli government and the Palestinian Authority (PA), as well as Hamas and other Palestinian Armed Groups, adhere to their human rights and international humanitarian law commitments.

Christian Aid is concerned that the Annapolis conference diminished the potential political impact that the Quartet can have. The statement from the conference defined the US role, but did not clearly define those of the remaining members of the Quartet.

We welcomed President Bush's statement during his recent visit to the region, calling for "an end to the occupation that began in 1967", as an important recognition that the occupation remains the main obstacle to a viable solution to the conflict in the Middle East.

This needs to translate into genuine pressure on the Israeli government to dismantle all the physical aspects of the occupation throughout the occupied Palestinian territories. This, together with an agreement that guarantees the full sovereignty of both Palestinians and Israelis, will be an important step towards peace with justice.

However, Christian Aid is concerned that President Bush has suggested to the Palestinians that United Nations Resolutions in response to the occupation—for example Resolution 242, which emphasised the inadmissibility of the acquisition of territory by war and called for Israel's withdrawal from territories occupied; and Resolution 194, which deals with the rights of the Palestinian refugees—are not the way to help solve the conflict.

Such suggestion fails to recognise or understand the full extent of what is required to end the occupation and ignores the fact that, for a solution to be viable and to bring lasting peace, international law cannot be ignored.

In its 2007 report *Israel and Palestine: a question of viability* Christian Aid established how any peace process needs to be guided by international law in order to ensure credibility and bring an end to impunity of actions that violate rights and law.

The international community has repeatedly voiced a commitment to a viable Palestinian state, but what that means has never been properly defined. To redress this, Christian Aid established a checklist that shows what must happen to bring about a viable solution to end the occupation and lead to justice for both the Israelis and Palestinians.

The report defines *viability* as "the necessary conditions that allow sustainability and growth to flourish". The checklist includes: control over natural resources, such as land and water; freedom of movement; security for all and control over the collection and use of financial resources.

President Bush also reiterated his concession, originally made to former Prime Minister Sharon, that the large settlement blocs, including those around East Jerusalem, would remain inside Israel under any peace deal. Their presence results in daily and systematic human rights violations of those Palestinians trying to get on with their daily life.

It is worth noting the official UK position on the settlement issue, with which we concur: "Settlements are illegal under international law. Phase one of the Quartet Roadmap calls on Israel to freeze all settlement expansion, including natural growth, and to dismantle settlement outposts erected since March 2001. Settlement activity around east Jerusalem, and throughout the West Bank, threatens the territorial contiguity of any future Palestinian state, and combined with the construction of the barrier on occupied Palestinian land, is an obstacle to peace."

Calling for an end to occupation is positive. Calling for a selective end to occupation, which ignores the legal obligations of the occupier, does not help the Palestinian leadership convince the Palestinian people that this is a sincere development.

The international community, the Israelis and the Palestinians are pursuing strategies that are failing the people of the region. Without tangible changes on the ground, no amount of aid can stimulate the Palestinian economy or deliver security for either people. A new strategy is required that recognises the importance of engagement and non-violence, respects human rights and international laws.

The response of the UK government to the changing situation, and in particular the contribution of the Department for International Development

The UK, together with their European partners are pouring millions of pounds into a situation that has no hope of recovery until the blockade of Gaza is brought to an end and a political solution found that addresses the conflict throughout the IOPT. As aid continues to increase and the situation continues to deteriorate, as demonstrated below, we argue that this is not an effective use of taxpayers' money.

Poverty levels continue to climb and the UN predicts that dependency on humanitarian aid "will sharply rise above and beyond the current level of 80% of the population."²⁰ According to the World Food Programme, the mean household monthly income dropped by 22% in less than four months, between June and September 2007. During the same period the number of households in Gaza earning less than US\$1.2 per person per day soared from 55–70% (the National Deep Poverty Line is US\$2.3 per day).

Only concerted political action, which lifts the siege on Gaza and seeks a viable solution that delivers an end to occupation and security for all, will actually change people's lives and pave the way to economic recovery, political stability and peace.

The UK's "quiet" diplomacy has not been sufficient to bring an end to the worsening humanitarian crisis in the Gaza Strip. Christian Aid notes Secretary of State, Douglas Alexander's, increased pledge of £2 million to the ICRC, but asserts that although welcome and necessary, what Gaza desperately needs is systematic access to the outside world.

The Israeli policy of isolation is not new, and Gaza has been subject to closures since the early 1990s. In November 2005, after much negotiation, Israel and the Palestinian Authority concluded an agreement on movement and access (AMA) for Gaza. The aim of the agreement was to enable the people of Gaza to move, to trade, to live ordinary lives. However, it has never been properly implemented.

Christian Aid recommends that

- concrete provisions are made within the current peace negotiations that actively focus on ending the isolation of the Gaza Strip;
- the UK government and EU actively promote plans for the reopening of the Gaza crossings, in line with the Agreement on Movement and Access, brokered by the US and EU in 2005;
- the UK government and the international community help facilitate the process of dialogue and reconciliation between Palestinians towards the re-establishment of a unified Palestinian Authority, in order to lead to a credible and effective peace process with Israel;
- the UK government and EU abandon the failing policy of non-engagement and begin political dialogue with all Palestinian parties; and
- it is ensured that all parties to the peace process commit to pre-conditions for peace negotiations, including a cessation of violence, security for all and an end to settlement expansion.

March 2008

Memorandum submitted by the European Commission

**THE HUMANITARIAN SITUATION IN GAZA, INCLUDING ACCESS TO FUEL,
FOOD AND HEALTH SERVICES**

With respect to the humanitarian situation in Gaza, Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner, stated on 21 January 2008:

"I condemn the rocket fire into Israel and we fully understand Israel's need to defend its citizens. I have called for an immediate ceasefire. However, the recent decision to close all border crossings into Gaza as well as to stop the provision of fuel will exacerbate an already dire humanitarian situation in the Gaza Strip and risks escalating an already difficult situation on the ground. Following the closure, the only Power Plant in Gaza has completely shut down. Cutting the supply of fuel jeopardises the electricity production and the supply of clean water. Over the weekend we have already seen blackouts in parts of Gaza, affecting both homes and hospitals. Closing the crossings will also result in shortages of food, medical and relief items. I urge the Israeli authorities

²⁰ UN Office for the Coordination of Humanitarian Affairs, *The closure of the Gaza Strip: the economic and humanitarian consequences*, OCHA Special Focus, December 2007

to restart fuel supplies and open the crossings for the passage of humanitarian and commercial supplies. Neither the blockade nor the recent military strikes are able to prevent the rocket attacks. Only a credible political agreement this year, as foreseen at Annapolis, can turn Palestinians away from violence. That is why we must support Prime Minister Olmert and President Abbas in their current efforts.”

The European Commission has expressed its deep concerns about the distressing socio-economic and humanitarian situation in Gaza. Currently, it is working both at political and technical level to propose solutions.

In response to the complete closure of all crossing points by Israel on 17 January 2008, the European Commission urged the Israeli authorities to restart fuel supplies and to open the crossings for the passage of humanitarian and commercial supplies. On 28 January, EU Foreign Ministers called for the continuous provision of essential goods and services to the people in Gaza, including fuel and power supplies.

Considering the difficult situation in Gaza, the European Commission is providing considerable support to the Gaza population through different channels: cash transfers through Pegase; humanitarian aid through ECHO; support to UNRWA, as the largest provider of relief to the refugee population; payment of fuel deliveries for the Gaza power plant. The Commission also provides support to the North Gaza Emergency Sewage Treatment Project, in order to protect the communities living in Beit Lahia from a possible overflow of the untreated water.

The EU is furthermore ready to resume its monitoring mission at Rafah when conditions allow.

Currently, the European Commission is implementing the following measures to help the Palestinian people in Gaza:

- Funding of fuel deliveries to the Gaza power plant (through the PEGASE mechanism);
- Payment of social allowances to public sector employees and the poorest families, on a monthly and quarterly basis respectively (through PEGASE);
- Support to the Palestinian refugees through UNRWA. Since the last year, the Commission has stepped up its support to UNRWA’s General Fund. Total EC assistance to UNRWA in 2007 amounted to over €100 million, covering the Agency’s all five fields of operation in the region;
- Supplies of Humanitarian and Food Aid through the European Community Humanitarian Office (ECHO);
- EC support to the North Gaza Emergency Sewage Treatment Project, in order to protect the communities living in Beit Lahia from a possible overflow of the untreated water.
- EC provides support, through PEGASE, to the Palestinian Reform and Development Plan, which includes several projects in Gaza. The Commission stands ready to expand its development support in the Strip, as soon as the situation allows it.

Memorandum submitted by the Funding for Peace Coalition (FPC)

1. The Funding for Peace Coalition (FPC) is an ad hoc group of concerned citizens, interested in peace and alarmed at the absence of adequate controls and of fundamental responsibility in the management of European aid to the Middle East.

2. Once again, we of the FPC commend the commission for the inquiry. There is a clear moral imperative to assist the Palestinian people out of their current state of poverty. There is no doubt in our minds that international aid to the Palestinian people is a vital element of hope that peace can be nurtured in this troubled area of the Middle East.

3. We refer the Committee to past submissions by the FPC to IDC inquiries, and to our March 2007 submission to the House of Lords Select Committee.²¹

4. We note that while certain progress has been made toward peace between the Palestinian Authority and the Israelis since our last submission, several disturbing elements have remained or become severely aggravated. Aside from recent alarming statements in Arabic by the Palestinian President,²² which call into question the seriousness with which the PA desires peace, violence continues to emanate from all elements of the Palestinian political scene, both internally and against Israeli citizens,

5. Of greater concern to the FPC is that there is little evidence of adequate controls and transparency over the Palestinian Authority Budget or over international aid. The situation in Gaza has spun out of control, with indications that the Hamas take-over there could very easily spill over into the West Bank. Past events have shown that pouring money and resources into the Abbas government will not, on their own, remedy this problem.

²¹ <http://www.publications.parliament.uk/pa/ld200607/ldselect/lddeucom/132/132we04.htm>

²² http://prnw.org.il/Bulletins_feb2008.html#b280208

6. As evidence of this lack of controls, we refer committee members to the recent internal report presented to the Palestinian President: “The Investigative Committee on the Matter of the Failure of the Confrontation with the Illegal Armed Militias”, which was led by Tayeb Abdel Rahim. Amongst the catalogue of disasters, this Palestinian report details financial waste and corruption, along with government incompetence. The heart of the failings commences with the President personally, which should serve as a warning to potential Western donors.

7. Similarly, the TIM has been replaced with PEGASE, which returns to a formula of directly substituting payments for PA salaries, social benefits and other obligations with international aid funds.

8. Aside from there being no evidence of an improvement in the controls over direct aid to the Palestinian Authority that existed in the past, by paying salaries and social benefits, the international community is directly supporting the “terrorist insurance schemes” that we referred to in the past. Here, we remind the commission:

- (a) Many Palestinian terrorists have been incorporated into the PA payroll, with the payroll itself still inflated and out of control as a result.
- (b) Terrorist activity by PA employees continues, meaning that terrorist salaries are being funded by the international community. Recent examples include Fatah members Amar Taha and Ali Dandanes who shot and killed Israelis Ahikam Amihai and David Rubin near Hebron. Another example is the case of PA Security Force members/brothers Dafer and Abdullah Birham who shot Israeli civilian Ido Zoldan in December 2007. Under investigation, they implicated fellow PA National Security employee Fadi Jama of involvement in the plot.
- (c) The PA pays a raft of social benefits, largely administered by the Prisoners’ Affairs department, to terrorists who have been caught or killed in the act and to their families,
- (d) While it can be argued that these various employment and social benefit schemes are designed to “keep the terrorists off the street”, the FPC believes that this is a dubious moral argument. This is a de facto “insurance scheme”, encouraging terrorism. Further, terrorists who receive these benefits and even receive amnesties in various deals to encourage peace often are involved in future terrorist activities, Specific recent examples include the brothers Ibrahim and Y’abl Mesemyia, who together with three other “pardoned” terrorists were caught on 27 February of this year, conducting a terrorist act while they were supposedly incarcerated in a PA detention facility.²³

9. In addition, the funding of the education system (whether directly or via UN agencies), without insisting on significant reforms, promotes and gives added credence to the anti-peace messages being engendered in the next, impressionable generation. A clear example of this was the slaying of eight seminary students recently in Jerusalem, an act motivated by hate and celebrated joyously in the Palestinian territories.

10. The FPC demands the same standards as applied to any other payment by central government to domestic or overseas organizations; strict transparency and accountability, ensuring beyond all reasonable doubt that the money will not be abused nor contribute to violence. Neither previously nor today can that rule be seen to be enforced. Neither political correctness nor expediency justifies the flouting of these basic laws of governance.

11. The Commission has requested specific input regarding the humanitarian situation in Gaza: The situation is very hard to judge from afar, without detailed investigation and visits not guided by vested interests. While there is clear hardship, it is difficult to judge the extent of manipulation by the Hamas regime. Firstly, there is clear evidence of Hamas manipulation of the messages being transmitted from Gaza. Photographs of candlelight demonstrations with street lights blazing, candle-light meetings with daylight peeking through drawn curtains, babies in supposedly electricity deprived incubators/while the monitor is operating, “starving” Palestinians bursting the border to Egypt bringing back luxury electrical items they have purchased etc. etc. do not inspire confidence in the reports of humanitarian crises, [It was subsequently proven that Israel temporarily reduced the electricity supply by only 1% for a few days]. And with reports of Hamas seizing humanitarian supplies to distribute to their military wing instead of distribution to the people, it is hard to estimate the real extent and causes of the hardships.

12. While the desire for open borders is clear and just, it must be balanced by the genuine security needs of Israel. The recent breach in the border with Egypt has been exploited to import advanced weaponry and foreign trained operatives, directly resulting in a significant escalation in violence against Israeli civilians, in turn resulting in retaliatory action which harms Palestinian civilians, Attacks on the border crossings themselves, as well as their exploitation of even humanitarian shipments for the smuggling of weaponry are also an obvious cause of the restrictions on free transport of goods.

13. With Israel claiming that the borders allow the passage of humanitarian supplies and with a shared border with Egypt that should also allow passage of such supplies, the only thing that can be said with certainty is that there is plenty of cash and opportunity to replenish the never-ending supply of weaponry.

²³ <http://worldnetdaily/index.php?fa=PAGE.view&pageId=57466>

14. With clear war-crimes being committed by Gazan military groups/indiscriminate shooting of rockets at civilian targets, using civilians as human shields, turning Gazan civilians into deliberate collateral damage in the event of reprisals or preventative military act—it is very clear that it is in the power of the Palestinian people to end immediately their hardships by simply stopping these inhuman acts.

15. Having said all of the above, it is clear that UK foreign policy, which can be supported by the judicious allocation of foreign aid, must be directed in a fashion that corrects rather than exacerbates the underlying violence. To this end, we reproduce here our recommendations in this area:

Recommendation No 1:

Future help needs to be delivered in a transparent and accountable manner, directed towards ethically defensible projects. An independent and public monitoring system should immediately be introduced for all funds provided to the Palestinians,

It is difficult to justify pouring more resources into politicised NGOs or even UNRWA. As former UNRWA Commissioner-General, Peter Hansen, declared in 2005: “There is no doubt that, at some point, the Palestinian Authority should take over all of UNRWA’s capacity in Gaza and the West Bank,”

Recommendation No 2:

When considering infrastructure projects, donors are advised to consider the “Pound for Pound” concept. It will also encourage the local populace to take pride in its own economic revival and not rely on long-term charity.

The alternative was exemplified when Mr Wolfensohn sought overseas investors to purchase the greenhouses in Gaza left by the Israeli settlers, Once the Israelis had ceased to protect the region, Palestinians ransacked the agricultural facilities. It can be surmised that if the investors had included local personalities, such malicious waste may not have occurred.

Recommendation No 3:

The UK/EU should consider the creation of a seed fund to co-invest in a growing number of Palestinian start-ups. The ExpoTech 2005 in Ramallah, sponsored by the Palestinian Information Technology Association, demonstrated that there are clear opportunities for investment, which will encourage both employment opportunities and long-term economic growth.

Recommendation No 4:

All investment recommendations should carry a pre-requisite of decommissioning of militias and private armies, Both in Northern Ireland and in Afghanistan, this stipulation has provided a greater sense of internal stability for the local population. It has also decreased the potential for distortions in the judicial, financial and democratic processes.

David Winter
Spokesperson
Funding for Peace Coalition

12 March 2008

Memorandum submitted by Lord Janner of Braunstone Q.C. Vice-Chairman of the Britain-Israel Parliamentary Group

SUMMARY

1. The All-Party Britain-Israel Parliamentary Group is listed in the Register and Approved List for All-Party Parliamentary Groups. Its purpose is “to create a better understanding of Israel, and to foster and promote links between Britain and Israel”. The All-Party Britain-Israel Parliamentary Group receives administrative support from the Britain Israel Communications and Research Centre (BICOM), who assisted in the preparation of this report.

2. This submission discusses current Israeli policy where it impacts on the humanitarian and development situation in the Palestinian areas, which is the subject of the International Development Committee’s current inquiry.

3. In the summer of 2005, Israel disengaged from Gaza. It is actively engaged in direct, bilateral negotiations with the Palestinian Authority to conclude a final status agreement, with the aim of reaching such an agreement by the end of this year. The negotiations are predicated on the understanding that only a two-state solution will end the conflict between the two peoples.

4. In the face of ongoing attacks on its own civilian population Israel is making continuous efforts to ensure the transfer of humanitarian supplies and aid to Gaza's citizens.

5. The Israelis living in towns and villages around Gaza have suffered seven years of rocket and mortar fire in which over 6,000 rockets and mortars have been fired.

6. Israel has shown great restraint in responding to these attacks.

7. When Israel's military has responded they have been measured and proportionate. It has been complicated by the cynical exploitation of the Palestinian civilian population by the Hamas leadership. Israel is making significant efforts to avoid large-scale military activity in Gaza including non military responses.

8. Calls on Israel to talk with Hamas ignore the fact that the Hamas leadership in Gaza refuse to talk to Israel. Dialogue with Hamas would mortally wound the cause of secular Palestinian nationalism, would send a worrying signal around the region, and would encourage Iran and its proxies. Despite the weaknesses of the Palestinian Authority (PA) and its leadership, it remains the only option for a peaceful resolution of the Israeli-Palestinian conflict. Israel continues to make significant concessions to the PA in the West Bank.

9. Despite the difficulties of negotiating with Hamas, Israel is engaged in contacts to de-escalate the level of violence and bring Gilad Shalit, the Israeli soldier who was kidnapped in June 2006, home. Previous attempts at unofficial ceasefires were quickly broken by Hamas.

10. Israel has no permanent enemies and is willing and able to negotiate, provided its needs—having a negotiating partner who can provide genuine acceptance of Israel and deliver on security guarantees—are met.

11. The UK government gives £31.6 million of aid to the Palestinians, which is 0.64% of DFID's annual budget. However, the International Development Committee has focused disproportionately on this aspect of DFID's work. 25% of reports and inquiries have been on aid to the Palestinians and on Israeli policy.

ISRAELI OBLIGATIONS TOWARDS GAZA

The voluntary acceptance of residual responsibility for a civilian population after vacating a territory is unprecedented in international law. This is despite the continuing and increasing rocket attacks from Hamas-controlled Gaza (over 6,000 rockets have been fired since 2001) and the risk Israel's citizens run in ensuring supplies reach Gaza.

12. In January 2008, the Israel Supreme Court, sitting as the High Court of Justice, affirmed the position that Israel is no longer in control of Gaza, and that its obligations were determined by the armed conflict between Israel and Hamas-controlled Gaza.²⁴ However, in its ruling, the Court noted that:

The State of Israel is required to act against the terrorist organisations within the framework of the law and in accordance with the dictates of international law, and to refrain from deliberately harming the civilian population located in the Gaza Strip.

13. However, the Court recognised that the civilian population of Gaza had become reliant on Israel for the supply of goods and services over the years of occupation, and that even after the end of its effective control, Israel should take note of this. This voluntary acceptance of residual responsibility for a civilian population after vacating the territory is unprecedented in international law and shows the lengths Israel is willing to go to prevent a humanitarian crisis in Gaza.

14. This is despite the continuing and increasing rocket attacks from Hamas-controlled Gaza (over 6,000 rockets have been fired since 2001) and the risk Israel's citizens run in ensuring supplies reach Gaza.

15. Since its unilateral withdrawal from Gaza in August 2005, the territory is no longer under the "effective control" of Israel. There are no Israeli soldiers or police stationed in Gaza. The Palestinian government raises taxes, enforces its laws and governs its citizens. In these circumstances, Israel is unable to organise Palestinian civilian life in Gaza. Hamas itself appears to accept that Israel is no longer occupying Gaza. In February 2008, an official Hamas representative stated that Gaza is no longer occupied.²⁵

16. Despite Israel defining Hamas-controlled Gaza as a hostile territory in the face of ongoing attacks on Israeli civilians, the Israeli security cabinet adopted a resolution in September 2007 which stated that any restrictions placed on the movement of people and supplies into Gaza would be:

enacted following a legal examination, while taking into account both the humanitarian aspects relevant to the Gaza Strip and the intention to avoid a humanitarian crisis [our emphasis].²⁶

²⁴ Supreme Court, HCJ 9132/07, 30 January 2008

²⁵ "Gaza is not occupied, so why should Israel have any role [at the Gaza-Egypt border crossing] when it has no presence on the border between Egypt and Gaza?" Zvi Bar'el, Make-believe, *Haaretz*, 4 February 2008

²⁶ Ministry of Foreign Affairs, Security Cabinet declares Gaza hostile territory, 19 September 2007

17. The Court has also noted that Israel's obligations toward the Palestinian population are not conditional on Palestinian compliance with its own obligations. This is despite evidence that Palestinian terrorists consistently breach international law, for example by the use of human shields²⁷, Israel takes all precautions to minimise civilian casualties.

18. Following Israel's policy of reducing its involvement in the Gaza Strip, Egypt has announced that it will be supplying electricity to the Strip.²⁸ This is a positive development that sees growing regional responsibility for the future of the Palestinians in Gaza.

ISRAELI COMMITMENT TO TRANSFERRING VITAL SUPPLIES TO GAZA

Israel is committed to preventing a humanitarian crisis in Gaza by ensuring that humanitarian supplies, including food and medical supplies get through. Patients from Gaza are been treated in Israel's hospitals. This is despite terrorist attacks against the crossing points and the fact that some of the supplies that are being allowed into Gaza by Israel (such as sugar, fertilizers and pipes) are used in the production of home made rockets to attack Israel.

19. It is critical that the international community as a whole, and DFID in particular, are made aware of the efforts made by Israel to ensure the uninterrupted supply of humanitarian assistance in the face of ongoing provocation by Palestinians, whose only aim can be to prevent supplies reaching the civilian population. It must also be remembered that Israel has no control over the distribution of goods and fuel once they enter Gaza.

20. In addition, Israel is ensuring the flow of humanitarian supplies to Gaza despite that fact that some of these supplies (most notably sugar and fertilisers) are been used by militants to build rockets, which are then fired on Israeli civilians.

21. During fighting between Fatah and Hamas forces in June 2007 much of the equipment at the Karni crossing, the principal commercial crossing point between Israel and Gaza, was destroyed. The terminal's operators, who were affiliated with Fatah, are no longer willing to run the crossing. Given this, Israel is unable to operate the crossing.

22. The inability of the Palestinians to find people to operate the terminal has also ensured that it remained closed.

23. Despite this not being Israel's doing, to prevent a humanitarian crisis, Israel has transferred aid shipments into Gaza through the secondary Kerem Shalom and Sufa crossings, a situation that remains in force at present. The United Nations Relief and Works Agency (UNWRA) coordinator commended Israel for averting a humanitarian crisis by finding these alternatives.²⁹

24. Since Hamas took control of Gaza in June 2007, an average of 100 truckloads of aid and supplies reach the civilian population of Gaza each day. In total, 465,000 tonnes of supplies have been transferred. On 1 April 2008³⁰ as an example:

- 51 trucks entered Gaza through Karni Crossing containing: wheat, sesame, corn, coffee and soy.
- 56 trucks entered Gaza through Sufa Crossing containing: fruit, rice, sugar, dairy products, meat, fish, flour, carrots, garlic, pasta, cleaning products and school books.
- 18 trucks entered Gaza through Kerem Shalom Crossing containing: soap, rice, meat, oil, sugar, coffee and animal vitamins.
- 13 trucks donated by Egypt entered Gaza through, through Kerem Shalom Crossing containing: rice and sugar.

25. In its judicial review of the situation, the Israeli Supreme Court (sitting as the High Court of Justice) found that 2.2 million litres of industrial diesel fuel per week that Israel supplies to power the Gaza power generating plant at Nusseirat is adequate to ensure humanitarian needs. Israel also transfers 75,000 litres of diesel fuel for emergency and humanitarian vehicles.

26. The Nusseirat power station only supplies 60 MW of Gaza's electrical needs. Israel supplies 120 MW with a further 17 MW coming from Egypt. Israel has never stopped this flow of power. The Israeli power station which supplies Gaza is in Ashkelon which itself has been fired upon by militants in Gaza.

²⁷ One such incident saw terrorists fire Qassam rockets at civilian targets in Israel from within an UNWRA school. The terrorists hid inside the school building immediately after the fire, sending school children to retrieve the launcher for re-use. Ministry of Foreign Affairs, Hamas exploitation of civilians as human shields: Photographic evidence, 6 March 2008

²⁸ "Egypt to supply electricity to Gaza," Al Jazeera, 21 March 2008

²⁹ Tovah Lazaroff, Israel allowing goods into Gaza, Jerusalem Post, 25 June 2007

³⁰ IDF, Summary of Humanitarian Assistance to Gaza Today, 1 April 2008

27. No consignments of medicine or medical supplies have been refused entry by Israel.³¹ Indeed, since the beginning of 2008, 84 deliveries of medical supplies have entered Gaza.^{32,33}

28. The absolute number of referrals of Gazans to Israeli hospitals rose from 4,934 in 2006 to 7,176 in 2007, an increase of 45%. Over the year as a whole, 82% of requests for referral in 2007 were approved. More, rather than fewer, Gazans were treated in Israeli hospitals in 2007. This, it should be noted, was during the year when Hamas took control of Gaza, and intensified its campaign of indiscriminate shelling of Israeli civilians. What may be unprecedented are the efforts undertaken by Israeli authorities to ensure that Gazans continue to have access to high-quality healthcare, even in such circumstances.

29. Recent reports, such as the Channel 4 programme “Unreported World—Gaza”³⁴, indicate that Hamas has been restricting Fatah supporters, and their families, access to medical treatment in Gaza.

30. A recent World Bank report describes how coordination with Israel ensured that the parts needed to improve the sewage handling system in northern Gaza were supplied.³⁵ This is in spite of pipes being a key component of the homemade rockets that are fired into Israel from Hamas-controlled Gaza.

31. There is evidence that Hamas has exacerbated humanitarian suffering in Gaza in order to create international pressure on Israel. Associated Press reported on 7 February 2008 that the Palestinian Red Crescent had complained when “policemen from Hamas halted 14 trucks filled with food and medicine at a checkpoint after it crossed an Israeli checkpoint into Gaza on Thursday.”³⁶ Subsequent reporting by the Deutsche Presse-Agentur added that this was not the first time that Hamas had confiscated aid.³⁷ Additionally, an interview with the head of the Gaza power station has revealed that during the Gaza “blackout”, the power station had already provided enough power for another three days.

32. There is little reporting of attacks on the terminals themselves. The crossing points between Israel and Gaza have been the target of attacks by Palestinian terrorists. In March 2004, two suicide bombers exited Gaza through the Karni crossing and detonated their explosive belts at the Ashdod port. Ten people were killed and 16 wounded. In August 2006, Israeli authorities discovered plans for a large-scale terror attack on the Karni crossing, which included planting explosives in a tunnel under the crossing. Searches revealed a 13 metre-deep shaft and 150 metre-long tunnel near the crossing. On 3 March 2008, a fuel truck entering Gaza from the Nahal Oz fuel terminal was subject to sniper fire.

33. The irony of Israel’s position is illustrated by the fact that innocent Palestinians evacuated to Israeli hospitals for urgent care are themselves coming under rocket fire directed from Gaza at the Israeli hospital treating them.

34. In one incident, a Palestinian mother and her two premature babies, transferred out of Gaza via the Erez crossing and delivered at Ashkelon’s Barzilai Hospital, were moved into a bomb-shelter to ensure that they were protected from Palestinian Katyusha rocket fire aimed at the hospital from northern Gaza.³⁸

ISRAELI RESPONSE TO VIOLENT ATTACKS FROM GAZA

35. In the last seven years over 6,000 rockets and mortars have been fired at Israel from Gaza. In the face of these attacks Israel has acted with great restraint. However, no country can stand by and let these attacks continue without response.

36. Israel’s western Negev communities have endured seven years of relentless rocket and mortar shell fire from Gaza.

37. Since 2001, over 6,000 rockets and mortars have been fired at Israel. These have been directly responsible for the deaths of 21 Israelis and the wounding of 620. However, this statistic does not take into account the massive psychological cost borne by the 190,000 Israelis who live within striking range and have at most 15 seconds of warning of a rocket attack.

38. Not only has the number of these rockets increased (249 rockets in 2001 to 1,645 in 2007), but the range has also increased from 3 km in 2001 to 22 km in 2007, bringing more Israel citizens within their reach.

39. The barrage of homemade rockets from Hamas-controlled Gaza has been augmented by military Katyusha rockets which carry a significantly larger warhead: 18 kg as compared to 4 kg. For comparative purposes, the 7 July 2005 suicide bombers each detonated 5–7 kg suicide bombs, killing 52 civilians and wounding 700.

³¹ IDF source

³² Coordinator of Government Activities in the Territories (COGAT) Response to report by human rights organizations on humanitarian situation in Gaza, 6 March 2008

³³ See, for example, the World Health Organisation’s report “Collective punishment of the weakest: the urgent patients”, published on 1 April 2008.

³⁴ “Unreported World—Gaza”, Channel 4, 28 March 2008, Reporter: Sam Kiley; Director: Edward Watts; Series Producer: Siobhan Sinnerton.

³⁵ World Bank, Investing in Palestinian Economic Reform and Development, 17 December 2007, p. 23.

³⁶ Associated Press Hamas seizes aid meant for Red Crescent, 7 February 2008

³⁷ DPA Hamas confiscates humanitarian aid trucks sent to Gaza from Jordan, 8 February 2008

³⁸ Ministry of Foreign Affairs Two premature Palestinian babies treated at Barzilai Hospital, 12 March 2008

40. Evidence shows that the situation in the Gaza Strip dramatically worsened as Hamas's influence and control grew stronger and violence escalated in spring 2007. Since the seizure of power in June 2007, Hamas has spawned a police state, severely impinging upon the fundamental civil liberties of Gaza's 1.4 million residents.

- i. Detentions—often without warrant—are frequent, threatening and at times brutal. Detainees' heads are covered with sacks, their arms tied, and their backs scarred with burning iron rods and limbs broken. Some have gun wounds in their legs.³⁹
- ii. Lawyers say they are frequently denied access to prisons, and ex-detainees held in the early months of the takeover claim their releases came only after payment of bail and a pledge not to talk or seek treatment in government hospitals.⁴⁰
- iii. Politicians and security personnel have fled into hiding, fearing written police summons (*tabligh bil-hedour*) with the implicit threat that "if you don't come, say goodbye to your knee."⁴¹
- iv. The police treat unlicensed public assembly as a disturbance to the peace. Shunning such standard crowd-control tools as tear gas and water cannons, Hamas sometimes has resorted to live ammunition.⁴²
- v. Media has been another target. Hamas security forces are known to have raided media offices; stripped photographers of their footage; and summoned for interrogation journalists whose reporting purportedly was sympathetic to the PA.⁴³
- vi. Lawyers have expressed concern about executive interference, politicisation of the judicial system and the ongoing involvement of the clerical establishment.⁴⁴
- vii. Focusing on the key service ministries of education, health and religious affairs, Hamas purged or pushed aside the upper tiers of key government departments and public sector institutions of Fatah loyalists. Many heads of department, including most hospital directors, have been eased out, again through relocation, dismissal or retirement.⁴⁵
- viii. Civil rights groups as well as non-Hamas preachers remain deeply worried about the Islamisation of Gaza. Within Hamas, a more hard-line clerical faction insists on a greater role for Sharia (Islamic law).⁴⁶
- ix. Hamas authorities have issued instructions for weddings, cautioning against mixed dancing and non-Islamic anthems. Lawyers also say that new prosecutors require a certificate of approval from local Hamas authorities (a claim denied by Hamas). Meanwhile, Hamas militants subject mosques to tight control.⁴⁷
- x. The time devoted to religious instruction in schools has increased, and some teachers are known to punish girls who do not wear the veil. Although women continue to walk the streets unveiled, and officials say there has been no ruling on dress code, Hamas militants are known to have enjoined some women to don scarves and unmarried couples in cars have reported some cases of being beaten and detained.⁴⁸

41. Given Hamas's refusal to meet the Quartet requirements for engagement, it appears that the chance of a diplomatic solution to the situation is bleak.

42. Indeed Hamas does not see negotiations as means to reaching a long-lasting agreement in the region. The organisation's spokespeople state time and again that ceasefire agreements with Israel are only temporary measures and do not compromise Hamas's commitment to the destruction of the State of Israel. Fundamentally, Hamas is willing to engage in negotiations, but is not willing to change its mission or its

³⁹ For a detailed summary, see Palestinian Centre for Human Rights (PCHR) statement, 1 November 2007

⁴⁰ Crisis Group interview, lawyer, Gaza, February 2008; Crisis Group interviews, Khan Younis, Gaza City, and Rafah, September-December 2007

⁴¹ Crisis Group interview, Fatah leader, Gaza City, December 2007; Crisis Group interview, Palestinian observer, Gaza City, February 2008

⁴² Crisis Group interview, Tawfiq Jabber, Gaza City, December 2007. Some witnesses claim that Hamas forces have in the past sprayed waste on the crowds.

⁴³ Raids sometimes take place when office staff are summoned for questioning. Offices subject to raids included the Palestine Cultural and Media Centre (Deir al-Balah, 6 September 2007), Palestine without Borders (3 October 2007), and the Islamic Jihad-affiliated *al-Istiqlal* newspaper (27 September 2007), Crisis Group interview, human rights activist, Gaza City, October 2007; Crisis Group interview, Palestinian Journalist, Gaza City, October 2007, Crisis Group interview, Palestinian Journalist, Gaza City, March 2008

⁴⁴ Crisis Group interview, senior lawyer, Gaza City, November 2007; Crisis Group interview, lawyer, Deir al-Balah, February 2008; Crisis Group interview, Supreme Court head Abdel Raouf al-Halabi, Gaza City, February 2008

⁴⁵ Crisis Group interview, religious endowments ministry employee, Jabaliya, February 2008

⁴⁶ "Under Hamas, society is become evermore conservative," Crisis Group interview, human rights monitor, Gaza City, February 2008. "The *minbar* [the pulpit] has become politicised. Hamas is turning a religion of tolerance into a religion of terrorists," Crisis Group interview preacher, Jabaliya, September 2007

⁴⁷ Crisis Group interview, Nofal, Gaza City, October 2007

⁴⁸ Crisis Group interview, police chief Tawfiq Jabber, Gaza City, December 2007; Crisis Group interview, local UN official, Gaza City, September 2007; Crisis Group interviews, lawyer and UN official, Gaza City, October 2007. "If we find a man and a woman in suspicious circumstances, we inform the woman's family. A woman cannot go with a stranger in a car or on the beach," Crisis Group interview, Abu Ras, Gaza, September 2007

methods. In fact, Hamas has used previous ceasefires to rearm and enhance its weapon stocks, further reiterating its perception that its engagement in pragmatic talks does not exclude its commitment to violent actions against Israel. As such, there is no point in negotiations simply for the sake of negotiations.

- i. Hamas's charter opens with a statement from the founder of the Muslim Brotherhood, Hassan al-Banna, on the question of Israel: "Israel will exist and will continue to exist until Islam will obliterate it, just as it obliterated others before it."⁴⁹
- ii. Indeed, the charter rejects all possible compromise with Israel and all possibility of a negotiated peace in the following terms: "There is no solution for the Palestinian question except through Jihad. Initiatives, proposals and international conferences are all a waste of time and vain endeavours. The Palestinian people know better than to consent to having their future, rights and fate toyed with."⁵⁰
- iii. While advocates of engagement point to Hamas statements calling for a long-term "*hudna*" (sometimes translated as "ceasefire"), it is important to consider the precise meaning of this term. A *hudna* is defined by the Islamic Encyclopaedia (London, 1922) as a "temporary treaty," lasting a maximum of 10 years, preserved or abandoned depending on whether or not it serves the interests of Islam.⁵¹
- iv. The model for it is the Hudaibiyya treaty of 628, concluded by Mohammed with the Khuraysh. The treaty was concluded in order to give Mohammed's forces time to strengthen themselves, and was unilaterally abrogated after three years, when Mohammed's forces initiated conflict, crushed the Khuraysh and conquered Mecca. Thus, a *hudna* is neither a truce nor a genuine ceasefire, but is rather a tactical tool to gain a military advantage.

Its efficacy as a tool for the Palestinians, in the eyes of Hamas, was explained by Dr Mahmoud al-Zahar, one of the movement's leaders in Gaza, on 24 June 2005: "Hamas would definitely not be prepared for coexistence with Israel should the IDF retreat to its 1967 borders. It can be a temporary solution, for a maximum of five to 10 years. But in the end Palestine must return to become Muslim, and in the long term Israel will disappear from the face of the earth."⁵²

43. Israel has limited options if Hamas will not talk. It is clear from numerous statements from IDF and government officials, such as Defence Minister Ehud Barak, that Israel does not want to go back into Gaza or undertake a large ground offensive. However, it cannot continue to absorb rocket attacks advancing deeper into Israel. Yet the problem that Israel faces is that it can only significantly decrease the rocket fire with ground troops in control of the area. Israel does not want to do this due to the risk of collateral damage to innocent Palestinian civilians in Gaza, as the territory is so densely populated and the nature of terror networks is that bomb factories are often in family houses and living rooms; there is also much evidence that children and innocents have been used as human shields. This is why Israel has been trying other means, such as targeted strikes on terrorist operatives and reducing certain supplies used to build the rockets.

44. Due to not wanting to use overwhelming force, Israel has had to try and find other means to pressure Hamas to cease the rockets; hence the reductions in fuel and electricity are designed to hamper the ability of terrorist groups to build and fire rockets at Israel. These measures also add to the policy of pressuring Hamas to reduce its violent attacks on Israel. They are not aimed at punishing the civilian population, as some have alleged. It should be noted again that Israel continues to ensure that the basic humanitarian needs of the civilian population are met.

45. The policy of distinguishing between the humanitarian needs of the civilian population of Gaza and those of the Hamas government is not restricted to Israel. In August 2007, the European Commission cut the supply of fuel to the Gaza Generating Company's power plant at Nusseirat for five days, citing concerns that the Hamas government planned to levy a tax on electricity bills. "We are ready to resume our support to the Gaza Power Plant within hours once we receive the appropriate assurances that all the funds will be exclusively used for the benefit of the Gaza population. . . . the Commission needs to be reassured that this will reach the real target: the Palestinians in need."⁵³

THE CONSEQUENCES OF NEGOTIATING WITH HAMAS

The demand for open negotiations with Hamas must take into account the effects this might have on the international effort to support peaceful forces in the region. The view of our own FCO is that such negotiations would undermine the moderate forces within Palestinian society, particularly with the PA led by Mahmoud Abbas and Salam Fayyad, thus destroying the peace process.

⁴⁹ "The Covenant of the Islamic Resistance Movement," Hamas, 18 August 1988

⁵⁰ Ibid.

⁵¹ Islamic Encyclopaedia (London, 1922)

⁵² Mahmoud al-Zahar, Yediot Aharonot, 24 June 2005

⁵³ European Commission, Following security concerns, European Commission interrupts support for the delivery of fuel to Gaza Power Plant, 20 August 2007

46. In general, there is a broad regional and international consensus that the diplomatic track between Israel and the Palestinians should include all the actors committed to a peaceful future in the region, based on the two-state policy. This stance has been at the foundation of British foreign policy in the Middle East.”⁵⁴

47. The demand for open negotiations with Hamas must take into account the effects this would have on the international effort to support peaceful forces in the region and the undermining of moderate forces within Palestinian society.

48. As Israel’s willingness to launch negotiations with the PLO leadership since the 1990s proves, talks with Hamas will become possible if the organisation renounces its rejection of negotiations based on a two-state solution, acknowledges Israel’s right to exist and halts its explicit support for terrorism against Israel. Opening negotiations with Hamas without meeting these benchmarks will provide extremists with a moral and political victory.

49. Negotiations with Hamas would undoubtedly undermine the legitimacy of the Palestinian Authority and the leadership of PA President Mahmoud Abbas.

50. Engagement with Hamas under the current circumstances would lead to an eventual replacement of the current moderate leadership by a hard-line Hamas administration—thus rewarding its use of extreme and violent practices.

51. As we have already seen in point 41 Hamas does not see negotiations as means to reaching a long-lasting agreement in the region.

CONTEXTUALISING ISRAEL’S RESPONSE

The term “disproportionate” is used freely to discuss Israel’s response to terror attacks from Gaza. Before resorting to the use of this term, it is critical to recognise the extent of the threat Israel is up against, as well as the restraint Israel has exercised in avoiding a large-scale military incursion into Gaza.

52. Since 2001, over 6,000 rockets and mortars have been fired from Gaza into Israel.

53. The average rocket fired from Gaza into Israel contains 7–8 kg of explosives, with some, like the 122 mm Katyusha, able to carry a maximum of 18 kg in explosives.⁵⁵ For comparative purposes, the 7 July 2005 London tube suicide bombers each detonated 5–7 kg suicide bombs, killing 52 civilians and wounding 700.

54. February and March 2008 saw a dramatic increase in rocket attacks on Ashkelon. With 120,000 residents, it is Israel’s 13th largest city. Ashkelon contains a proportion of Israel’s citizens comparable to the number of British citizens resident in the city of Birmingham.

55. The range of Qassam and Katyusha rockets has increased steadily since 2001: in 2001, the range was about 3 km; in 2002, the range increased to 8 km; in 2003, the range increased to 10 km; in 2005, the range increased to 12 km; in 2006, the range increased to 15 km; and in 2007, the range increased to 22 km.⁵⁶

56. Advances in rocket technology mean that Ashdod, Israel’s 5th largest city with 204,000 residents, could soon fall within rocket range. Ashdod is about halfway between Gaza and Tel Aviv (32 km from Gaza and 35 km from Tel Aviv). It is one of Israel’s major ports.

57. In Sderot, a 15-second warning is sounded when an incoming rocket is detected. This is a very short amount of time for people to stop what they are doing and run to find shelter. Sometimes the shelters are full when they are reached. The 15-second warning is not foolproof and does not always sound when a rocket is inbound.

58. As for Ashkelon, although the decision to activate the ‘Code Red’ early warning system was made on 28 February 2008, residents have complained that they are unable to hear it. The system has also been activated in the nearby communities of Bat Hadar, Beit Shikma, Talmei Yafeh, Gia, Briha, Misha’an and Kfar Silver.⁵⁷

59. While Sderot has been fitted with shelters (though certainly not as fully as necessary and unable to withstand the payloads of increasingly larger rockets), Ashkelon lacks similar availability of infrastructure. Ashkelon Mayor Roni Mehatzri remarked on 28 February that the city is essentially unprepared for this influx of rockets from Gaza.⁵⁸

⁵⁴ House of Commons Hansard Debates, 25 March 2008

⁵⁵ Intelligence and Terrorism Information Centre at the Israel Intelligence Heritage and Commemoration Centre (IICC), “Rocket threat from the Gaza Strip, 2000–07,” December 2007. www.terrorism-info.org.il

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ “5 hurt in Ashkelon as close to 50 rockets hit southern Israel,” Haaretz, 2 March 2008. www.haaretz.com

60. Hamas and other terror groups in Gaza harness the inaccuracy of Qassams as part of their terror strategy. Hamas leader Mahmoud al-Zahar explained to the Sunday Telegraph in August 2007 that Hamas prefers rocket attacks to suicide bombings because rockets “cause mass migration, greatly disrupt daily lives and government administration, and make a much [larger] impact . . . We have no losses, and the impact on the Israeli side is so much.”⁵⁹

61. Israel has shown tremendous restraint during the past seven years of rocket attacks from Gaza. The 190,000 Israelis living within the rockets’ striking range, particularly in the town of Sderot, have suffered physically, psychologically and economically.⁶⁰

62. 90% of Sderot residents have experienced a Qassam falling on their own street or on an adjacent street. 30% of Sderot residents suffer from Post-Traumatic Stress Disorder. Children in Sderot exhibit higher levels of fear (62%), avoidance behaviour (50%), behavioural problems (22%), problems in school (28%), somatic (stress-related) problems (26%), regression (31%) and difficulty sleeping (47%) than any comparable Israeli city by population size and socio-economic demographics.⁶¹

63. Many of Sderot’s businesses have been forced to close. Business at Sderot’s only supermarket has fallen by 50%.⁶²

64. During this time Israel has ensured that food and other necessary supplies, such as fuel, are imported to sustain the Gazan population. It has allowed Gazan patients requiring medical treatment to enter Israel for treatment in Israeli hospitals.⁶³ It has removed its residents and troops from Gaza through disengagement. Yet it is continually asked to pay the price of restraint, through ongoing trauma to its citizens.

65. Qassam rockets are made with basic supplies, but can evade the most advanced anti-rocket technology.

66. The rockets are made of easily obtained metal pipes (such as water pipes and road signs) filled with explosives and propellants, which in most cases are improvised and made of readily-available household supplies such as sugar and agricultural fertiliser.⁶⁴

67. Rockets are made out of household items for two reasons: rocket manufacturers are aware that Israel will not prevent basic supplies such as sugar from reaching the Gaza Strip, and homemade rockets carry no manufacturing signature and therefore cannot be traced.⁶⁵

68. Israel cannot prevent pipes being used for manufacturing rockets.

69. Israel has intercepted fertilizer shipments containing potassium nitrate because their use has been diverted for rocket manufacture.

70. Israel has explored numerous options for developing and activating anti-rocket technology for its residents living near Gaza. Unfortunately, the option that was expected to work, called the Iron Dome, will not be able to intercept Qassams that are airborne for less than 20 seconds.⁶⁶ This means that rockets fired from Beit Hanun in Gaza will still be able to hit Sderot. This would leave 4,400 homes outside the perimeter of protection.

71. Therefore, the only positive way forward is for Hamas to take the decision to stop launching rockets into Israel. If they do not do this, Israel has limited options.

72. A ceasefire, or “*hudna*”, as offered by Hamas would not work. As explained, a *hudna* is neither a truce nor a genuine ceasefire, but is rather a tactical tool to gain a military advantage. Its efficacy as a tool for the Palestinians, in the eyes of Hamas, was explained by Dr Mahmoud a-Zahar, one of the movement’s leaders in Gaza, on 24 June 2005 in the following terms: “Hamas would definitely not be prepared for coexistence with Israel should the IDF retreat to its 1967 borders. It can be a temporary solution, for a maximum of five to 10 years. But in the end Palestine must return to become Muslim, and in the long term Israel will disappear from the face of the earth.”⁶⁷

73. Israel could undertake a large-scale military operation in Gaza, but would prefer to avoid this option if possible, as confirmed by numerous statements from IDF and government officials, including Defence Minister Ehud Barak. It is likely that many casualties and deaths, numbering in the hundreds, would result among both the Gazan population and Israeli soldiers if a large-scale invasion takes place. Such an invasion

⁵⁹ Margaret Weiss, “Weapon of Terror: Development and Impact of the Qassam Rocket,” Washington Institute, 11 March 2008. www.washingtoninstitute.org

⁶⁰ Intelligence and Terrorism Information Centre at the Israel Intelligence Heritage and Commemoration Centre (IICC), “Rocket threat from the Gaza Strip, 2000–07,” December 2007. www.terrorism-info.org.il

⁶¹ Israel Trauma Centre for Victims of Terror and War (NATAL), “The impact of the ongoing traumatic stress conditions on Sderot,” October 2007

⁶² Interview with manager of Super Dahan supermarket in Sderot

⁶³ Interview with Public Affairs Director of Barzilai Medical Centre, Ashkelon

⁶⁴ Intelligence and Terrorism Information Centre at the Israel Intelligence Heritage and Commemoration Centre (IICC), “Rocket threat from the Gaza Strip, 2000–07,” December 2007. www.terrorism-info.org.il

⁶⁵ On 29 December 2007, 6.5 tonnes of the banned substance potassium nitrate, used to manufacture explosives and Qassam rockets, were discovered by the IDF. They were disguised in sugar bags marked as humanitarian aid provided by the EU. www.reuters.com

⁶⁶ Iron Dome system found to be helpless against Qassams’, Reuven Pedatzur, *Haaretz*, 22 February 2008. www.haaretz.com

⁶⁷ Mahmoud al-Zahar, Yediot Aharonot, 24 June 2005

could require 30,000 soldiers operating in up to three divisions.⁶⁸ Furthermore, an exit strategy is not at all assured: Israel may not be able to exit without an international force in place (similar to under Resolution 1701), as rocket attacks on Israel would simply resume. For perspective, this is more force than was required during the Second Lebanon War.

74. It is incumbent on Israel and the international community to scrutinise the Hamas negotiation option honestly and sensibly. Israel has and will always negotiate with those who are serious about achieving peace, provided its basic needs—having a negotiating partner who can provide genuine acceptance of Israel and deliver on security guarantees—are met. It would be irresponsible not to investigate Hamas's actions and motives.

THE CHECKPOINTS IN THE WEST BANK AND THE SECURITY FENCE

Once the Palestinians have proven their ability to effectively contain the terror threat in the West Bank, Israel will be able to alter the security measures taken in the area, which include various means of monitoring Palestinian movement. The PA government can help speed up this process by taking more assertive steps to combat and confront terror infrastructure.

75. The Agreement on Movement and Access introduced the procedures for open movement to and within the West Bank and the Gaza Strip. The Israeli, Palestinian and international parties committed to the Agreement share the belief that the promotion of peaceful economic development and improvement of the humanitarian situation on the ground are vital for successful progress in the diplomatic process. Additionally, the Agreement clearly and repeatedly stipulates that “It is understood that security is a prime and continuing concern for Israel,”⁶⁹ and any implementation is dependent upon the fulfilment of these assurances.

76. Since the finalisation of the Agreement in November 2005, important events have altered the political, military and diplomatic reality in the region, which must be taken into account when assessing its implementation. These are:

77. Hamas's victory in the January 2006 elections for the Palestinian Legislative Council (PLC) and the movement's refusal to back away from its support of violence and terror; and

78. The international community upholding its commitment to isolate Hamas.

79. This new situation significantly reduced Israel's ability to proceed with the implementation of the Agreement, and increased the need for heightened security measures.

80. Following Hamas's violent seizure of control in the Gaza Strip in June 2007, the international community has reviewed its policy regarding its relations to the Palestinian leadership. The international community now makes clear distinctions between the Hamas-controlled Gaza Strip and the West Bank under the leadership of PA Chairman Abbas.⁷⁰

81. In accordance with this new international policy, and as a result of increased security threats from the Gaza Strip, Israel has reinforced security measures in the border crossings into the Strip. This has affected the free flow of produce and trade in and out of the Gaza Strip, yet Israel remains committed to its policy of facilitating the transfer of food, medical supplies, and humanitarian assistance to Palestinians in the Strip.

82. This change in policy does not breach Israel's commitments made in the Agreement on Movement and Access. The Agreement stipulates that border crossings will be jointly monitored by Palestinian forces and representatives of the Quartet. All of these monitoring forces have ceased their activity since June 2007, which requires adequate changes to be made on the Israeli side as well.

83. The Agreement on Movement and Access must be reconsidered in light of the complex political situation on the ground and the de facto division between the Gaza Strip and the West Bank.

84. Talks to reach a new agreement on the management and monitoring of crossings into the Gaza Strip have been taking place under Egyptian auspices. This process will have to reinstall security measures and a full Palestinian commitment to take an active part in preventing any misuse of the crossing for hostile activities and for the strengthening of terror infrastructure. A firm mechanism of monitoring must be put in place to provide assurances that all sides are fully implementing their responsibilities.

85. Egypt will continue to play a fundamental role in establishing new procedures of passage and movement to and from the Gaza Strip. Since Hamas forces breached the border barrier between the Gaza Strip and the Egyptian-controlled Sinai Peninsula, Egypt has stepped up its involvement in the negotiations over the Gaza Strip border crossings and will continue to do so in the foreseeable future.

86. Egypt's involvement has been positively received by Israel's leadership and close contacts between Jerusalem and Cairo will continue until an adequate balance is found to reconcile the need for open movement of goods and people to and from the Gaza Strip with proper security measures.⁷¹

⁶⁸ Interview with Israeli military expert

⁶⁹ Agreement on Movement and Access, 15 November 2005, p.2

⁷⁰ “US to lift sanctions on new Abbas government” Reuters, 17 June 2007

⁷¹ “Press spotlights Egypt's role in Gaza”, BBC Online, 24 January 2008

87. Since 14 June 2007, the Hamas-led administration has been replaced by a government under the premiership of Salam Fayyad. The new government has expressed its obligation to the negotiation process with Israel and has stated its rejection of violence.

88. The introduction of a new Palestinian leadership paved the way for renewed negotiations between Israel and the Palestinians. One of the key issues in the negotiations has been the easing of travel restrictions in the West Bank. Section 4 of the Agreement on Movement and Access states: "Consistent with Israel's security needs, to facilitate movement of people and goods within the West Bank and to minimise disruption to Palestinian lives."

89. Israel remains committed to the language of the Agreement: any easing of travel restrictions in the West Bank must be subject to assurances that these will not bring about increased security threats.

90. For this condition to be addressed, Palestinian security forces must be able successfully to confront existing terror infrastructure and prevent its reinforcement in the future.

91. This is not, and cannot be, a short-term process. Since November 2007, Palestinian forces have taken policing responsibilities in the West Bank city of Nablus⁷², and recent reports indicate that similar steps will be taken in other West Bank cities.⁷³ Israel has recurrently stated its commitment to continue to support the gradual deployment of Palestinian forces in the West Bank.

92. Once the Palestinians have proven their ability to effectively contain the terror threat in the West Bank, Israel will be able to alter the security measures taken in the area, which include various means of monitoring Palestinian movement.

93. The PA government can help speed up this process by taking more assertive steps to combat and confront terror infrastructure. Specifically, the Palestinian leadership has to ensure that the legal procedures against those involved in terror are thorough and systematic, including a comprehensive process of prosecution and punishment. Partial execution of firm legal action sends a message of ambivalent consent to acts of violence, and hinders the prospects of further changes on the ground.

Memorandum submitted by MachsomWatch

1. OBJECTIVE

Machsom is Hebrew for "barrier" or "checkpoint." MachsomWatch is a voluntary organisation founded in January 2001 (shortly after the outbreak of the Second Intifada), by three Israeli women in response to recurring reports of abuse of Palestinians by Israeli soldiers at military checkpoints. Made up solely of women, who now number 300, all Israelis, most of whom have never previously been involved in human rights activism -- the goals of MachsomWatch are to protect Palestinians' human rights in the Occupied Palestinian Territories (OPT) and to end the Occupation. The immediate objectives are to monitor Palestinian freedom of movement and soldiers' behaviour at military checkpoints, to safeguard Palestinian human rights and to document and emphasise the deleterious effect of the Occupation on the future of Israeli society. By maintaining a constant presence at West Bank checkpoints, MachsomWatch helps Palestinians see that their humanity is shared with a group of committed Israeli women and endeavours to show the Israeli public the damage the Occupation does to the overall society.

2. TARGET GROUPS

The primary target group of MachsomWatch activity in the OPT is the thousands of Palestinians whose daily lives are impeded by checkpoints, by unpredictable army orders, by the bureaucratic structure of the army's District Coordinating Office (DCO) and by the construction of the separation barrier between Israel and the Palestinian Authority. A second target group is the citizens of Israel. The women of MachsomWatch are aware of the need for their fellow citizens to see what really goes on so close to their own homes. The group of women, from different backgrounds, but all equally committed to human rights, observe, report and document violations of such rights in the OPT, attempt to prevent violations, and to intervene in cases of gross breach. Working on behalf of Palestinian freedom of movement within their own territories, they are showing a different, peace-seeking Israeli "face" to the Palestinians. To Israeli society, the women demonstrate a unique and original bent to promoting the rights of "others," bringing home to their own, democratic Israeli society, the horrors of occupation. MachsomWatchers prompt the soldiers posted at checkpoints to remember that the "other" is human too, and that universal principles of human rights have to be observed. The women's work towards "ending the Occupation and the checkpoints" has relevance both for the future of Palestinian society and for the amelioration of the far-reaching and corrosive impact of the Occupation on Israeli society.

⁷² "Palestinian Authority Sends Police Force to Volatile West Bank City", Global Security, 22 November 2007

⁷³ "Israel to allow deployment of 600 Palestinian police in West Bank," Global Security, 25 March 2008

3. BACKGROUND

For the past seven years, MachsomWatch women have willingly placed themselves in the volatile military zones of the OPT and have almost certainly reduced the aggressive behaviour of soldiers at checkpoints. Many of the women are not only the age of the mothers, or even grandmothers, of the soldiers, but sometimes are in fact mothers or grandmothers of young men and women in service, and determined to instill in their children the lessons of respect for “the other.” Other women are mothers or grandmothers of young men and women in jail for refusing to serve in the army, particularly in the OPT! The women are opposed to the very presence of checkpoints, and to the occupation of Palestinian territory. Their presence at checkpoints, as agents of peace, has unquestionably had a profound effect on both Palestinian and Israeli society. The women are another face of Israel, for the Palestinians, who otherwise see only settlers and soldiers. The inherent dignity of every human being is first and foremost in the minds and actions of MachsomWatch women in their approach to soldiers and Palestinians. In seeking to alleviate the Palestinian suffering, they also inform the Israeli public about the brutality of the military rule.

4. WHAT WE DO

4.1 Checkpoint Monitoring Each day: two shifts—morning and afternoon—go to some 30 checkpoints, most within the West Bank, some on the seam line between Israel and Palestine. Each shift files a report which is posted on MachsomWatch’s web page in Hebrew and English (all activities—monitoring, documenting, translating, editing and reporting daily after each shift; weekly and monthly digests; web-site design and maintenance; scheduling, fundraising, and administrative work—are carried out by the members on a volunteer basis; there is no MachsomWatch office, just an official address).

4.2 Reporting and Disseminating Information: One group of volunteers uploads daily (3,000 per year, or 10 a day), weekly and monthly reports for each checkpoint on the internet site: www.MachsomWatch.org. Another team summarises monthly digests which are translated and circulated in approximately 230 copies (100 e-mail list and 130 fax); 200 copies of a weekly digest are translated and mailed in English. The monthly digests are circulated to senior Israeli army officers, Knesset members, Supreme Court justices, the State Comptroller, journalists, other human rights organisations, and posted on the web site.

4.3 A team of MachsomWatch women writing letters of complaint to the military authorities, usually about events witnessed at checkpoints. Partly because these letters, in the hundreds, are rarely acknowledged or replied to, it has become more usual recently to write directly to the Minister of Defense with copies to Knesset members.

4.4 Emanating from checkpoint monitoring, an MachsomWatch team focuses on Menuel Shabak—Palestinians blacklisted by the General Security Service—of whom there are 180,000, who very often do not know why they are on the blacklist. This blacklisting prevents passage at any checkpoint, thereby confining the Palestinian subject to his own village or home. Nearly 2,000 letters of complaint were submitted in the recent year, appealing against denial of a variety of transit and work permits, and requesting removal of people from the “blacklist.” The rate of success was about 25%, although 35% of the cases were, in fact, handled by the authorities.

4.5 Another team deals with complaints to the various police authorities about “lost” and confiscated identity documents and passes, and lack of service received by Palestinians. Until July 2007, police stations where Palestinians were to pay traffic and other fines were inaccessible due to their location behind the Green Line (frontier between Israel and Palestine). Perhaps because of MachsomWatch stressing this “catch-22” situation, police payments service is now supposedly given in the DCO offices of the Civil Administration—though the police are often not there at the specified times!

4.6 Protest letters are also sent concerning farmers who live behind the separation barrier, whose lands are now “trapped” between the Green Line and the Seam Line separation barrier. These letters of complaint include lists of people denied permits to work their land (individual appeals are also sent). Such letters are directed to the Head of the Civil Administration and the Legal Advisor of the West Bank, and copied to Ministry of Defense officials, the Legal Adviser to the government, the State Comptroller, human rights organisations, Knesset members, etc.

4.7 Besides observing at checkpoints, a team of women also observe in the military courts, document their observations in the same way as checkpoint monitoring. Written reports of each shift are translated from Hebrew to English and vice versa and posted on the MachsomWatch newly revised and upgraded Internet site, www.MachsomWatch.org.

4.8 Still photography and videos are also used as documentation and posted on the Internet. A monthly bulletin, called “*MachsomWatch Alerts*” summarises and highlights monthly activities and is distributed widely in Israel and abroad

5. CONCLUSIONS FROM 2007–08

5.1 Restriction of freedom of movement (with its effect on employment, education, health, social services and family visits) continues to be the main problem for Palestinians in the West Bank OPT. Events like Annapolis or the Paris donor conference have no impact at all on facts on the ground. In October 2007, the UN OCHA agency reported a total of 561 barriers or obstructions (an increase from 528 in November 2006), over 30 permanent military checkpoints, plus innumerable trenches, physical obstacles, earth mounds and “rolling” or temporary road blocks. Yet, throughout the recent year, numerous promises (mostly to the United States government) were made to reduce the number of fixed physical barriers placed by the army to control and restrict pedestrian and vehicular traffic and regulate movement between towns and villages. None of these promises were kept.

5.2 The “overlordship” of the OPT is further exacerbated by an endless number of unpredictable, ever changing army orders, the bureaucratic structure of the army’s DCO, the continuing construction of the separation barrier and the persistent violence of Israeli settlers, inevitably free of police or military intervention. Daily life for Palestinians becomes ever more problematic. MachsomWatch human rights lawyers’ services are much in demand to help in issues encountered by individual women at the checkpoints or in crossing the West Bank. MachsomWatch women are more and more questioned about standing at checkpoints or told where they may stand (often in on the spot rulings made by a soldier, though army higher ups and legal counsel insist that there may be no such restrictions).

5.3 Most of the Israeli public clearly wishes to remain in the dark about the day to day trials and tribulations of Palestinians desirous of nothing more than going about their lives. MachsomWatch will continue to try to shape Israeli public opinion, and influence decision-makers.

March 2008

Memorandum submitted by NGO Monitor

NGO Monitor was founded to promote critical debate and accountability of organizations that claim to encourage universal human rights and provide humanitarian assistance in the Arab-Israeli conflict zone. Our objective is to publish detailed analyses and reports on the activities of the NGO community, for the benefit of policy makers, journalists, philanthropic organizations and the general public. NGO Monitor has over 11,000 subscribers to its weekly reports and monthly digests, and averages over 700 daily unique visits on its website.

As a follow up to its submission dated October 12, 2006, NGO Monitor (www.ngo-monitor.org) presents this updated report to the International Development Committee Inquiry on the “Humanitarian and Development situation in the Occupied Palestinian Territories.”⁷⁴

SUMMARY OF NGO MONITOR’S SUBMISSION

International Development NGOs are playing an increasingly visible and large-scale interventionist role in complex conflicts with humanitarian implications, such as the one between Israel and the Palestinians. Some of these NGOs, while engaged in legitimate projects to enhance civil society, reduce poverty and strengthen institutions, use development aid to pursue political goals which exacerbate conflict. Such partisan activities undermine their stated goals and those of their funding agencies, including government departments.

This report examines how funds given to three DFID-funded organizations—Christian Aid, War on Want and Oxfam-GB—ostensibly for humanitarian or development aid, are used for political campaigns which contradict DFID goals. UK policies to promote peace, “reduce how much [a] country relies on overseas aid,” and “support better Palestinian public institutions,” are undermined by activities that seek to internationally isolate Israel by referring to it as an “apartheid state,” by calls for boycotts, divestment and sanctions, and, repetition of a rejectionist Palestinian narrative which ignores key causes of conflict. This report also looks at the biased political campaigning of DFID-funded NGOs with regards to current events in Gaza. These NGOs include Oxfam-GB, CARE, Save the Children and CAFOD.

Based on this material, we discuss the urgent need for DFID to reconsider the extent to which recipient NGOs advance peace and development goals. Although NGOs are in a unique position to effectively respond to humanitarian concerns, DFID should ensure that its funds are not being used to pursue political goals that exacerbate conflict.

⁷⁴ http://www.ngo-monitor.org/data/images/File/ngomonitor_submission_parliamentary_ctteeOct122006.pdf

I. *NGO monitor mission statement*

1. The community of non-governmental organizations has become extremely powerful and influential, particularly with respect to human rights and development issues in the Arab-Israeli conflict. Their reports, campaigns and lobbying activities have a significant impact in shaping perceptions of the conflict, media accounts, and government policies.

2. Until recently, however, these NGOs, which receive significant financial support from generous donors, philanthropic institutions, and government budgets, have not themselves been subject to independent and critical analysis. NGO Monitor, therefore, was founded to promote accountability, and advance a vigorous discussion on the reports and activities of humanitarian NGOs in the framework of the Arab-Israeli conflict.

3. Unlike democratically elected governments or publicly traded companies, no systematic framework exists for holding NGOs to rigorous standards of accountability for the statements and reports they produce. In some situations, established NGOs that claim to pursue “universal humanitarian goals” enjoy immunity from detailed scrutiny or criticism. In other cases, the assumption that their motives are moral, and politically, as well as ideologically neutral, inhibits critical review.

4. The vast resources at the disposal of these self-proclaimed humanitarian NGOs allow for the production of an immense volume of reports, press releases and media interviews, turning them into primary sources for journalists, researchers, and government policy makers. NGO public pronouncement often frame the terms of public discourse and strongly influence policy formulation. In this regard, NGOs are in a dominant position in providing the supply to meet the demand for information on what Prof. Irwin Cotler has called “the new secular religion of human rights”.

5. However, as NGO Monitor has documented, established humanitarian NGOs often produce reports and launch campaigns that stand in sharp contradiction to their own mission statements claiming to uphold universal human rights values. Especially in the Arab-Israeli conflict, they regularly obscure or remove the context of terrorism, provide incomplete statistics and images, misrepresent international law and campaign on political issues that diverge from the protection of human rights.

6. Following the September 2001 UN Conference on Racism in Durban, South Africa, many humanitarian/human rights NGOs adopted a concerted strategy to undermine Israel’s legitimacy. They adopted the “Durban Strategy”, using the lexicon of human rights to equate Israel with apartheid South Africa, and incorporate inflammatory rhetoric into their reporting such as the terms “apartheid,” “ethnic cleansing,” “ghettos,” “Bantustans,” and “racist crimes.” These NGOs have also initiated boycott, sanctions and divestment (BDS) campaigns against Israel in order to isolate it from the community of states.

7. The aim of NGO Monitor is to challenge these distortions and inflammatory rhetoric by providing information and analysis. The fundamental question we seek to answer is whether NGOs are positively contributing to the protection of human rights. By doing so, NGO Monitor seeks to foster a comprehensive and intellectually honest debate on the critical issues surrounding the Arab-Israeli conflict.

8. This report updates NGO Monitor’s 12 October 2006 submission to the International Development Committee Inquiry on Development Assistance and the Occupied Palestinian Territories.⁷⁵ The earlier report described the role of NGOs that receive DFID funding in promoting conflict and undermining development goals. This submission provides recent analysis of how DFID funds have been used to advance political campaigns that do not contribute to DFID objectives.

9. We present below several representative examples of organizations that have received substantial funding from the UK, and whose activities undermine DFID goals of alleviating poverty and promoting civil society in the Palestinian Authority. These examples are by no means exclusive. We have organized this analysis around four sections:

1. An Overview of UK DFID Development Assistance to the PA Since 2006
 2. Palestinian Development Assistance: Undermining the Policy Objectives of DFID
 3. Case Studies
 - A. Christian Aid
 - B. War on Want
 - C. Oxfam (Great Britain)
 - D. DFID-funded NGOs and Gaza Campaigns
 4. Conclusion
-

⁷⁵ http://www.ngo-monitor.org/data/images/File/ngomonitor_submission_parliamentary_ctteeOct122006.pdf and <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmintdev/114/114ii.pdf>

1. AN OVERVIEW OF UK DFID DEVELOPMENT ASSISTANCE TO THE PALESTINIAN AUTHORITY SINCE 2006

10. In 2007–08, DFID provided £31.6 million to the Palestinian Authority (PA).⁷⁶ This will increase to £62 million in 2009, according to Douglas Alexander, the UK Secretary of State for International Development.⁷⁷

11. DFID funding supports a number of institutions and funding instruments within the PA including the Temporary Assistance Mechanism (TIM), support to the Quartet envoy, and private sector initiatives to support Palestinian businesses. Funds are also given to support actors within civil society, such as British NGOs, that either work in the Palestinian-Israeli theatre, or publish reports and engage in political activities dealing with conflict.

12. Major British NGOs and registered charities which currently receive funding through DFID's Partnership Programme Agreements (PPAs)⁷⁸ include Christian Aid (CA) (a six year contract in 2005 for £5 million per annum for the first three years); Oxfam (a six year contract in 2005 for £8.3 million per annum for the first three years); World Vision (a five year contract in 2006 for £3.5 million); Save the Children UK (a six year contract in 2005 worth £6.4 million per annum for the first three years); CARE (a six year contract in 2005 worth £3.25 million per annum for the first three years); and CAFOD (a six year contract in 2005 worth £3.7 million per annum for the first three years). These PPAs last an average of three to five years and "funding is unrestricted, which means that [DFID] do not require partners to account for the expenditure in their accounts. Neither do [they] 'stipulate' how the funds are spent or allocated by the partners in support of their strategic programmes."⁷⁹ War on Want also received over £250,000 from DFID in 2007, apparently not via a PPA. In this regard, although some NGOs were not directly funded to execute programs in the PA, their campaigning on the Israeli-Palestinian conflict and participation in political activities are given legitimacy and indirect support by DFID (money is fungible so grants for other projects inevitably free up money for use elsewhere.)

13. The political campaigning of various DFID funded NGOs continues to work against DFID's goals of reducing poverty and advancing development. DFID's policy, which seeks "to support better Palestinian public institutions", also continues to be eroded by CA, War on Want and their partners which rarely criticize Palestinian institutions and behavior and focus predominantly on Israel's responsibility.⁸⁰

14. DFID's objective of "reduc[ing] how much [a] country relies on overseas aid,"⁸¹ also continues to be compromised by NGOs which consistently ignore Palestinian behavior and the role of Palestinian institutions' contribution to the conflict. As Don Habibi writes in the *Journal of Human Rights* (2007),

"The claim of holding Israel to a higher standard . . . insinuates that its adversaries are less developed politically and morally, as if this excuses their transgressions on human rights. It implies that Arabs and Muslims are not accountable to the same universal principles—that they are not equals. It suggests that they are either backwards, immature, or uncivilized—and thus not responsible for their actions."⁸²

If international organizations continually deny the Palestinians agency and responsibility for change, there are grim prospects for weaning them off overseas aid. Furthermore, such double standards underline the highly partisan approach of many NGOs to this conflict zone, and reveal a failure to demand basic prerequisites for peace from the Palestinians, such as a rejection of violence.

2. PALESTINIAN DEVELOPMENT ASSISTANCE: UNDERMINING THE POLICY OBJECTIVES OF DFID

15. This section examines the activities of CA, War on Want and Oxfam (GB), since 2006. Attention is also given to the recent campaigning of DFID-funded NGOs regarding Israeli policy in Gaza. Funds ostensibly given to support development projects that strengthen Palestinian institutions and promote a two-state solution continue to be diverted towards political campaigning. Such projects directly contradict the funding guidelines of the UK and fail to address the fundamental objective for which they were granted: the reduction of poverty. These examples are representative and by no means exclusive.

⁷⁶ <http://www.dfid.gov.uk/countries/asia/palestine2.asp>

⁷⁷ <http://www.dfid.gov.uk/news/files/Pressreleases/donor-supporty-palestinian.asp>

⁷⁸ <http://www.dfid.gov.uk/aboutdfid/dfidwork/ppas/partnerprogagreements.asp>

⁷⁹ <http://ngo-monitor.org/article.php?id=795> [This description was later removed from the DFID website]

⁸⁰ www.dfid.gov.uk/pubs/files/palestinian-prog-brochure.pdf

⁸¹ <http://www.dfid.gov.uk/aboutdfid>

⁸² Habibi, Don. "Human Rights and Politicized Human Rights: A Utilitarian Critique." *Journal of Human Rights* Vol. 6 (2007).

3. CASE STUDIES

A. *Christian Aid (CA)*

16. CA has received £18.6 million from DFID since 2001 and in 2007 received over £5 million.⁸³ The current PPA between CA and DFID expires in 2011.⁸⁴ Although these funds were not specifically targeted for work in the Palestinian Authority, money is fungible, and DFID support for CA enhances its credibility.

17. Despite CA's substantive global development work, it continues to advance a partisan narrative of the Arab-Israeli conflict by making unsubstantiated claims against Israel, distorting international law and failing to criticize Palestinian institutions and violence for their contribution to the conflict.

18. Examples of CA's highly partisan campaigns are:

19. CA continues to repeat claims by unreliable sources that promote boycott, divestment and sanctions (BDS) campaigns against Israel. In June 2007, CA published a report entitled *Israel & Palestine: a Question of Viability* and includes claims by the Palestinian NGO Network and the Palestinian Center for Human Rights. Both of these organizations are major supporters of BDS including the academic boycott of Israel and "the imposition of comprehensive arms, oil, economic and trade sanctions and embargoes (with the exception of medical food and other humanitarian supplies), the downgrading or suspension of diplomatic relations", with Israel.⁸⁵ This report also includes claims made by Al-Haq—an active participant in the 2001 Durban Conference.

20. This report also continues CA's practice of exculpating Palestinian behavior. A section entitled "The maths of occupation," makes no mention of terror attacks, and is limited to giving a body count of Palestinian and Israelis killed since 2000. While both Israeli civilians and Israeli security personnel are listed, no distinction is made between Palestinian civilians and Palestinians terrorists.

21. CA's 2007 campaign on Gaza repeats Palestinian arguments while making fallacious claims against Israel. In a section of its website entitled "End Palestinian Isolation", (accessed in January 2008), CA repeats biased claims that the humanitarian situation in Gaza is the result of the "siege-like conditions imposed by Israel", without any critical analysis of Palestinian accountability.⁸⁶ The report even alleges that the collapse of the Palestinian unity government and the fighting between Hamas and Fatah is the "predictable result of prolonged Israeli blockade and political isolation by the international community."⁸⁷ Hamas' radical ideology, internal Palestinian human rights abuses, corruption, and terror attacks against Israeli civilians are entirely missing. Similarly, in its criticism of Israeli policy in Gaza, the use of human shields by terror elements is regularly ignored.

22. CA continues to make false claims against Israel while minimizing Palestinian behavior. On 6 March 2008 CA joined with other UK NGOs to issue a report criticizing Israel's policy on Gaza.⁸⁸ Evidence provided by the NGOs proved to be factually incorrect,⁸⁹ contradicting the data and reports of organizations such as the World Bank and the World Health Organization.⁹⁰ This report also failed to report evidence that Hamas has deliberately exacerbated the humanitarian situation in order to create pressure on Israel,⁹¹ and had stolen humanitarian aid. The German news agency Deutsche Presse Agentur reported 7 February 2008, "[a]t least 10 trucks with humanitarian aid sent to the Gaza Strip by the Jordanian Red Crescent Society were confiscated by Hamas police shortly after the lorries entered the territory,"⁹² a

⁸³ http://www.christianaid.org.uk/Images/69533%20-%20AN_rept0607_BWversion%20lores.pdf

⁸⁴ <http://www.dfid.gov.uk/aboutdfid/dfidwork/ppas/christianaid-ppa.asp>

⁸⁵ Report_BDS_Conference_Ramallah_22-11-07_.pdf; and

⁸⁶ "End Palestinian Isolation." CA. Accessed 6 January 2008

http://www.christianaid.org.uk/stoppoverty/conflict/stories/End_isolation.aspx

⁸⁷ "End Palestinian Isolation." CA. Accessed 14 February 2008

http://www.christianaid.org.uk/stoppoverty/conflict/stories/End_isolation.aspx

⁸⁸ <http://my.ynet.co.il/pic/news/5.3.08/embargoedGazalowsreswithout.pdf>

⁸⁹ See "NGOs Use False Claims on Humanitarian Conditions in Gaza," NGO Monitor, March 06, 2008, http://www.ngo-monitor.org/article/ngo_monitor_ngos_use_false_claims_on_humanitarian_conditions_in_gaza

⁹⁰ The NGO report claims that "The Israeli government prevents the repair and maintenance of the electricity and water service infrastructure in Gaza by prohibiting the import of spare parts". In contrast, a December 17 World Bank report describes how Israel allowed parts through specifically for this purpose (page 23): "as a result of coordination with Israel . . . work [on the lake] . . . is expected to be completed by March."

"According to the World Health Organization, the proportion of patients given permits to exit Gaza for medical care decreased from 89.3% in January 2007 to 64.3% in December 2007, an unprecedented low." This claim is inconsistent with a WHO report that permissions and referrals to Israeli specialty medical services, increased by 45% from 4,934 in 2006 to 7,176 in 2007, with approval rates of some 82% of all requests during 2007.

<http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/294264-1166525851073/ParisconferencepaperDec17.pdf>

⁹¹ "Timing a power blackout (they [Hamas] threw the switch themselves) to coincide with the evening news," Terror in Gaza: Eight months since the Hamas takeover, February 14, 2008, Ministry Foreign Affairs. See <http://www.mfa.gov.il/MFA/Terrorism-+Obstacle+to+Peace/Palestinian+terror+since+2000/Terror+in+Gaza-+Two+months+since+the+Hamas+takeover+16-Aug-2007.htm>

⁹² <http://www.reliefweb.int/rw/rwb.nsf/db900SID/MMAH-7BM8XT?OpenDocument>

further news report added that the aid was “unloaded in Hamas ministry warehouses”, and that a similar seizure took place in January 2008.⁹³ The report accuses Israel of “collective punishment” while maintaining that restrictions on imports to Gaza are “illegal.” CA fails to acknowledge that “Article 23 of the Fourth Geneva Convention . . . only requires Israel to permit passage of food, clothing, and medicines intended for children under 15, expectant mothers, and maternity cases.” CA also fails to recognize that Israel continues to supply Gaza with critical humanitarian supplies.

23. CA not only failed to condemn a suicide bombing which killed one woman and injured thirty eight civilians in the Israeli city of Dimona on 4 February 2008 but issued a press release the following day⁹⁴, which ignored that attack and accused Israel of “collective punishment.” Yet despite Gaza’s dependence on foreign supplies of electricity and oil, Israel is under no legal obligation to provide for the entire Gazan population. Although many NGOs argue that Israel is still the occupying authority of Gaza based on its control of Gaza’s airspace, as noted by international law professor Avi Bell, “There is no precedent that creates legal duties on the basis of a former military administration . . . Furthermore, control of airspace does not create a legal duty to supply goods either. For instance, UN Security Council-ordered no-fly zones in Iraq and Libya were not seen as the source of any legal duty to supply those countries with electricity, water, or other goods.”⁹⁵

24. Notwithstanding their global development work, the aim of CA’s campaigns and publications regarding the Israeli-Palestinian conflict is to reinforce the image of Israel as the aggressor and the Palestinians as victims, while minimizing the role of Palestinian terror, violence and corruption, and manipulating the language of international law to demonize Israel.

B. *War on Want*

25. War on Want (WoW) is a UK registered charity which received £300,006 from DFID in 2006 and £258,689 in 2007, according to War on Want’s most recent financial statements.⁹⁶ Although these funds were not directly allocated for activities in the PA, War on Want is active in advancing political campaigns regarding the Israeli-Palestinian conflict.

26. According to its mission statement, WoW “fights poverty in developing countries in partnership and solidarity with people affected by globalization . . . campaign for workers’ rights and against the root causes of global poverty, inequality and injustice.”⁹⁷ Despite a number of complaints regarding biased political campaigning that is inconsistent with these goals, and subsequent investigations by the UK Charity Commission, War on Want makes no secret of its pursuit of partisan objectives, evident in the fallacious and demonizing claims it makes against Israel, such as the identification of Israel as the new Apartheid South Africa. War on Want was also a participant in the February 2008 “Israeli Apartheid Week”, which included assemblies, seminars and other events promoting efforts at “isolat[ing] the Israeli apartheid regime.”⁹⁸

27. Elsewhere in the world, War on Want implements numerous humanitarian aid programs, but its role in Palestinian issues appears to go primarily to political campaigning. The following examples demonstrate War on Want’s highly biased approach, which distorts the conflict, denies Palestinian responsibility and undermines UK development goals:

28. In 2006, War on Want initiated a major campaign entitled “Profiting from the Occupation: Corporate complicity in Israel’s crimes against the Palestinian people”,⁹⁹ advocating boycotts and divestment from corporations which sell goods made in the West Bank and the Golan Heights or which have carried out business with the Israeli government in those areas. (This is a clear expression of the Durban Strategy, intended to isolate and delegitimize Israel in the international community.

29. In July/August 2006, War on Want joined with the Palestine Solidarity Campaign to promote a letter writing campaign to UK Foreign Secretary Margaret Beckett.¹⁰⁰ The letter laments Israel’s “assault” and “collective punishment” of the Palestinians, but ignores the reason for the IDF operation—the Palestinian cross-border attack that resulted in the death of two Israeli soldiers and the kidnapping of Gilad Shalit. It demands that the UK restore aid to the Palestinian Authority, but makes no mention of continued attacks on border crossings, or that aid has been withheld due to Hamas’ refusal to renounce violence or recognize Israel. This is but one example of War on Want’s exculpation of Palestinian behavior.¹⁰¹

⁹³ <http://www.ynetnews.com/articles/0,7340,L-3504227,00.html>

⁹⁴ Original release found at

http://www.christianaid.org.uk/pressoffice/pressreleases/Gaza_blockade_set_to_worsen_after_court_ruling.aspx.

This was later removed. Similar statement found at http://www.christian-aid.ie/ireland/stories/call_for_action.aspx

⁹⁵ http://jcpa.org/JCPA/Templates/ShowPage.asp?DRIT=1&DBID=1&LNGID=1&TMID=111&FID=443&PID=0&IID=2037&TTL=Is_Israel_Bound_by_International_Law_to_Supply_Uilities,_Goods,_and_Services_to_Gaza?

⁹⁶ http://ngo-monitor.org/digest_info.php?id=1713; and www.waronwant.org/download.php?id=664

⁹⁷ <http://www.waronwant.org/About%20Us+10631.twl>

⁹⁸ http://ngo-monitor.org/article/ngos_promote_israeli_apartheid_week_

⁹⁹ <http://www.waronwant.org/publications/Profiting%20from%20the%20occupation.html>

¹⁰⁰ <http://www.waronwant.org/?lid=12721>

¹⁰¹ http://ngo-monitor.org/article/war_on_want_wages_war_on_israel_update_

30. War on Want's 2006 submission to the UK International Development Parliamentary Committee describes the Separation Barrier as a "land grab" intended to "make Palestinian lives more miserable." Such rhetoric fails to acknowledge the reduction in terror attacks following the construction of the barrier.¹⁰² War on Want claimed the disengagement from Gaza "left all decisions of national sovereignty in the hands of the Israeli Government," and "gave [Israel] carte blanche to re-invade at will."¹⁰³ These distortions ignore the free and fair elections in Gaza following disengagement, and that any state has the theoretical option to invade its neighbor in the case of a legitimate security threat. War on Want also blames Palestinian poverty solely on the "Occupation," ignoring Palestinian terrorism, internal violence and corruption.¹⁰⁴

31. War on Want has a history of promoting traditional anti-Semitic libels (such as "poisoning the wells") in repeating unsupported allegations that the IDF targets Palestinian water sources as a "punitive and discriminatory tool".¹⁰⁵ Most recently, its 2006 and 2007 Christmas card campaigns echo the anti-Semitic blood libel of deicide.¹⁰⁶ One of three cards sold on War on Want's website portrays Joseph and a pregnant Mary being searched by Israeli soldiers against the Separation Barrier outside of Bethlehem.¹⁰⁷ In this image, War on Want is explicitly connecting the suffering of Palestinians with that of Jesus. The card further implies that Israel is intentionally persecuting Palestinian Christians, diverting attention from the ongoing oppression of Christians under the PA.¹⁰⁸

32. War on Want's political activities have led to investigations from the UK's Charity Commission on grounds that their activities did not achieve their stated goals of poverty reduction. In August 2005, the Charity Commission warned War on Want that its political activities must demonstrate "a reasonable expectation" that they would further its "charitable purposes."¹⁰⁹ The Charity Commission began another investigation into War on Want's political activities in July 2006 responding specifically to a complaint about the "Profiting from the Occupation" conference.¹¹⁰ This conference featured Reverend Stephen Sizer, patron of UK friends of Sabeel a major advocate of divestment, Jeff Halper, the Director of the radical NGO Israeli Committee Against House Demolitions, and Mustafa Barghouti, a Palestinian legislator and former presidential candidate.¹¹¹ In response to an NGO Monitor inquiry on the investigation's progress, the Commission stated that the "issues are now being considered at a senior level . . . to determine what action, if any, it is appropriate for the Commission to take."¹¹²

33. British MP's have also condemned War on Want's campaigns on Israel and have called for investigations into the charity. In August 2007, members of both the Labour and Conservative parties condemned War on Want's document entitled "a guide for boycott, divestment and sanctions" which suggests that the boycott movement needs to "gain greater popular support" in order "to grow into a truly global movement".¹¹³

C. Oxfam (GB)

34. In 2005, Oxfam (GB) received a six year contract from DFID for £8.3 million per annum for the first three years (funding for the last three years of the arrangement will be agreed in due course¹¹⁴). The PPA signed between DFID and Oxfam outlines three strategic areas of collaboration: "creating the conditions and opportunities for people living in poverty to achieve a sustainable livelihood; strengthening the voice of poor and marginalized people in decision-making; and supporting young people to become an informed and competent constituency for pro-poor change."¹¹⁵ Some of Oxfam's projects in the Palestinian Authority indeed address these strategic areas, including projects in the sectors of water, sanitation, food security, public health and women's and children's empowerment.¹¹⁶ Oxfam believes in a "two-state solution" and that "Israel's occupation of the Palestinian territories over 40 years should be ended as one essential step towards peace and to alleviate the humanitarian crisis."¹¹⁷

35. Despite Oxfam GB's substantive humanitarian projects, the NGO also proffers a highly partisan interpretation of the conflict, bizarrely inverting aggressor and defender in a February 2008 article that stated, "we must be clear that the plight of the people of Sderot, facing a daily barrage of rockets from Gaza will not end, unless Israel too stops its blockade and military attacks."¹¹⁸ Oxfam also partners with NGOs that support BDS and places little emphasis on Palestinian behavior and responsibility.¹¹⁹

¹⁰² http://www.defenddemocracy.org/publications/publications_show.htm?doc_id=231602

¹⁰³ <http://www.waronwant.org/>

Development + Assistance + and + the + Occupied + Palestinian + Territories + 2006 + 13123.twl

¹⁰⁴ <http://www.waronwant.org/Palestine + Campaign + 10004.twl>

¹⁰⁵ <http://www.waronwant.org/?lid=4207>

¹⁰⁶ <http://www.waronwant.org/Christmas + Cards + 13367.twl>

¹⁰⁷ <http://www.waronwant.org/Christmas + Cards + - + Mary + and + Joseph + 13386.twl>

¹⁰⁸ <http://www.jcpa.org/christian-persecution.htm>

¹⁰⁹ http://www.ngo-monitor.org/article/_warning_to_charity_

¹¹⁰ <http://www.ngo-monitor.org/article/>

correspondence_between_an_anonymous_individual_and_the_u_k_charity_commission_regarding_war_on_want_from_june_to_july_

¹¹¹ <http://www.jpost.com/servlet/Satellite?pagename=JPost%2FJPArticle%2FShowFull&cid=1150885919939>

¹¹² http://ngo-monitor.org/article/war_on_want_wages_war_on_israel_update_

¹¹³ <http://www.thejcc.com/home.aspx?ParentId=m11&SecId=11&AId=54873&ATypeId=1>

¹¹⁴ <http://www.dfid.gov.uk/aboutdfid/dfidwork/ppas/oxfam-ppa.asp>

¹¹⁵ <http://www.dfid.gov.uk/pubs/files/oxfam-ppa-2005.pdf>

¹¹⁶ http://www.oxfam.org.uk/resources/countries/palterr_israel.html#civil_society

¹¹⁷ http://www.oxfam.org.uk/resources/countries/palterr_israel.html#civil_society

¹¹⁸ http://www.oxfam.org.uk/resources/countries/palterr_israel_state_shame.html

¹¹⁹ http://www.oxfam.org.uk/resources/countries/palterr_israel_state_shame.html

36. The following are the most recent examples of Oxfam's political campaigning. They are a sample and are by no means comprehensive:

37. Oxfam's President Barbara Stocking distorts both facts and international law. In January 2008, she wrote that Israel was "considering cutting off all supplies to 1.5 million already impoverished people" claiming this would constitute collective punishment.¹²⁰ Not only has Israel continued to supply Gaza¹²¹, but as mentioned before, Israel's soft blockade of Gaza does not constitute collective punishment under international law.¹²² Oxfam has also made false claims that Israel's policy in Gaza threatened the progress of infrastructure projects, despite reports from the World Bank which argue otherwise.¹²³

38. Oxfam consistently fails to criticize Palestinian group Islamic Jihad's use of human shields when carrying out attacks against Israel.¹²⁴

39. Oxfam partners with the Palestinian Center for Human Rights (also a CA partner), an NGO that has depicted terrorism as "resistance" and has supported political, economic, and academic boycotts against Israel.¹²⁵ PCHR has accused Israel of apartheid in its coverage of Israeli policy in Gaza and referred to the abduction of Gilad Shalit and attack against an IDF outpost at Kerem Shalom as "resistance".¹²⁶

D. DFID-funded NGOs and Gaza Campaigns

40. Since 28 October 2007, when Israel decided to respond to daily rocket attacks (in 2008, the average is more than 200 per month¹²⁷) by reducing supplies to Gaza, many UK-funded NGOs have participated in a campaign to undermine Israel's right to self defense.¹²⁸ On 6 March DFID-funded NGOs including Oxfam, CARE, Save the Children and CAFOD issued a report criticizing Israel's policy on Gaza.¹²⁹ Replete with factual inaccuracies, and unfounded accusations of violations of international law, this political statement minimizes Israeli security concerns and ignores Palestinian responsibility for the humanitarian situation in Gaza.

41. These DFID-funded NGOs distort international law by ignoring the complex legal arguments, and concluding that Israeli policy both "constitutes a collective punishment against ordinary men, women and children" and is "illegal under international humanitarian law". They also propagate the one-sided argument that Israel is still responsible for Gaza, and "bound by their obligations under international humanitarian and human rights law to ensure the welfare of the Palestinian population." As mentioned earlier in this report, this allegation is highly disputed in international law.

42. The report also fails to criticize Hamas' use of human shields in Gaza and ignores the moral distinction between indiscriminate attacks against Israeli civilians and targeted strikes against military infrastructures which result in unintentional civilian casualties. Such failure contributes to an environment where the violent and illegal acts of non-state actors are considered morally equivalent to self-defensive measures taken in response. Given DFID's commitment to protecting civilian populations in other countries it operates in, this issue should be of great concern.¹³⁰

4. CONCLUSION

43. Despite the substantive efforts that DFID-funded NGOs have made towards reducing poverty in the Palestinian Authority, a number of NGOs engage in explicitly political campaigns that undermine DFID's strategic objectives. DFID must insist on greater scrutiny, transparency and accountability to ensure that its funds are being used exclusively to advance its goals.

44. DFID's goals of "reduc[ing] how much [a] country relies on overseas aid," and "support[ing] better Palestinian public institutions" are undermined by the consistent reticence among DFID-funded NGOs to publicly criticize Palestinian behavior, including daily attacks against Israel (224 rockets, 27 February—10 March 2008)¹³¹ and use of civilians as human shields. Supporting sustainable Palestinian institutions requires actors in civil society to critique and evaluate the behavior of its citizenry, something the aforementioned DFID-funded NGOs fail to do.

¹²⁰ http://www.oxfam.org.uk/resources/countries/palterr_israel_state_shame.html

¹²¹ <http://www.mfa.gov.il/MFA/About+the+Ministry/MFA+Spokesman/2008/Supply+of+electricity+to+Gaza+continues+20-Jan-2008.htm>; and <http://www.imra.org.il/story.php3?id=38542>

¹²² http://www.jcpa.org/JCPA/Templates/ShowPage.asp?DRIT=1&DBID=1&LANGID=1&TMID=111&FID=443&PID=0&IID=2037&TTL=Is_Israel_Bound_by_International_Law_to_Supply_Uilities,_Goods,_and_Services_to_Gaza

¹²³ <http://www.ngo-monitor.org/article/2>

¹²⁴ http://www.oxfam.org.uk/applications/blogs/pressoffice/2008/01/oxfam_calls_for_an_end_to_gaza.html

¹²⁵ http://www.ngo-monitor.org/article/report_palestinian_center_for_human_rights

¹²⁶ <http://www.pchrgaza.org/files/PressR/English/2006/62-2006.htm>

¹²⁷ <http://washingtoninstitute.org/templateC05.php?CID=2728>

¹²⁸ <http://edition.cnn.com/2007/WORLD/meast/10/28/israel.gaza/index.html>;

<http://washingtoninstitute.org/templateC05.php?CID=2728>

http://www.ngo-monitor.org/article/analyzing_the_ngo_campaign_on_gaza_beyond_the_rhetoric_

¹²⁹ <http://my.ynet.co.il/pic/news/5.3.08/embargoedGazalowreswithout.pdf>

¹³⁰ <http://www.dfid.gov.uk/countries/africa/cotedivoire.asp>

¹³¹ <http://www.mfa.gov.il/MFA/Terrorism-+Obstacle+to+Peace/Palestinian+terror+since+2000/Missile+fire+from+Gaza+on+Israeli+civilian+targets+Aug+2007.htm>

45. DFID-funded NGOs also undermine its commitment towards “enhanc[ing] prospects for peace”. Campaigns supporting boycotts, divestments and sanctions, erode trust and are meant to isolate Israel from the community of nations. So too do statements referring to Israel as an “apartheid” state, which represents both a gross misunderstanding and demonization of Israel.

46. DFID-funded NGO’s also apply international law in tendentious ways, with the goal of denying Israel the right to defend its sovereign territory from indiscriminate attacks against civilians. Referring to Israeli policy in Gaza as a form of “collective punishment” achieves none of DFID’s objectives and misrepresents (and therefore erodes) the cannon of international law.¹³²

47. Given this evidence, there is an urgent need for DFID to reconsider its relationship with its NGO recipients, in terms of stricter funding guidelines, accountability, performance indicators, mechanisms to counter the fungibility of funds, and more scrutiny in what type of organizations receive support. In the Middle East, NGOs have the potential to play a useful role responding to humanitarian needs, and promoting the development of the institutions and practices necessary for a Palestinian State. But these development goals cannot be achieved while NGOs continue to focus attacks and blame on outside factors. Until these conditions are created, the NGO community, including governments and other sources of funding, should acknowledge the limitations of their work, and the extent to which funding can be used to pursue highly partisan and political goals that are irrelevant and undermine the goals of the donor government.

19 March 2008

Memorandum submitted by Oxfam

1. EXECUTIVE SUMMARY

2. The situation in the occupied Palestinian territories has taken the destructive path predicted by the International Development Select Committee in its January 2007 report; with Hamas’ return to violence and increasing factional strife leading to the division of Gaza from the West Bank.

3. In large part, Oxfam believes this is a consequence of Israel and the West’s efforts to isolate Hamas. This does not absolve Fatah, Hamas and other Palestinian groups for the increasing number of violent acts they have committed against civilians on all sides.

4. Since June 2007, Israel’s blockade of Gaza has led to shortages of key food items, rising prices of meat and other staple foods with significant impacts on the people of Gaza. The withholding of fuel supplies and spare parts may soon lead to the collapse of Gaza’s water and sanitation systems with drastic consequences for the health of the population of near one and a half million people. Already sewage has swamped the streets in several communities and around 30% of the population are without their regular supply of drinking water. Gaza’s economy has collapsed, affecting 200,000 workers, and threatening the viability of a future Palestinian state.

5. Oxfam and other agencies’ efforts to support development in Gaza have been halted by Israel’s actions. Eighty per cent of the population is dependent upon international aid, aid that has become increasingly difficult to deliver with hundreds of millions of dollars worth of projects suspended because of the closure.

6. New movement restrictions in the West Bank indicate the worrying potential for Israel to cut off the territory to imports and exports in a similar way to the current situation in Gaza. Movement restrictions are increasing in correlation with settlement expansion with 580 restrictions currently in place.

7. The international community’s response to the grave reality in both Gaza and the West Bank has been wholly inadequate. Despite a number of strong statements, the UK government should have acted more robustly, undertaking practical steps, to secure the opening of the Gaza crossing points and address settlement expansion in the West Bank.

8. The EU has also failed to stop Israel withholding fuel from Gaza’s power plant. Oxfam believes the UK and European Union must not be party to the collective punishment of Gaza’s population and have obligations as High Contracting Parties to the Geneva Convention to ensure these restrictions are removed.

9. The West’s isolation of Hamas over the past two years has failed to lead it to recognise Israel, renounce violence and support existing agreements. Arguably, the policy has been counterproductive and has led to increased violence. To protect civilians on all sides, the international community should engage with all actors including Hamas in an inclusive process.

10. An inclusive process of engagement is also needed to address the disintegration of the Palestinian polity with increased factional violence that could lead to the permanent division of the West Bank and Gaza. The peace process is unlikely to be successful unless it also addresses and includes the multiple needs of women, refugees and other groups represented within civil society.

¹³² http://www.ngo-monitor.org/article/false_claims_of_collective_punishment_in_ngo_campaigns_on_gaza

11. Oxfam would draw the Committee's attention to two critical points in relation to the role of the UK Government and in particular DFID, which are expanded upon in a separate section of this submission.

12. The UK and EU should act robustly, undertaking practical steps, to help secure the opening of the Gaza crossings and also to bring an end to settlement expansion.

13. The UK should support an inclusive political process, including the engagement of Hamas. It is vital to engage with all stakeholders to ensure civilians are protected from violence, deprivation and coercion.

14. OXFAM'S PROGRAMME IN ISRAEL AND THE OCCUPIED PALESTINIAN TERRITORIES

15. Oxfam GB has been working in the region for 50 years. We currently have offices in East Jerusalem, Nablus, Hebron and Gaza city.

16. Oxfam's work, and that of all development agencies, is severely constrained by Israel's blockade of Gaza over the past 10 months halting development projects and creating increasing humanitarian needs that we are unable to effectively address because of the closure of the crossings. Negotiating and reporting on the flow of goods and fuel into Gaza, and monitoring the impact on the population, with our partners has become a major part of our work; alongside advocacy at all levels to end the isolation of Gaza.

17. We are currently helping at least 67,000 vulnerable people in Gaza, providing 24,500 people with simple hygiene kits and public health advice aimed at stopping the spread of water borne diseases. We are also procuring 2,800 water storage tanks for around 33,000 people living in Jabalia, Gaza City and East Rafah. We are sponsoring a food voucher scheme linking 500 families in Gaza City to 120 farmers who have lost local and export markets as a consequence of the closure of the crossings.

18. In the West Bank, Oxfam's public health work concentrates on water and sanitation services to people in Area C where Israel currently refuses to allow inadequate services for Palestinians to be improved or repairs to take place. Our food security and livelihoods work helps communities improve their livestock and works with farmers to increase the quality of their olive oil so that it can be marketed internationally at the highest prices.

19. Oxfam's civil society programme works with Palestinian and Israeli organisations that are committed to reducing violence, protecting civilians and ending the illegal occupation of Palestinian territory.

20. THE HUMANITARIAN AND DEVELOPMENT SITUATION IN GAZA, INCLUDING ACCESS TO FUEL, FOOD AND HEALTH SERVICES

21. Israel remains the Occupying Power in Gaza because it maintains effective control over Gaza's land, sea and airspace, making it responsible for the civilian population under international humanitarian law.

22. Since Israeli disengagement in September 2005, Gaza's development has long been constrained by the repeated and unpredictable closure of crossing points and the fuel pipeline into Gaza.¹³³ Even before the security takeover of Gaza by Hamas in June 2007, Oxfam's partner the Coastal Municipalities Water Utility (CMWU) reported that \$500,000 of water equipment had already been delayed for over three months.¹³⁴

23. On 12 June 2007, the Israeli government closed all crossing points and briefly cut fuel supplies into Gaza.¹³⁵ Israeli military officials responsible for the crossing points told Oxfam, this was because they "had nobody to talk to on the other side," meaning that they were unwilling to facilitate movement with Hamas.¹³⁶

24. The major commercial crossing point at Karni was importing an average of 238 truckloads daily in the months before June 2007. Under the internationally backed Agreement on Movement and Access, it should be exporting 400 truckloads of goods daily.¹³⁷

25. The intensity and nature of the blockade has varied over the past 10 months. According to sources close to the Israeli government, the initial objective of the policy was to ensure, "no development, no prosperity and no humanitarian crisis", equating effectively to an economic blockade where no raw materials or productive goods are allowed into Gaza and exports are denied.¹³⁸

¹³³ See UN OCHA Graph page 42, Rt Hon Ed Balls MP and Jon Cunliffe CB, *Economic Aspects of peace in the Middle East*, HM Government, September 2007 at http://www.fco.gov.uk/resources/en/pdf/pdf19/fco_reportmepp_170907

¹³⁴ Oxfam, *The caging of Gaza*, Oxfam, Oxford (2007), http://www.oxfam.org/en/news/2007/pr070625_gaza_blockade Hamas were elected into government in January 2006. Hamas militia ousted Fatah forces from power in Gaza taking full security control.

¹³⁵ See OCHA Gaza Situation Report, 15 June 2007 at http://www.ochaopt.org/documents/OCHA_Gaza_Situation_June15.pdf

¹³⁶ The Fatah affiliated Presidential Guard had previously managed the crossings. See Michael Bailey, *Karni crossing closed, the people of Gaza must use Sufa*, 23 July 2007 at http://www.oxfam.org.uk/applications/blogs/palterr_israel/2007/07/karni_crossing_closed_the_peop.html

¹³⁷ UN OCHA Situation Report 31 July–7 August at <http://www.ochaopt.org/documents/Gaza%20Sitrep%2031Jul-7Aug07.pdf>

¹³⁸ Oxfam discussion with source close to Israeli government, July 2008. See also footnote 210, International Crisis Group Report No68, *After Gaza*, Brussels 2 August 2007 <http://www.crisisgroup.org/home/index.cfm?id=4975&l=1>

26. The Kerem Shalom and Sufa crossings were opened on 24 June 2007 to allow the import of supplies. These facilities have a much-reduced capacity to the Karni crossing. Unlike the Karni crossing they are not mechanised nor do they have the necessary x-ray facilities to enable the rapid transit of imports and exports. In July 2007, Israeli military officials told Oxfam that if they allowed industrial imports to enter, they would have to reduce the quantities of food and medicine.¹³⁹

27. On 19 September 2007, the Israeli cabinet declared Gaza a “hostile territory” agreeing cuts in fuel, electricity, and other supplies, together with restrictions on the movement of people as a direct response to rocket attacks from Gaza.¹⁴⁰ Diesel fuel cuts began on 28 October and Israel also closed the Sufa crossing on the same day.¹⁴¹ This left the Kerem Shalom crossing with a capacity of around 45 truckloads per day as the only lifeline for goods into Gaza. The World Food Programme estimates that Gaza requires 120 truckloads of imports a day to meet the essential needs of the population.

28. In March 2008, the Israeli government allowed significantly increased quantities of food and medicine to enter Gaza, some productive goods and fuel items, while severely restricting benzene for vehicles.¹⁴² Non-food items required for urgent humanitarian work, including water equipment, have continued to be denied access.¹⁴³

29. THE IMPACT OF FUEL CUTS AND RESTRICTED ACCESS FOR SPARE PARTS

30. Gaza receives 120 mega watts of electricity from Israel, 17mw from Egypt and 55mw of electricity from its own power plant.¹⁴⁴

31. Gaza does not receive sufficient electricity to meet its needs and has long faced rolling blackouts in power. To compensate for the lack of supply hospitals and the water utilities operate back up generators.

32. It is also important to recognise that Gaza does not have an electricity grid. Cuts in electricity or supplies of fuel to the power plant, cannot be addressed by transferring power from other sources nor can power be directed to particular humanitarian needs. Consequently, apparently limited cuts in fuel supply or electricity can have a much greater localised impact.

33. Gaza requires four different types of fuel to meet the population’s needs: industrial diesel for the power plant; cooking gas, ordinary diesel to run generators, emergency and commercial vehicles, and benzene for private vehicles.

34. Since December 2007, after the replacement of a transformer, Gaza’s power plant requires 3.5 million litres of fuel a week to operate, alongside reserves of 3.5 million litres.¹⁴⁵

35. When Israel limited the supply of industrial diesel after 28 October 2007, the power plant was able to maintain production using reserves until 5 January 2008 when it began cutting supply until 20 January, until the plant stopped operations, after Israel refused to provide fuel.¹⁴⁶

36. The water and sanitation infrastructure in Gaza is largely dependent upon supplies of ordinary diesel to cope with power outages. As a result of power cuts and fuel restrictions several sewage pumping stations stopped working in Gaza City on the 20 and 21 January 2008 and the area surrounding them became flooded with sewage. Oxfam staff reported visiting families whose ground floors had been inundated with sewage to knee-high level from sewage pumping station 7B. Families were trapped in their homes for 36 hours with no toilets or running water. One father told Oxfam staff he had waded through sewage to carry his sick daughter to hospital.

37. Israel is continuing to restrict urgently needed spare parts from entering Gaza. On 21 January 2008, the CMWU reported that five generators were out of action as a result of a lack of spare parts.

38. Despite the best efforts of Oxfam partner, the Coastal Municipalities Water Utility, during the past three months around 30% of the population have regularly been without their normal supply of drinking water. As of 10 April 2008, none of the 135 drinking water wells has any fuel now the sewage pumping stations have only one week’s supply. Electricity supplies are already regularly interrupted for hours on end and there is now no back up and the services will cease.

¹³⁹ See Michael Bailey, *Karni crossing closed, the people of Gaza must use Sufa*, 23 July 2007 at http://www.oxfam.org.uk/applications/blogs/palterr_israel/2007/07/karni_crossing_closed_the_peop.html

¹⁴⁰ See Israeli Ministry of Foreign Affairs, “Security cabinet declares Gaza hostile territory”, 19 September 2007, Jerusalem. See: <http://www.mfa.gov.il/MFA/Government/Communiqués/2007/Security+Cabinet+declares+Gaza+hostile+territory+19-Sep-2007.htm>

¹⁴¹ UN OCHA, *Gaza Situation Report 1–31 October 2007*, 7 November 2007 See: http://www.ochaopt.org/index.php?module=displaysection§ion_id=11&static=0&format=html&period=1:YEAR

¹⁴² See Israeli Ministry of Foreign Affairs, *Humanitarian Assistance to Gaza since 27 February escalation in terror*, 9 April 2008 <http://www.mfa.gov.il/MFA/Government/Communiqués/2008/Humanitarian+assistance+transferred+to+Gaza+4-Mar-2008.htm>

¹⁴³ IRIN, *Arab donations boost emergency aid projects*, 10 April 2007 at <http://www.irinnews.org/Report.aspx?ReportId=77664>. See also Coastal Municipalities Water Utility Press Release, 10 April 2008

¹⁴⁴ Gisha, Briefing: *Israeli High Court Decision authorizing Fuel and Electricity Cuts*, 31 January 2008 at www.gisha.org. Oxfam interviews with GEDCO official.

¹⁴⁵ Gisha, Briefing: *Israeli High Court Decision authorizing Fuel and Electricity Cuts*, 31 January 2008 at www.gisha.org. Oxfam interviews with GEDCO official

¹⁴⁶ Gisha, Briefing: *Israeli High Court Decision authorizing Fuel and Electricity Cuts*, 31 January 2008 at www.gisha.org. Oxfam interviews with GEDCO official

39. As a result of the fuel shortages, up to 60 million litres of raw or partially treated sewage is running off Gaza's coast daily.¹⁴⁷

40. Oxfam is currently predicting the total collapse of Gaza's water and sanitation systems, as the CMWU has been unable to replace most equipment for over a year.

41. *Impact on the Economy*

42. When Israel cancelled the customs code into Gaza, this was a violation of Israel's international commitments under the Paris Protocols a trade agreement of the Oslo peace process. Oxfam's Israeli partner Gisha have equated this action with the deleting of Gaza's economy from the map, halting the import and export of goods.¹⁴⁸ It has thereby effectively suspended part of the operation of the EU trade agreement with the Palestinian Authority.

43. As a small highly populated territory of 365 sq km, Gaza is dependent on the import and export of up to 10,000 items to meet its needs. Ninety-five percent of manufacturing industry requires goods from outside. Israel even refused entry for cash into Gaza for several days at the end of June 2007, causing shortages in Gazan banks and threatening TIM payments to government workers. Israeli banks also cut ties with Palestinian banks operating in Gaza. The World Food Programme estimated that over 200,000 workers have been affected.¹⁴⁹ OCHA reported that \$370 million of building projects were put on hold.¹⁵⁰ Private sector losses equate to \$500,000 a day.

44. Mohammed Al-Talabani, owner of Al-Auda biscuit factory in Gaza interviewed in July, 2007 said:

45. "While Israel is clearly responsible for the intensity of the blockade and ultimately for all that happens in Gaza as the Occupying Power, the other stakeholders Hamas, Fatah and Egypt also share responsibility for not securing the openings of the crossing points and in some instances deliberately worsening the humanitarian situation on the ground."¹⁵¹

46. OTHER CONCERNS

47. There are increasing concerns about the growing additional costs donors are facing from Israeli restrictions and the inability of the Israeli government to judge humanitarian needs or monitor the impact of its policies.

48. The World Food Programme told Oxfam that they have paid nearly \$1 million in additional transports through Sufa and Kerem Shalom crossing because they were not mechanised like the Karni crossing.¹⁵² European Commissioner Benita Ferrero-Waldner reported to the European Parliament on 10 October 2007 that the costs of shipping some relief items were now up to 40% of the cost of the aid.¹⁵³ Oxfam reported in December 2007, that projects suspended amounted to over \$200 million.¹⁵⁴ This included the building of 3,500 homes and emergency shelters by UNRWA designed to accommodate 27,000 people.

49. Israel unilaterally established a list of only 18 items it would allow into Gaza.¹⁵⁵ Oxfam believes that you cannot define a "humanitarian good." The denial of a wide range of items can have serious humanitarian consequences. Cement, for example, is required to build an urgently needed sewage treatment plant at Beit Lahia and electric motors are required to run generators for hospitals and pumps at water wells.¹⁵⁶ Oxfam and international agencies have raised concerns regarding restrictions with the Israeli government and with international donors.¹⁵⁷

¹⁴⁷ UN OCHA, Gaza Situation Report, 27 February–3 March 2008, 4 March 2008 http://www.ochaopt.org/documents/Gaza_Situation_Report_2008_02_30_Final5.pdf

¹⁴⁸ Gisha, *Commercial closure: Deleting Gaza's economy from the map*, July 2007 at www.gisha.org

¹⁴⁹ World Food Programme, "Rapid Food Security Needs Assessment in the Gaza Strip," December 2007.

¹⁵⁰ UN OCHA, Special Focus—the closure of the Gaza Strip, Humanitarian and economic consequences, Jerusalem, December 2007 at http://www.ochaopt.org/documents/Gaza_Special_Focus_December_2007.pdf

¹⁵¹ Gisha, *Commercial closure: Deleting Gaza's economy from the map*, July 2007 at www.gisha.org

¹⁵² Footnote 8 Oxfam Briefing Note: Breaking the Impasse—ending the humanitarian stranglehold on Gaza at www.oxfam.org.uk. WFP reported to Oxfam that costs relating to Kerem Shalom and Sufa crossing nearly \$1 million additional transport costs

¹⁵³ Commissioner Benita Ferrero-Waldner, *Remarks to the European Parliament on the Humanitarian Situation in Gaza*, 10 October 2007, at

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/643&format=HTML&aged=1&language=EN&guiLanguage=fr>

¹⁵⁴ Oxfam, *For aid to be effective donors need to insist Israel changes its policies*, 14 December 2007 at http://www.oxfam.org.uk/applications/blogs/pressoffice/2007/12/for_aid_to_be_effective_donors.html

¹⁵⁵ See International Crisis Group, *Ruling Palestine I: Gaza Under Hamas*, March 2008 quoting ICRC Dignity Denied 13 December 2007.

¹⁵⁶ Israel allowed cement to enter Gaza for the Beit Lahia sewage treatment plant. Blair backed project but a UN aid worker told Oxfam that at the same time Israel refused supplies of cement for UN agencies. See: <http://www.irinnews.org/report.aspx?ReportID=76829>

¹⁵⁷ Oxfam, CAFOD, Amnesty GB, Save the Children UK, Trocaire, Medecin du Monde UK, Christian Aid, Care International UK, *The Gaza Strip: A Humanitarian Implosion*, March 2008, at http://www.oxfam.org.uk/resources/policy/conflict_disasters/gaza_implosion.html

50. Despite repeated statements and commitments to the UK government by the Israeli government that it would not allow a humanitarian crisis in Gaza, Israel has no means by which to assess the impact of its policies. Moreover, claims it has made of gaining agreement from international organisations or Palestinian professionals in support of its policies appear unsubstantiated.¹⁵⁸

51. OTHER ACTORS

52. Despite protests from Fatah officials to Oxfam about the blockade, Western diplomats repeatedly identified the Palestinian Authority government as a stronger supporter of the blockade than Israel itself. It appears President Abbas failed to make a public protest about the closures until Israel declared Gaza a “hostile territory” in September 2007.¹⁵⁹ Over the past year, sources suggest a Palestinian senior minister failed to raise the situation in Gaza in private meetings with members of the international community. President Abbas ordered that tax payments should not be paid in Gaza and withheld salaries from vital service workers for going to work.

53. Hamas too is reported to have refused or diverted supplies of goods. It is also understood to have withheld supplies of fuel from reaching service providers. Its declaration of a separate weekend created many practical difficulties for public sector workers.

54. Separately, the Gazan Fuel Distributors Association has repeatedly gone on strike in protest at Israeli fuel cuts, compounding the problems facing our partner the Coastal Municipalities Water Utility.

55. Faced with the destruction of the Rafah border fence by Hamas, the Egyptian authorities made strenuous efforts to ensure Palestinians were not harmed crossing into Egypt. Under the Agreement on Movement and Access, Israel has the power to stop the Rafah border crossing from opening, by refusing to allow EUBAM monitors to oversee its operations. However, on humanitarian grounds, Egypt has on a number of occasions allowed Palestinians to enter for medical treatment or to participate in the Hajj.

56. Progress in the Middle East Peace Process since Annapolis and the Paris donor conference.

57. Despite increased diplomatic activity, attempts to revive the Middle East Peace Process are clearly failing. The peace process has become little more than a virtual process, taking place in conference rooms, detached from the daily reality on the ground. Unless this changes, especially in Gaza, the peace process is unlikely to succeed.

58. The blockade of Gaza has been counterproductive, undermining security for all. Despite pleas from the UN and others, the international community have failed to recognise that the isolation and separation of Gaza threatens to destroy the Middle East Peace Process. Opening the crossings and reconciling the Palestinian factions is a first and necessary step to secure peace.

59. Oxfam sees a worrying trend in the West Bank with increasing Israeli movement restrictions that would enable Israel to close the West Bank to trade and humanitarian supplies in a similar way to current events in Gaza.¹⁶⁰

60. Movement restrictions have intensified markedly, with 580 on 19 February 2008 compared with 472 as a monthly average in 2005.¹⁶¹ Israel’s Wall is now 57% complete.¹⁶² Restrictions appear designed to support the expansion of illegal Israeli settlements, in violation of Israel’s Road Map commitments.¹⁶³ Nearly 40% of the West Bank is off limits to Palestinians, further reducing the chances of establishing a viable Palestinian state.¹⁶⁴

61. Faced with this situation, the international community’s response has been wholly inadequate as it has failed to make the robust policy decisions needed to end settlement expansion, remove movement restrictions, and secure the opening of the crossings.

62. Oxfam was repeatedly informed from a wide range of diplomats, that they were imprisoned by the Annapolis time-table, unable to address the Gaza blockade for fear Israel would withdraw from the process. The same suggestion was widely made in our consultations about the Paris donor conference and for

¹⁵⁸ See for example, DFID, *Joint Statement from Douglas Alexander and David Miliband*, at <http://www.dfid.gov.uk/news/files/statement-gaza.asp> 30 October 2007, and Israeli government submission to Israel Supreme Court about the monitoring of the humanitarian situation in Gaza at

Gisha, Briefing: Israeli High Court Decision authorizing Fuel and Electricity Cuts, 31 January 2008 at www.gisha.org.

¹⁵⁹ Haaretz, *Hamas denounces curbs on Gaza as a declaration of war*, 19 September 2007

¹⁶⁰ UN OCHA, *Special Focus: Increasing Need: Decreasing Access*, 22 January 2008, at <http://www.ochaopt.org/documents/Commercial%20Crossings%20V5.pdf>. See also: UN OCHA, *Fact Sheet: Increasing Need, Decreasing Access: Humanitarian Access to the West Bank*, Sept 2007 at <http://www.ochaopt.org/documents/Fact-sheet-10Sept07.pdf>

¹⁶¹ UN OCHA Gaza Situation Report, 20 March 2008 http://www.ochaopt.org/documents/oPt_Sit_Update2008_03_20.pdf

¹⁶² UN OCHA Gaza Situation Report, 20 March 2008 at http://www.ochaopt.org/documents/oPt_Sit_Update2008_03_20.pdf

¹⁶³ Rt Hon Ed Balls MP and Jon Cunliffe CB, *Economic Aspects of peace in the Middle East*, HM Government, September 2007 at http://www.fc.gov.uk/resources/en/pdf/pdf19/fco_reportmepp_170907

¹⁶⁴ World Bank, *Two Years after London, Restarting Palestinian Economic Recovery*, Jerusalem, 24 September 2007 at www.worldbank.org/ps

subsequent high-level meetings. A series of Quartet and EU Council statements made reference to the humanitarian situation in Gaza have not been backed up with the necessary political will to secure the opening of the crossings.¹⁶⁵

63. THE ROLE OF THE MIDDLE EAST QUARTET

64. The combined weight of the Quartet has the potential to deliver real change on the ground. The Quartet could have visited the Karni crossing to highlight the closure of this vital crossing point, yet it has not yet met in Israel or the occupied Palestinian territories. Indeed, for the past four months, the Quartet has failed to meet at all.

65. The appointment of Tony Blair, as Quartet Special Envoy, was a positive step to channel international efforts and focus attention on the pressing need for economic development. Without his support, it is unlikely that the Beit Lahia sewage project would have progressed in Gaza. His repeated calls for a new Gaza strategy are similarly welcome.¹⁶⁶ Quartet members should be providing him with the space and the support to deliver on this objective.

66. Progress on his West Bank projects have been undermined by Israeli obstruction. However, the Special Envoy too must ensure that his projects do not seek to further divide Palestinians by improving access for a favoured few. He must also ensure that his industrial zones uphold international humanitarian law and do not enable Israel to reinforce its occupation.

67. The United Nations Secretary General can authorise high level contacts with Hamas that may help to break the current deadlock over the crossings. Russia too can play an important role in this regard by encouraging contacts between all actors.

68. For the peace process to be successful, it has to include all stakeholders. Civil society, especially groups such as refugees and women, should be given a voice in the process to articulate their concerns. This is one of the lessons from the Oslo process that the international community cannot ignore. For this to happen, the process has to become transparent. Monitoring of the Road Map should be made public and without penalties on the parties for failing to abide by its terms, the peace process is in danger of becoming never ending.

69. There is urgent need for the international community to think not only in terms of a political roadmap or an economic roadmap but also a humanitarian roadmap, ensuring that existing human rights standards are applied vigorously. Under the current Road Map the protection of civilians is seen as a reward for good behaviour rather than as rights that should apply at all times.

70. THE EFFECTIVENESS OF THE TEMPORARY INTERNATIONAL MECHANISM

71. The resumption of direct support to the Palestinian Authority, following the incorporation of TIM funding into the Palestinian budget payments was a very positive step.¹⁶⁷ This is partially helping to bring an end to the atrophy of public services in the West Bank.

72. Oxfam does however have continuing concerns about the politicisation of this assistance by the Palestinian Authority in Ramallah. Oxfam has received reports that Hamas-led municipalities in the West Bank continue to face funding restrictions by the United States and some EU member states.

73. In our work in Gaza, we have also seen the direct and indirect pressure by Fatah supporters on public service workers in Gaza not to attend work or face losing salary payments.

74. In the absence of public officials, Hamas has appointed volunteers in Gaza to run public institutions thereby creating parallel structures in an effort to maintain services. Volunteers report visiting official's homes to sign off on necessary work. Oxfam received a report that a doctor conducting surgery was threatened with a loss of salary by Fatah supporters for not striking.

75. TIM aid has also been obstructed by the Government of Israel who have cut or severely restricted supplies of diesel oil to Gaza's power plant. Oxfam believes the UK and European Union must not be party to the collective punishment of Gaza's population and have obligations as High Contracting Parties to the Geneva Convention to ensure these restrictions are removed.

¹⁶⁵ See for example Quartet statements of 19 July 2007, 23 September 2007 and 17 December 2007. See also Council Conclusions on the Middle East Peace Process, 23 July 2007

¹⁶⁶ Tony Blair Statement, February 2008 at <http://tonyblairoffice.org/2008/02/new-strategy-needed-for-gaza-s.html>

¹⁶⁷ The EU agreed to resume aid to the Palestinian Authority on 18 June 2007, the United States the following day. The Temporary International Mechanism has provided €616 million to Palestinians, bypassing the Hamas government. The European Commission report they have helped 150,000 Palestinian households including 77,000 public sector workers and 79,000 social welfare recipients. Over 140 million litres of fuel have been provided to Gaza's power plant since November 2006. Gaza's water provider and hospitals also receive assistance under this scheme.

76. THE RESPONSE OF THE UK GOVERNMENT TO THE CHANGING SITUATION, AND IN PARTICULAR THE CONTRIBUTION OF THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

77. The efforts of the DFID office and Jerusalem Consulate in response to the siege of Gaza deserve praise. Unlike a number of major donors and intergovernmental organisations Oxfam consulted on the ground, both were quick to understand the humanitarian and development consequences of Israel's decision to close the Gaza crossings.

78. The attendance of DFID and Jerusalem Consulate staff at Israeli Supreme Court case regarding the cuts to fuel and electricity was particularly welcome, as indeed was their active engagement when Israel subsequently cut fuel supplies. The resulting three joint statements by the Secretary of State for International Development and the Foreign Secretary emphasised the seriousness of the situation and may have helped secure the resumption of limited fuel supplies.

79. Oxfam also welcome the undertaking of a DFID humanitarian assessment in Gaza and its widespread consultation and subsequent discussion. The publication of this report would help non-governmental organisations and donors address the current situation.

80. Given the gravity of the crisis in Gaza, a much stronger diplomatic response was however called for, and is still urgently required. For months, UK diplomats reiterated their support for the United Nations efforts to negotiate the opening of the crossing points and the plans prepared, but the government appeared unable or unwilling to go beyond this, while the situation on the ground deteriorated rapidly.

81. Ministers have also missed some important opportunities. Most notably at the September 2007 launch of the Economic aspects of peace in the Middle East paper by the International Development Secretary and Foreign Secretary, Oxfam's director Barbara Stocking described the event as having an "air of unreality" for the failure of the Ministers to highlight the collapse of Gaza's economy. The Foreign Secretary's response to recent questions about Gaza stressed the efforts the UK was making to "mitigate" the humanitarian situation rather than to resolve it by securing an opening of the crossings.

82. Oxfam supports the repeated calls of the Quartet Representative Tony Blair for a new strategy for Gaza. The UK should take a number of steps to help secure the opening of the crossing points. Ministers should visit the Karni crossing and the Gaza Strip to highlight the impact of the blockade and better understand the practical steps needed to open the crossing. Ministers should publicly and forcefully back the United Nations plan and undertake an intensive round of diplomacy to secure the crossing's opening, or possibly convene a Gaza conference with all stakeholders required to open the crossing.

83. If the UK is to deliver a credible economic roadmap, it has to take steps to open the crossings into Gaza. Oxfam trusts it will use the donor meeting in London on 2 May, and the Bethlehem Investor Conference on 21 May, to this effect.

84. Whilst making some efforts, Oxfam believes the UK is failing to put enough pressure on the Israeli government to end its blockade. The UK and EU should consider using the human rights articles in its EU Association Agreements to bring an end to such policies. While the blockade of Gaza remains, the UK and EU should not support deepening ties at the EU-Israel Association Council.

85. The failure to secure an end to the blockade also has direct implications for the delivery of UK policy, for example in the increasing costs that DFID, the EU and their implementing partners are facing as a result of the blockade, which Oxfam estimates could run into hundreds of millions of pounds, not including the staff time of officials who may have been diverted from development efforts to secure access for humanitarian goods. DFID should undertake a cost-benefit assessment of intensive diplomatic strategy to get the crossings opened against these increasing aid costs.

86. The recent visit of a Foreign Office lawyer to the region can only help the UK understand the legal consequences of the occupation and its own obligations as expressed in the Foreign and Commonwealth Office Annual Human Rights Report of 2007.¹⁶⁸

87. We particularly congratulate the government for its commitment to investigate Israeli and Palestinian human rights abuses, as outlined in the *Human Rights Report*, and we hope this will continue. The building and equipment of one Oxfam International partner, the Palestinian Medical Relief Society, was severely damaged in an Israeli attack, which did not appear to be based on military necessity. This requires investigation.

88. It is important that violent attacks against civilians and civilian infrastructure are investigated on all sides, and treated by Ministers with the same level of concern. It was disconcerting that the Foreign Secretary failed to explicitly call for an end to violence from all sides in his statement on 2 April 2008 during *Operation Warm Winter* that killed 120 Palestinians.¹⁶⁹ He should also have condemned the disproportionate violence by the Israeli military, not just Palestinian rocket attacks.

¹⁶⁸ Foreign and Commonwealth Office, *Human Rights Report 2007*, March 2008, London at: <http://www.fco.gov.uk/resources/en/pdf/human-rights-report-2007>

¹⁶⁹ Foreign Secretary Statement on the Situation in Gaza and southern Israel, 2 April 2007. See <http://www.fco.gov.uk/en/newsroom/latest-news/?view=PressR&id=3039012>

89. Oxfam believes the UK should also have declared Israel's cut in fuel and electricity supplies an act of collective punishment, supporting the judgement of the United Nations highest legal authority Louise Arbour and the UN Secretary General, Switzerland, the European Council Presidency, European Commission, France, Arab League and many international human rights organisations.

90. Oxfam shares the UK view outlined in the Annual Human Rights Report, that if breaches of IHL are proved, the UK should condemn them unreservedly and expect those responsible to be held to account. This should apply to Israeli and Palestinian breaches, whether by the Israeli government or Palestinian militants. Unless all those responsible for grave violations are brought to account, it is difficult to envisage what deterrent exists.

91. As the Select Committee predicted in its January 2007 report on *Development Assistance and the Occupied Palestinian Territories*, the isolation of Hamas has contributed to its return to violence, and created the conditions for the factional violence; leading Hamas to take security control of Gaza in June 2007. Oxfam continues to believe the UK should support an inclusive peace process that includes Hamas. The strategy of isolation over the past two year has failed to meet its objectives, nor does Oxfam expect it to do so. The current approach is inconsistent with the UK approach to other actors and Israeli and Palestinian public opinion in relation to engagement with Hamas as expressed in recent opinion polls.¹⁷⁰

92. In its response to the Select Committee's report, the UK government supported efforts towards national reconciliation between Hamas and Fatah. We believe the Government should similarly support current efforts towards national reconciliation, most recently led by Yemen. Vocal support for Egyptian efforts to establish a ceasefire between Israel and Hamas is equally important and may help lead to the opening of the crossings.

93. Set against the current context, the UK continued assistance to the Palestinian Negotiation Support Unit is invaluable to the peace process. Oxfam is aware how this support is enabling Palestinian negotiators to better advocate on the basis of international law.

94. Oxfam is pleased to note the responsiveness of all government departments to our concerns to ensure Palestinian water rights are protected under international law ahead of peace negotiations.

95. We equally applaud DFID for its support to the World Bank and UN OCHA in Jerusalem enabling all actors to better understand the impact of policy decisions by the Government of Israel, Palestinian Authority and the international community. This has led to some groundbreaking research in a number of areas, the importance of which should not be underestimated.

96. The joint Anglo-French efforts to bring concerted action from the European Union over settlement expansion have been vital in the current situation. We believe Ministers should visit sites earmarked for settlement expansion and Palestinian communities who have seen their livelihoods destroyed by settlements in protest at Israeli actions. The UK's recognition of the illegality of settlements is important but the UK should reassess its own legal obligations deriving from this position.

97. In its report on the *Economic aspects of peace in the Middle East*, the UK highlighted World Bank analysis that Israeli movement and access restrictions facilitate movement between Israel and the settlements. The World Bank reports that removing these restrictions is a catalyst for stability not a consequence of it. Oxfam similarly believe these restrictions only increase insecurity for Israel and their urgent removal is required. We believe the government should reconsider its position outlined in this report that these restrictions provide short-term security. It should examine their legality, in the light of the correlation between expanding settlements and increasing movement restrictions.

17 April 2008

Memorandum submitted by the Palestine Solidarity Campaign

SUMMARY

The Palestine Solidarity Campaign welcomes this Inquiry by the International Development Committee into the humanitarian and development situation in the Occupied Palestinian Territories. We feel that it is particularly timely given the continued threats of further military invasion in Gaza, with the prospect of thousands more deaths.

The imposition of sanctions and the blockade upon the population of Gaza is unleashing a humanitarian catastrophe and we urge the British government to immediately and urgently work to end this.

We also urge the government to respect Palestinian democracy and to support work towards a new unity government which would reflect the wishes of the Palestinian people, as demonstrated in the Palestinian parliamentary elections.

¹⁷⁰ Rory McCarthy, "Israel warns of escalation but looks beyond violence" The Guardian 3 March 2008 at <http://www.guardian.co.uk/world/2008/mar/03/israel.gaza> and, Jonathan Marcus, *Gaza racketeers confound Israel*, BBC News 28 February 2008 at http://news.bbc.co.uk/1/hi/world/middle_east/7268876.stm

We strongly believe that the government must do all in its power to prevent any further escalation and that it is the responsibility of the government to work actively for the implementation of international law, including an end to Israeli occupation, and a just peace for the Palestinians. This is the only hope for peace and an end to the increasing death toll.

As a result of lobbying MPs: observing the increasingly large numbers of cross party MPs signing Early Day Motions, asking parliamentary questions, and attending meetings; as well as, very crucially, recent reports by Committees such as the International Development and Foreign Affairs Committees, it is clear that the policy of the British government is increasingly out of step with parliamentary opinion on this question.

In January 2008, a delegation of British trade unionists was organised by the Palestine Solidarity Campaign, including two members of the TUC General Council. The delegation reported that in their view: “the occupation by the Government of Israel of the West Bank (including East Jerusalem) and the Gaza Strip is the most urgent concern of the Palestinian people and that every aspect of personal, social and economic well-being is defined and determined by the occupation”.

They emphasised that: “It became evident that ending the occupation is the first essential to the successful resolution of the most critical problems facing Palestinian workers and their families”.¹⁷¹

As UNRWA Commissioner-General Karen Koning Abu Zayd has stated: “Gaza is on the threshold of becoming the first territory to be intentionally reduced to a state of abject destitution, with the knowledge, acquiescence and—some would say—encouragement of the international community. An international community that professes to uphold the inherent dignity of every human being must not allow this to happen”.

“Across this tiny territory, 25 miles long and no more than 6 miles wide, a deep darkness descended at 8.00 pm on 21 January, as the lights went out for each of its 1.5 million Palestinian residents. A new hallmark of Palestinian suffering had been reached”.¹⁷²

THE HUMANITARIAN SITUATION IN GAZA, INCLUDING ACCESS TO FUEL, FOOD AND HEALTH SERVICES

1. We anticipate that the Palestinian, and international organisations working on the ground in Gaza, will provide the Committee with detailed information on the humanitarian situation. However we would ask the committee to take particular note of the personal tragedies being perpetrated, such as the horrific death toll inflicted in Gaza by Israeli air strikes and snipers from 27 February to 3 March, which according to the Palestinian National Initiative, killed more than 120 Palestinians.

2. More than one in four of those killed in this period were children, with Palestinian and international sources confirming that 31 children had been killed, and investigations continue into 13 more reported child fatalities. Children killed included a 20-day-old baby, a 5-month-old baby, and a group of children playing football. Four children were shot dead by Israeli snipers, three of them inside their house.

3. We concur with Dr. Mustafa Barghouti, Palestinian Legislative Council member and previous Information Minister, when he says that “the Israeli siege on Gaza—a blatant and extreme collective punishment—must be lifted and individual States, especially European Union member States should consider prosecuting Israeli individuals who have taken part in these crimes through their universal jurisdiction competence under international law”.¹⁷³

4. We would like to bring the Committee’s attention to the regular reports from the UN Office for the Coordination of Humanitarian Affairs (OCHA). Their report covering the week beginning 27 February, for example, stated that “Essential services, including water and sanitation, are close to breakdown. Because of the combined lack of electricity, fuel, spare parts and inability to upgrade networks, the Gaza Coastal Municipality Water Utility is forced to continue dumping 20 million litres of raw sewage daily and 40 million litres of partially treated water into the sea”.¹⁷⁴

5. The Israeli authorities, since the beginning of March 2008, allowed only 100,000 litres of benzene per day to enter Gaza. This is half the quantity permitted to enter the Strip per day previously (ie before March). Only 1,297,600 litres of diesel have been allowed into Gaza since 1 March 2008, despite the need for on average 400,000 litres of diesel daily; making the necessary quantity of fuel until today 4,400,000 litres.

6. The press release from John Holmes, United Nations Under-Secretary General for Humanitarian Affairs and Emergency Relief Coordinator, following his five-day visit to the region, was also stark. He pointed out the “increasing dependence on international aid, which has risen very sharply over the last eight months. Seventy-three percent of the population relies on food aid, and concerns are mounting about nutrition, particularly among children. The quality and quantity of water are declining, with some areas

¹⁷¹ <http://tinyurl.com/3rfwt?> or <http://www.palestinecampaign.org/>

¹⁷² *Guardian* 23 January 2008.

¹⁷³ <http://www.palestinemonitor.org/spip/spip.php?article340>

¹⁷⁴ http://www.ochaopt.org/documents/Gaza_Situation_Report_2008_02_30_Final5.pdf

having water only for a few hours a day or even a week". He also pointed to the cumulative effect of the overall deterioration of living conditions in Gaza, calling them an affront to the dignity of the people there.¹⁷⁵

7. In a new development, the siege threatens the fishing industry, which employs 5,000 Palestinians in Gaza. Three thousand of those are fishermen. The severe fuel cuts by the Israeli authorities affect their work directly. Most of the fishing boats in Gaza have small engines running only on benzene, whilst the larger fishing boats, of which there are 16 in Gaza, run on diesel. Each of these boats consumes 700 litres of diesel per day. This drives the consumption of all boats to 11,200 litres every day. In addition, fishermen use cooking gas to light areas of the sea, which attract the fish.

8. The fuel reductions by the Israeli authorities produced a serious situation for Gaza. Fishing in the Gaza Strip is seasonal and is allowed to take place only in shallow waters 3–5 nautical miles off-coast. Additionally, Gaza lacks a fish farm industry, and so fishermen wait anxiously for the three-month sardine fishing season, which begins in April.

PROGRESS IN THE MIDDLE EAST PEACE PROCESS SINCE ANNAPOLIS AND THE PARIS DONOR CONFERENCE

9. Progress for peace in the region has meant little more than words since Annapolis and the Paris donor conference. All of the factors outlined in this document clearly note the obstacles that continue to be put in the way of progress. Preconditions being forced upon the Palestinians alone will only serve to exacerbate the situation.

10. As John Holmes also pointed out in his press release: "In the West Bank, severe restrictions on the movement of people and goods, from the combination of the Barrier, continuing expansion of settlements and closures, have seriously affected people's daily lives, and fragmented communities as well as impeded economic activity". He called for the lifting of the closures regime in ways which would not jeopardise Israel's legitimate security concerns.

11. Mr Holmes concluded that it was hard to see the deteriorating situation in both Gaza and the West Bank, and the reinforced despair and sense of humiliation of the Palestinians, as a good basis for the rapid peace settlement so badly needed. He called for the current gulf between the reality on the ground and the aims of the negotiations to be bridged urgently.

12. The British government must do more to end the Israeli government's flagrant abuses of international law. This must include, as a fundamental demand, the government doing all in its power to ensure Israel ends its settlement building in the West Bank and East Jerusalem, the latest being the authorised construction by Israel of 750 housing units in Givat Ze'ev. The increase of checkpoints by Israel inside the West Bank is also actively impeding any progress towards peace.

POLITICAL DEVELOPMENTS IN THE OPTS SINCE JUNE 2007

13. The closure of Gaza by Israel has created a humanitarian disaster on a shocking scale, particularly in the nine months since June 2007. The collective punishment endured by the population of Gaza must be immediately brought to an end. Israel, together with the EU, and governments including our own, must immediately lift the siege of Gaza.

14. Talking to elected members of the Palestinian Authority, of all parties, is the only way to make progress. There are growing calls, including from inside Israel, and from members of the British parliament, to recognise the results of the democratically held Palestinian election, and talk to Hamas. A survey published in the Israeli Ha'aretz newspaper on 27 February 2008 showed that 64% of Israelis felt the government should hold peace talks with Hamas. Only 28% of Israelis rejected the idea of talks.

15. According to Israeli peace activist Michael Warshawski, visiting parliament this week, the economic prosperity and security experienced by Israeli citizens is one of the main obstacles to the Israeli public's acquiescence to its government's ruthless annexation of Palestine. The consequence of this is that policies of aggression are the only tools that the Israeli government is prepared to consider. Israel's persistence with its policy of closures, the land-grabbing route of the wall, the violent opposition to non violent demonstrations, the expansion of settlements, the imprisonment of Palestinian MPs, the targeted assassinations as well as the unchecked civilian death toll/fallout of Israeli attacks, and the refusal to talk to Hamas, combine to lead nowhere, replacing any substantive political steps.

16. The British Government repeatedly states that Israel is a democracy, yet the above, and in particular, the abduction and continued imprisonment of elected Palestinian parliamentarians by Israel runs counter to democratic principles and must immediately be brought to an end.

¹⁷⁵ www.ochaopt.org/documents/ERC_visit_Day_5_Press_Release_18_Feb_2008_English.pdf

 THE ROLE OF THE MIDDLE EAST QUARTET

17. The Palestine Solidarity Campaign is concerned that the US is determining policy, with the Quartet either unable or unwilling to decisively act. The existence of the Quartet in no way removes the obligation of the British government to act to hold the Israeli government accountable for its violations of humanitarian law, and to use its best endeavours for peace and justice. Despite the policies of other countries, Britain's role should not be underestimated, as Britain will historically be held accountable.

THE RESPONSE OF THE UK GOVERNMENT TO THE CHANGING SITUATION, AND IN PARTICULAR THE CONTRIBUTION OF THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

18. We welcomed the recommendation from the International Development Committee's previous report to address the issue of the EU-Israel Association Trade Agreement. As Israel is failing to abide by the human rights terms of that agreement, we believe that Britain should argue for the Agreement to be suspended. Given the further deterioration in Israel's human rights record, we urge the Department to look at what can be done to press the Government on this.

19. The Palestine Solidarity Campaign is increasingly concerned at the response of the British government to the changing situation, and urges the government to reflect on its transparent and partisan approach to the situation which appears to regard Palestinian lives as less valuable than Israeli lives. The lack of neutrality that permeates the government's approach is no longer acceptable, and both its Members and constituents are becoming more and more aware of this as they watch the situation in the region deteriorating by the minute.

20. The government's response should reflect the fact that the underlying issue is of a brutal and illegal occupation by Israel, and responses by the Palestinians inevitably flow from this. We refer here to two statements made by the Foreign Office over the last few days.

21. Following the killing of students in Jerusalem, Foreign Secretary David Miliband said on 6 March: "The reports tonight of killings at a seminary in Jerusalem are shocking. They add to the toll of civilian life lost in recent days. They are an arrow aimed at the heart of the Peace Process so recently revived. They should and will be deplored by all decent people everywhere". He continued: "I have tonight spoken to the Israeli Foreign Minister and passed on my deepest condolences to her".¹⁷⁶

22. David Miliband's statement on 2 March, following the killing of over 100 Palestinians that week by the Israeli military, was of a completely different tone. It implied that the catalyst for the death toll was Palestinian rockets, rather than analyzing these rockets as a response to Israel's brutal siege.

23. This statement started by stating: "The significant rise this week in the number of rocket attacks into Israel, and the Israeli response, have resulted in numerous civilian casualties".¹⁷⁷ David Miliband continued "I condemn the rocket attacks against Israel. These are terrorist acts. They should be seen for what they are—an attempt to break the political process by breaking the will of those committed to peace. That cannot be allowed to happen. All sides in the conflict, and the international community, need to judge their actions by the need to keep the political process alive".

24. Anyone not familiar with the news story would have implied from this statement that the major cause of fatalities were the rocket attacks into Israel, and not Israel's bombardment of the Gazan population. Although condemning the rocket attacks into Israel, he did not condemn the Israeli assault and made absolutely no reference to the killing of 120 Palestinians that week—a third of whom were women and children. The Minister limited his response to saying that: "Israel's right to security and self-defence is clear and must be reiterated and supported. But measures taken in response to rockets must be in accordance with international law, minimising the suffering for innocent civilians, and maximising the scope for political negotiations to be restarted".

25. Presenting Israeli actions as retaliations for Palestinian rocket fire is, at best, disingenuous, and at worst, covering up Israeli war crimes. A non-biased approach to this by the Government must be adopted. As a first step, the British Government should condemn deaths of Palestinians, as well as Israelis, and join in the condemnation of actions carried out by Israel which act against peace.

26. In this light, we note the press release issued by Gush Shalom, the Israeli peace group, on 13 March, on yet another provocation by the Israeli Government, headed "Assassinations in Bethlehem and Tulkarm—a grave provocation". Its press release stated:

27. "The government [of Israel] does not want a ceasefire, but a new flareup. Those who sent the assassins to carry out 'liquidations' today, in Tulkarm and Bethlehem, knew what they were doing—a grave act of provocation which might blow up the serious chance which had opened up, to reach ceasefire and calm. This

¹⁷⁶ <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029391629&a=KArticle&aid=1203948577072>

¹⁷⁷ <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029391629&a=KArticle&aid=1203947188494&year=2008&month=2008-03-01>

is a wanton, completely irresponsible act, which might return the inhabitants of Sderot, Ashkelon and Gaza back into the hell from which they momentarily escaped". Gush Shalom also listed "a whole week of provocations" including the Israeli Prime Minister approving further settlement construction.¹⁷⁸

28. There have been a number of ceasefire offers put on the table by Palestinians, but rejected by Israel. As this report is being written, the Israeli newspaper Ha'aretz reported on 12 March that Hamas had issued another ceasefire offer. It is imperative that the British government engages positively with such proposals and uses its best endeavours to ensure that Israel acts in the interests of its own population, as well as the occupied Palestinian population, and grasps these ceasefire offers, ending its military assault upon the Palestinians.

29. There is increasing support in Britain, internationally and within Israel, for negotiations with Hamas. Sixty four per cent of Israelis now back direct talks with Hamas towards a ceasefire and the release of Gilad Shalit, with less than a third opposing such talks.¹⁷⁹

30. Particularly given the threat of a major military assault by Israel into the Gaza Strip, it is critical that the British government immediately support the call for a ceasefire, and meaningful negotiations for peace and justice.

Memorandum submitted by the Portland Trust

SUMMARY

1. The Portland Trust believes that there are a number of deliverable initiatives to boost the private sector in the Palestinian Territory despite the current political and economic crisis. Our three priorities are to promote a \$1 billion Affordable Housing Scheme in the West Bank, identify approximately 40 private sector projects to be presented at the Palestine Investment Conference in May 2008 and develop a political risk insurance product to cover private sector investment in the Palestinian Territory. The UK Government can play a vital role in these projects and we ask the Committee to use its report to encourage HMG to take an active role. We also wish to recommend to the committee that it calls for a full breakdown and disbursement of donor pledges made in Paris and supports the new EC funding mechanism PEGASE.

INTRODUCTION TO THE PORTLAND TRUST

2. The Portland Trust is a private not-for-profit British foundation that was founded in 2003 by Sir Ronald Cohen (Chairman) and Sir Harry Solomon (vice-Chairman). Our CEO is David Freud, former Vice Chairman of Investment Banking for UBS and is the third trustee. Sir Martin Gilbert, the historian, is the fourth trustee. The Portland Trust has offices in London, Ramallah (headed by Samir Hulileh, former Palestinian Cabinet Secretary) and Tel Aviv (headed by Brig. Sen. (res.) Eival Gilady).

3. The Portland Trust works with local and international partners to promote private sector initiatives in Israel and the Palestinian Territory. Our projects focus on the following areas: physical and financial infrastructure, entrepreneurship and trade facilitation. Additionally, we publish a monthly Palestinian Economic Bulletin. This and other publications are available to download on our website: www.portlandtrust.org

THE ROLE OF ECONOMICS IN THE PEACE PROCESS

4. The Portland Trust believes that economics can play an essential role, alongside the political process, in promoting peace and stability between Palestinians and Israelis. The private sector is crucial in carrying out this role. We have developed a framework of initiatives to boost the activities of the Palestinian private sector. A detailed list of our activities is found in the annex at the end of this submission.

5. Last year we published a study "Economics in Peace Making: Lessons from Northern Ireland" which provides a compelling case for how economics can help to resolve seemingly intractable political problems.

¹⁷⁸ http://zope.gush-shalom.org/home/en/channels/press_releases/1205363317/

¹⁷⁹ <http://www.haaretz.com/hasen/spages/958473.html>

 CONTEXT FOR ACTIVITIES IN 2008

6. The ongoing political situation has created an economic crisis for Palestinians. Since 1999 Palestinians have seen a 40% reduction in income.¹⁸⁰ Almost 30%¹⁸¹ of the Palestinian population are unemployed and over 56%¹⁸² of the Palestinian population are living in poverty. In Gaza almost 80%¹⁸³ of the population are now living in poverty.

7. Our November 2007 Palestinian Economic Bulletin reported that the private sector in Gaza is at an all time low. The closure policy was introduced in June following the takeover by Hamas and the Israeli and international refusal to deal with Hamas until it recognised the three Quartet conditions. Ninety-five per cent of factories are now closed and the production of garment and textiles, furniture, metal and engineering, soft drinks and paper has stopped. Our December Bulletin included a feature on the Gazan private sector based on interviews with various representatives. It reported bare shelves, inflation of 200% for some products and a belief that the situation has caused lasting damage to the private sector. With the closure of the borders investors have lost confidence, exporters have lost hard-won market shares and many manufacturers have relocated to Egypt, Jordan or the West Bank. Employment figures show that the public sector now accounts for over 40% of employment in Gaza.

8. Statistics suggest that the outlook in the West Bank is more optimistic. The private sector accounts for over 70% of all employment.¹⁸⁴ Our March Bulletin reported that over 53% of all business owners and managers expect a medium-term improvement in the situation. Pre-tax profits improved in 2007. While recent events may dampen this optimism one recent media report highlighted the improving atmosphere in Ramallah and details some substantial investments by successful Palestinian firms.¹⁸⁵

PROGRESS SINCE PARIS

9. The Portland Trust was encouraged by the level of pledges at the Paris donors conference and the prominence given to investment and the private sector in the Palestinian Reform and Development Plan (PRDP). Both these factors seem to have been a contributing factor to the increased business confidence in the West Bank.

10. We need to make the most of the opportunity offered from the internationally endorsed PRDP. We feel that the committee could helpfully use their report to call for the full breakdown and disbursement of pledges at the AHLC meeting in London in May.

11. The design of the new EC PEGASE mechanism allows for monies pledged for investment to be channelled to the private sector. We ask the committee to use their report to highlight the potential offered by the new mechanism.

PALESTINE INVESTMENT CONFERENCE

12. A key part of the follow-up to Paris donor conference is the Palestine Investment Conference scheduled for mid-May. The Portland Trust is supporting the work of the Palestinian Prime Minister and the conference Chief Executive by preparing a portfolio of investment projects to present at the conference.

13. It is important to recognise the vulnerability of these projects to political and security issues and the necessity of addressing risk factors. With this in mind, and in an attempt to encourage investment under current conditions, we are working with others to develop a political risk insurance programme. We believe that this is critical to secure the level of private sector investment required.

THE UK GOVERNMENT

14. The Portland Trust is in regular contact with the UK government (DFID, FCO, Cabinet Office and HMT). The Prime Minister is a keen advocate of the role of economics in conflict resolution. The UK Government set out this approach in their September 2007 report "Economic aspects of peace In the Middle East".

15. As part of our work for the Palestine Investment Conference we have had initial discussions with the Export Credit Guarantee Department (ECGD), DFID and HMT on the provision of risk insurance for specific projects in the Palestinian Territory. At present, ECGD does not have a mandate to operate in the Palestinian Territory. We ask the committee to consider a potential role for HMG in this area.

¹⁸⁰ World Bank estimates real GDP per capita in 2006 is 40% lower than in 1999, December 2007.

¹⁸¹ PCBS Labour Force Survey November 2007. Figures are for Q3 2007, relaxed definition.

¹⁸² PCBS, Poverty in the oPt in 2006, August 2007 http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1382.pdf (Page 34 for English version). Figures are for 2006, income basis.

¹⁸³ PCBS, Poverty in the oPt in 2006, August 2007 http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1382.pdf (Page 34 for English version). Figures are for 2006, income basis.

¹⁸⁴ Derived from figures in PCBS Labour Force Survey November 2007

¹⁸⁵ <http://imeu.net/news/article008003.shtml>

18. We have been in discussions with DFID, FCO and Cabinet Office about a \$1 billion Affordable Housing Programme in the Palestinian Territory. The scheme has been endorsed by the PA and the international community and can begin to be implemented in 2008. But there needs to be an immediate injection of donor funds to provide the infrastructure and public services. We feel that the UK, as a leading donor to the Palestinian people, has an important role to play in this area. We ask the committee to support the Affordable Housing Programme.

Annex A

FRAMEWORK AND RECOMMENDED INTERVENTIONS

A1. Economic interventions have a positive impact in the Palestinian Territory even in the current circumstances. We have developed a framework of private sector projects that cover: a) physical infrastructure b) financial infrastructure c) entrepreneurship d) trade facilitation.

A2. We are aware that the political and security situation impacts on the viability and delivery of certain projects but our experience so far shows that the private sector can deliver value-added projects despite the political tensions. The private sector is the only long-term source of employment and economic development for the Palestinian population.

PHYSICAL INFRASTRUCTURE

A3. Affordable Housing: This is a key area where immediate action is recommended. The Portland Trust is facilitating a private-sector led housing boom through the Affordable Housing Programme. Our approach is guided by the following principles:

- There is an urgent need for new housing;
- There is a severe lack of affordable housing available in the Palestinian Territory;
- The scheme will generate large-scale employment in construction and generate real economic growth;
- It will have a positive effect on the local construction-related sectors, such as manufacturing, trade and finance;
- It will attract investment from private investors in both residential property and commercial real estate, such as retail shops and other small businesses;
- Existing institutions and mechanisms currently in place to support the sector should be strengthened; and
- Early commencement of construction will demonstrate progress on the ground to the Palestinian population.

A4. The Affordable Housing Programme aims to develop up to 15,000 housing units by 2013 within new communities spread across the West Bank for a total investment of \$1 billion. Estimates of the cost of construction and analysis of Palestinian income levels have shown that there is a 15% funding gap to make the units affordable to our target market of monthly household income between \$850–\$1,700.

A5. The Portland Trust is coordinating with the local housing sector to identify and remove existing impediments to the development of good quality housing; in sustainable communities; for affordable prices. We have formalised our collaboration with the developers in an agreed MOU.

A6. Funding of approximately \$150 million is required for the infrastructure and public services of 15,000 units. This funding plays a critical role in the overall financing package of the housing programme—not only does it make the units affordable but it also reduces the overall risk carried by the banking sector and lays the ground for private sector investment. There is a window of opportunity to secure the donor funding and private sector investment for the programme. This would allow construction on two sites in 2008.

A7. Operation Kickstart: In partnership with the Palestinian Federation of Industries, we are looking at ways of ensuring that the economic benefit of the housing scheme is maximised by mobilising the local manufacturing industries to supply the necessary materials required in construction. We hope to present this project at the Palestine Investment Conference to secure investment.

A8. Regional Infrastructure Trunk Council (RITC): Given the geography of the Palestinian Territory, infrastructure must be planned with neighbouring countries. The Portland Trust has developed a structure for coordinating the development of regional infrastructure between Israel, Egypt, Jordan and the Palestinian Territory—the RITC. As soon as the situation allows, we believe RITC will provide an effective means of planning the infrastructure required. We know from other conflict zones that it takes a number of years to plan infrastructure yet donor funds are sudden and time-limited once a political solution is reached.

FINANCIAL INFRASTRUCTURE

A9. Pensions: Despite the recent reform of the public sector pension system there remains limited access to pension funds for the Palestinian private sector. The establishment of a private sector pension fund would help secure the financial future of retirees, inject long-term capital into the market and stimulate economic growth. We commissioned Levant Consulting to draw possible outlines for a modern Palestinian private pensions system. Following the publication of its consultation paper in August 2007, we worked with public and private stakeholders to formulate draft legislation to allow for the establishment of a new private pension system in the Palestinian Territory. The draft legislation was submitted to the Palestinian Prime Minister in January 2008. We are now consulting closely with the private sector, banks, insurance companies and unions to finalise the details of the legislation. A hard copy of the Pensions consultation document will be provided to the committee.

A10. Mortgage finance: In close consultation with the local banking sector and the Palestinian Mortgage and Housing Council, we developed a proposal for an affordable mortgage structure in support of the Affordable Housing Programme. Two commercial structures were designed and presented to the banking sector in Autumn 2007. The banks are now in direct discussions with the property developers on the provision of affordable mortgage finance for new housing.

A11. Political Risk Insurance: We are working with the Center for American Progress and others to develop a political risk insurance product. AIG and OPIC are interested in creating a re-insurance entity. We are in discussions with the Export Credit Guarantee Agency to see if there are specific projects they could support at the Palestine Investment Conference.

ENTREPRENEURSHIP

A12. Loan Guarantee Scheme: The Portland Trust worked closely with The Aspen Institute, Overseas Private Investment Corporation (OPIC) and the Palestinian Investment Fund (PIF) to develop a loan guarantee scheme for the Palestinian Territory. The OPIC/PIF scheme was launched in July 2007 with \$160 million of funds to guarantee loans up to a total of \$228 million. Loans from \$10,000 to \$500,000 are backed by a 70% guarantee. The scheme targets a range of businesses and plans to establish a technical assistance programme to help banks market their financial products more successfully. The Portland Trust is contributing financially to its running costs.

A13. The Portland Trust also engaged European finances for loan guarantees through a combination of lobbying and analytical work that demonstrated the potential demand. The European Investment Bank and European Commission jointly provided an additional €24 million for loan guarantees which was combined with €5 million of funding from the German Development Bank, KfW. The €29 million European-Palestinian Credit Guarantee Fund was launched in 2006. The Portland Trust developed a structure to ensure coordination between the two schemes.

A14. Training: In partnership with GTZ, we developed a comprehensive three year training programme for small and microentrepreneurs. The training programme is based on international standards but tailored to Palestinian needs. The Sharek Youth Forum will provide the enterprise training and business development courses by CEFE certified Palestinian trainers. A pilot project, with 120 microentrepreneurs, was launched in February 2008.

A15. Microfinance: We secured a grant from the EU of €750,000 to develop a three year action plan to build capacity in the microfinance sector. Together with PlaNet Finance we are providing an additional €550,000 in support of the Palestinian Network for Small and Microfinance Institutions.

TRADE FACILITATION

A16. Export Support: We commissioned a competitive assessment tool to rate Palestinian companies' viability to export. The tool gives a comprehensive diagnosis of the companies and areas of intervention needed. We believe this allows donors to target their support to the most promising companies. Three companies were assessed during the pilot phase. The tool was launched in February 2008.

A17. Upgrading handicraft industry: We conducted a market study to try and identify the handicraft products that have a competitive edge and international appeal. This follows on from inquiries from large US retailers about stocking Palestinian handicrafts. We will conduct a full feasibility study on the creation of a centre that will act as a middle ground between local artisans and international buyers. Our aim is to develop a sustainable business that provides packing and packaging, product development, branding and other business oriented elements.

A18. Chambers of Commerce: We developed a framework for an Israeli-Palestinian Chamber of Commerce. Its constitution has been approved by the bilateral Chambers of Commerce in Israel in March. We anticipate its establishment in the coming months.

12 March 2008

**Memorandum submitted by Stephanie Koury, Senior Research Fellow at the School of
Oriental and African Studies**

1. POLITICAL DEVELOPMENTS WITHIN THE OPT SINCE JUNE 2007: ISRAELI SETTLEMENTS

1.1 The issue of settlements impacts both the political process and economic development. Despite the launch of the Annapolis political process, settlement expansion has not slowed down in the West Bank including in occupied East Jerusalem.¹⁸⁶ Several studies have documented the relationship between Israel's settlements and its closure policy to facilitate movement of settlers, and their negative impact on the Palestinian economy and development.¹⁸⁷ Continued expansion of and presence of settlements and the accompanying restrictions on movement (ie closed roads, 569 physical obstacles to movement,¹⁸⁸ etc) undermine international efforts for peace and donor government support for "quick start" economic projects or longer-term development. In light of these findings, this section will briefly illuminate the shortcomings of Israel's definition of and actions pertaining to a settlement freeze, a freeze which is required under the Quartet Roadmap and Israel's obligations under international law.

1.2 On 12 March, Israeli Foreign Ministry spokesperson Arye Mekeel is reported as saying that Israel's policy on construction in the settlements and a freeze was based on the following four principles:¹⁸⁹

- (a) no expansion of existing settlements beyond the originally approved master plan of each community;
- (b) no establishment of new settlements;
- (c) no appropriation of land for settlement construction; and
- (d) Economic incentives to residents of existing settlements in Judea and Samaria have been cancelled.

1.3 Mekeel said the government viewed this policy as fulfilling Israel's commitments under the road map and as in line with the understandings discussed at the Annapolis conference in November. While the above may represent the Israeli government's view of its obligation, it does not amount to a freeze in any reasonable definition of the word "freeze" nor by standards that are required under international humanitarian law and principles of international law.¹⁹⁰ Rather, this policy articulates loopholes to a settlement freeze for the following reasons:

1.4 Regarding 1.2(a) "No expansion of existing settlements beyond originally approved master plan of each community". This criterion allows Israel to continue to expand geographically existing settlements, and several times their current size. For example, according to a 2007 Israel Peace Now Report, the built up areas of settlements constitute only 1/5 of the settlements currently approved jurisdiction areas.¹⁹¹ Settlements such as Ariel, Ma'ale Addumim, Mitzpe Shalem, among many others, could expand several times their current geographical size.¹⁹² Existing approved master plans could house approximately one million additional settlers.¹⁹³ This criterion also permits Israel to expand the current master plan or jurisdictional area and continue construction, all the while maintaining it is within its definition of a freeze.

1.5 Regarding 1.2(b) "No new settlements". This term has no meaning in terms of stopping construction; rather it is a term which Israel uses for administrative purposes. This loophole allows Israel to continue construction in existing settlements or already constructed areas, many of them which could expand several times their current size as noted above in 1.4. Moreover, this loophole permits Israel to undertake construction of a new settlement area but under the guise of designating it as a "neighborhood" of an existing settlement. The settlements of Alon and Nofei Prat are examples of creating new settlements while designating them as a neighborhood of the settlement Kfar Adumim.¹⁹⁴ Talmon and its satellites settlements of B, C, and D offer an example of the types of semantics of not designating construction as new settlements but rather as a neighborhood or extension of an existing settlement.

¹⁸⁶ Prior to the Annapolis meeting, 138 tenders had been issued in 2007. After the Annapolis meeting, 747 tenders were issued in the remaining four weeks of 2007.

¹⁸⁷ See eg the May 2007 World Bank report, *Movement and Access Restrictions in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy* and the July 2007 Office for the Coordination of Humanitarian Affairs (OCHA) report, *The Humanitarian Impact on Palestinians of Israeli settlements and other Infrastructure within the West Bank*.

¹⁸⁸ OCHA, *The Humanitarian Monitor*, January 2008.

¹⁸⁹ "Shas vows more settlement construction," Jerusalem Post, 12 March 2008, by Tovah Lazaroff and Gil Hoffman, <http://www.jpost.com/servlet/Satellite?cid=1205261308516&pagename=JPost%2FJPArticle%2FPrinter> (last viewed on 14 March 2008).

¹⁹⁰ Those principles would require, as a first step, a cessation of the unlawful activity. The unlawful activities amount to the direct or indirect transfer of its population into the occupied territory; the requisitioning, expropriation, and seizure of land not required for military purposes (the establishment of settlements do not constitute or serve a lawful military purpose); and Israel's extraterritorial extension of its personal and territorial jurisdiction to the Occupied Palestinian territory, including the provision of economic incentives for settling. In response to any illegal act, a state is required to immediately cease such action, including all elements of that action and undertake reparations.

¹⁹¹ See *And Thou Shall Spread: Construction and development of settlements beyond the official limits of jurisdiction*, Special Report of the Peace Now Settlement Watch Team, June 2007, p 8, at http://www.peacenow.org.il/data/SIP_STORAGE/files/1/3201.pdf (last viewed on 14 March 2007).

¹⁹² *Ibid*, p 9–13.

¹⁹³ This number is based on an estimate by an Israeli government official responsible for advising on settlements. He stated in 1999 that approved master plans could accommodate 1.5 million settlers. See Report on Israeli Settlement in the Occupied Territory, Vol 9, No 3, May to June 1999, Foundation for Middle East Peace, at www.FMEP.org.

¹⁹⁴ *Ibid*, p 13.

1.6 Regarding 1.2(c) “No appropriation of land for settlement construction”. This loophole permits Israel to continue to confiscate land which has already been appropriated or requisitioned by military order but not actually seized by the military. This loophole also permits Israeli confiscation of land for settlement agricultural purposes, for erecting fences and creating “buffer zones” around existing settlements, or for constructing portions of the Wall which follow existing and planned settlement expansion.

1.7 Regarding 1.2(d) “Economic incentives to residents of existing settlements have been cancelled”. This language does not exclude economic incentives to attract potentially new residents (as opposed to existing residents) or other designated types of incentives to take up residency or invest within settlements.

1.8 Moreover, the Israeli government’s position that current settlement construction is private and non-governmental, does not exempt Israel from its obligation to bring to an end to and prohibit such construction for the following reasons: First, it is misleading to suggest that the construction is private. Although the final stage of construction (the actual building of the housing unit) may be carried out by a private company, the Israeli government is responsible for the settlement process at all stages: land classification and subsequent appropriation and seizures; approval of master plans and other administrative aspects related to construction; financial incentives for settling or investing; construction of settler “by-pass” roads, provision of military support to undertake the seizure of the land and secure it; and military orders which prevent Palestinian residents from accessing their lands in or near Israeli settlement areas or roads on which settlers travel.¹⁹⁵ Second, as the occupying power, Israel exercises effective control of the territory and is responsible for maintaining law and order.¹⁹⁶ It is obliged to ensure that its nationals respect international humanitarian law throughout the occupation and not engage in settlement activity.

1.9 Moreover, the Israeli government position that it has frozen the issuance of new construction permits does not address construction that is permitted under outstanding permits. Some estimates place that number of outstanding permits to be in the thousands; hence, the focus should be on cessation of all construction.¹⁹⁷

1.10 Statements from the Israeli Prime Minister’s office that construction is allowed to continue in “large settlement blocs” or areas which Israel has decided it will keep in a final settlement with the PLO, clearly contravenes any definition of a settlement freeze.¹⁹⁸ Such a policy also begs the question of what then is the purpose of negotiations if Israel has unilaterally determined final borders.

1.11 Finally, the Israeli government’s position that occupied East Jerusalem is not included in its formulations of a freeze also does not accord with international law. The International Court of Justice in its 2004 Advisory Opinion on *the Legal Consequences of Israel’s Construction of the Wall in the occupied Palestinian territory (Wall Advisory Opinion)* affirmed the findings of the Security Council that all of the territory Israel occupied in 1967 remains occupied and that all settlement activity therein is illegal.¹⁹⁹ The European Union in its 28 January 2008 Conclusions on the Middle East Peace Process and the 14 March 2008 Declaration by the Presidency on behalf of the EU on the Middle East affirmed the illegality of settlements including in occupied East Jerusalem. The Security Council maintains the same position.²⁰⁰

1.12 The following elements must constitute a freeze and serve as the benchmark by which to determine Israel’s compliance with its Roadmap obligations and those under international law:

- a cessation of all settlement construction;
- a cessation of the appropriation and confiscation of land under any circumstances related to settlements and of the use of land already appropriated for settlement construction;
- a full cessation of incentives for settlers (existing or potential) or that are designated for a particular settlement area; and
- the territorial scope of the freeze must include all of the occupied Palestinian territory, including East Jerusalem.

¹⁹⁵ For a detailed account of the Israeli government’s involvement in the settlement process, see *Land Grab, Israel’s Settlement Policy in the West Bank*, of May 2003, by B’tselem, The Israeli Information Center for Human Rights in the Occupied Territories. Moreover, the Israeli government does retain the power to end those private contracts. Although the Israeli government might be responsible for restitution were it to end such contracts, it would not be responsible for lost profits to those private companies, thus minimizing compensation it would owe. Israeli government liability is based on an study on file with the author. Also, ceasing construction now helps to minimize the amount of future compensation owed by Israel government to its citizens and to Palestinians for *inter alia* the illegal use of their land.

¹⁹⁶ Article 43, Regulations concerning the Laws and Customs of War on Land of The Hague Convention (IV) respecting the Laws and Customs of War on Land of 18 October 1907. (1907 Hague Regulations).

¹⁹⁷ “Sharon freezes tender announcements in settlement blocs, but thousands of housing units are being constructed using old permits,” Nadav Shragai, in *Ha’aretz* of 7 April, 2005, at <http://www.aad-online.org/2005/english/7-July/16-21/16-7/aad8/4.htm> (last viewed on March 14, 2008); see also Report on Israeli Settlement in the Occupied Territory, vol 17, no 6, November to December 2007, p 6, at Foundation for Middle East Peace, at www.FMEP.org.

¹⁹⁸ “Olmert Approves Construction of 750 new homes in Givat Ze’ev”, by Barak Ravid, *Ha’aretz*, <http://www.haaretz.com/hasen/spages/962368.html> (last viewed on 14 March 2008).

¹⁹⁹ *Legal Consequences of Israel’s Construction of a Wall in the Occupied Palestinian Territory, Advisory Opinion, I.C.J. Reports 2004*, p 136, at p 184, para 120.

²⁰⁰ See eg S.C. Resolution 446 of 22 March 1979.

1.13 Recommendations

1.13.1 Require the British Government to put its citizens on notice that buying property in occupied Palestinian territory may not give clear title. Historically, sales of property in occupied territory by the occupying power have been declared null and void or subject to judicial review once the occupation is ended.²⁰¹ This recommendation comes in response to UK registered companies advertising property for sale in Israeli settlements. The UK government provides notice to its citizens that any property bought in northern Cyprus may not have clear title as northern Cyprus is considered occupied under international law; the same should be done for the Occupied Palestinian Territory.

1.13.2 Slow or deny the expansion of Israeli ties and/or participation in EU programs until Israel complies fully with its obligation to end settlement expansion.

1.13.3 Call on all members of the Quartet to hold Israel properly to account for what effectively is a game of semantics in respect of its obligations regarding a settlement freeze and adhere to the elements described above in 1.12.

2. THE ROLE OF THE MIDDLE EAST QUARTET

2.1 The events over the last six months have shown an extensive disregard for international humanitarian and human rights law, both of which remain applicable to the parties' "conduct". Several international and local human rights and United Nations organizations have documented actions which violate provisions of both bodies of law and hence I will not be restating those here. What I would like to briefly address however is the role of the Quartet in contributing to a climate in which these violations occur.

2.2 The Quartet was established in 2002 by its members to consult more closely over the Israeli-Palestinian conflict and its resolution. It takes decisions, elaborates principles in order to influence the peace process, and issues declarations which embody those principles. These declarations are the result of discussions among the four members, although no one within the Quartet appears to be bound by the position adopted.²⁰²

2.3 Of concern is that the Quartet's absence of reference to international law, particularly international humanitarian and human rights law, is contributing to a creating a climate of disrespect for these legal obligations by the concerned parties. The Quartet will refer to the Roadmap, which does not mention humanitarian law or human rights, or relevant Security Council Resolutions which are directed more at the outcome of a negotiated process (ie United Nations Security Council Resolutions 242 and 338); it does not refer to resolutions which embody humanitarian or human rights law which are applicable to the conflicting parties pending a final peace agreement. Any Quartet references to "law" appear to be solely in the context of the Quartet Envoy's mandate to help promote the rule of law within the Palestinian Authority or a call for the respect for human rights in response to the fighting between Hamas and Fatah members.²⁰³ There are not calls on Israel to abide by its obligations as an Occupying Power under humanitarian and human rights law. Moreover, in response to rocket attacks or suicide bombings, the Quartet condemns such actions but there is no direct reference to the illegality of such actions under these relevant bodies of law.²⁰⁴

2.4 This phenomenon is not new with Hamas's assumption to power in Gaza in June 2007.²⁰⁵ The 2004 International Court of Justice's *Wall Advisory Opinion* requires Israel to cease construction of the Wall, remove constructed portions and respect international humanitarian and human rights law.²⁰⁶ The *Opinion* also calls on both parties to respect human rights and humanitarian law.²⁰⁷ In its 24 statements issued since that *Opinion*, the Quartet has referred to the *Wall Advisory Opinion* or the legal obligations embodied therein, only one time.²⁰⁸ In contrast, some members of the Quartet will refer to international law in their individual capacities. Most recently the European Union, in its 28 January conclusions on the Middle East Peace process and in its 14 March 2008 Declaration on the Middle East, stated that it considers settlements to be illegal. The UK government has stated that "it is also the long-standing position of the British government that any response by Israel should be in accordance with international law"; however similar references or pronouncements to international law and the parties' legal obligations do not appear in Quartet statements.

²⁰¹ Declaring land sales void was particularly common during World War II but also subsequent occupations as well.

²⁰² For example, after the Quartet issued its principle conditions in response to Hamas's election, Russia hosted a delegation of Hamas members. On the other hand, the UN Secretary-General issued instructions to his staff to not meet with Hamas officials of a certain level.

²⁰³ See eg Quartet Statements of 20 July 2007 and 24 August 2007; on the call for human rights, see Quartet Statement of 18 June 2007.

²⁰⁴ See ie Quartet Statement of 30 May 2007.

²⁰⁵ Political commentators note that Hamas won the January 2006 elections in large part due to the worsening situation on the ground for Palestinians—the expansion of illegal settlements, assassinations, home demolitions, (all prohibited under the laws of occupation), etc and the failure of the negotiation process to address these concerns.

²⁰⁶ *Wall Advisory Opinion*, supra n 14 at p 195, para 149–153.

²⁰⁷ *Ibid*, at p 200, para 162.

²⁰⁸ This period covers August 2004 to February 2008. The one statement "takes note of the ICJ opinion on the subject" is from 22 September 2004. The subsequent statement of 1 March 2005 reaffirms the principles and positions outlined in its May 4 2004 and 22 September 2004 statements. The 4 May 2004 statement, prior to the *Wall Advisory Opinion*, "... recognises Israel's legitimate right to self-defense in the face of terrorist attacks against its citizens, within the parameters of international humanitarian law".

2.5 Obviously, references to international law alone are not sufficient to stop the violations of humanitarian and human rights law; the will to enforce those obligations by third states is also what is needed. Nonetheless, references to international law and use of legal statements have a greater pull than not in seeking to compel actors, particularly state actors, to change their behaviour. States do not like to appear to be acting outside the bounds of international law.²⁰⁹ Nor do non-state actors seeking acceptance by the international community. Were the Quartet to include references to the applicable international law and ultimately begin to shape its engagement with all parties on that basis, the Quartet could play a more effective role in bringing the violence to an end, reviving the Palestinian economy, and facilitating a political solution which would more effectively guarantee the personal security, freedom, and the economic well-being of all involved.

2.6 Recommendations

2.6.1 As a first step, the UK Government should take the lead and call on the EU in its membership in the Quartet to incorporate international humanitarian and human rights international law in its statements; otherwise, it should consistently issue separate statements that accompany the Quartet declarations and which reference and reiterate the parties' legal obligations.

3. THE RESPONSE OF THE UK GOVERNMENT TO THE CHANGING SITUATION, AND IN PARTICULAR, THE CONTRIBUTION OF THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

3.1 In keeping with the International Development Committee mandate to examine the expenditure, administration and policy of the Department for International Development, it is important that the Committee ensure that the provision of donor aid is not provided in such a way which contravenes the United Kingdom's legal obligations. Those obligations, articulated *inter alia* in the *Wall Advisory Opinion*, obliges all states not to recognize the illegal situation resulting from the construction of the Wall in the occupied Palestinian Territory, including in and around East Jerusalem.²¹⁰ States are also under an obligation not to render aid or assistance in maintaining the situation created by such construction.²¹¹

3.2 In the immediate aftermath of this Opinion, donors appeared to comply with their obligations. For example, in late 2004, Israel requested donor governments to fund the construction of a separate road network in order to facilitate Palestinian movement and economic development. Many donors refused to fund this project as it was deemed that funding such a project would be in breach of their obligations as articulated in the *Wall Advisory Opinion* because the proposed separate road network would help maintain the illegal regime of the wall and settlements.²¹² Donors also developed guidelines to assist their decision-making as to whether a potential assistance or development project is in accordance with their obligations articulated in the *Wall Opinion*.²¹³

3.3 Governments, in their good intention to support the peace process, at times fund proposals which promise short-term movement but which "accommodate" the illegal acts by Israel (ie the settlements, wall and closure regime). Support for such projects can serve to "normalize" Israel's closure policy and the illegal presence of its settlements within the occupied Palestinian territory rather than projects which would be designed and implemented to help compel the reversal of such illegal activities. Since Annapolis, restrictions on movement have increased and the tendency persists to fund projects which accommodate the "illegal situation." An example of such a violation could include donor support for proposed housing projects which would entail construction of separate roads or tunnels to ensure the separation of Palestinian traffic from Israeli settlers. Nor would it serve donor states' interests to support projects that facilitate fast movement (eg tourist entry into Bethlehem) while Palestinians remain consigned to using the illegal terminal built as part of the regime of the Wall.²¹⁴

²⁰⁹ See Omar M Dajani, *Shadow or Shade: The Role of International Law in Palestinian-Israeli Peace Talks*, 32 *J Yale Int'l L* 61, 2007, at pp 78–81 for a discussion of legal theories on state compliance with international law.

²¹⁰ *Wall Advisory Opinion*, supra n 14, at p 200, para 159.

²¹¹ *Ibid*.

²¹² "Donor Countries Won't fund Israeli-Planned Separate Roads for Palestinians", by Amira Haas, *Ha'aretz*, 30 November 2004 as reported in LAAC Secretariat, *Wall Mitigation: Implications for Donors and Implementing Agencies Operating in Areas affected by the Separation Barrier*, Report to the Local Aid Coordinating Committee, 30 January 2005.

²¹³ *Ibid*.

²¹⁴ Quartet Envoy Blair and other members of the international community have expressed their displeasure at Israel's failure to remove roadblocks and cease construction and expansion of settlements. Past experience has shown that initiatives or projects aimed at economy recovery projects which are not based on a reversal of the closure and settlement policy, but rather accommodate it, have limited effect and no long-term sustainability and certainty. See May 2007 World Bank report, *Movement and Access Restrictions in the West Bank: Uncertainty and Inefficiency in the Palestinian Economy*.

3.4 Recommendations

3.4.1 Ensure that all projects put forward by the Quartet Envoy and/or funded by DFID are in compliance with the UK's obligations under international law in light of the ICJ Wall opinion and its other international law obligations. An assessment should be undertaken for each project prior to securing the support of the Quartet envoy's office and the provision of funding.

Memorandum submitted by Palestinian grassroots Anti-Apartheid Wall Campaign—Stop the Wall

OUR APPROACH AND EXPERTISE

1. Stop the Wall is a coalition of 13 Palestinian non governmental organisations and over 50 popular committees that mobilise and coordinate efforts against the Wall on local, national and international levels. Research plays an important role in our mobilising and advocacy efforts. We are in a unique position to be able to combine field experience with desk studies.

2. Since 2005 our research focus includes economic aspects of the Wall project. We have carried out extensive research on the World Bank proposals for economic development in the West Bank, which is to date the only comprehensive critique of the basic assumptions for development in the West Bank.²¹⁵ We offer updated research to international donor organisations and diplomatic missions via briefings, presentations and submissions.

3. Our research is published by a number of internationally recognised NGOs including Bretton Woods Project, Transnational Institute, Corporate Europe Observatory and Focus on the Global South. Our economic analysis on Palestine has been granted the Project Censored Award as one of the ten most important stories not to have been reported on in mainstream media.

4. Our advice on international funding strategies is based on the ICJ decision of 2004 on the illegality of the Wall, which obliges state parties to the IV Geneva Convention “not to render any aid or assistance to the construction of the Wall or the regime created by it”.²¹⁶ We advocate for an approach to aid and development that is rooted in the needs and demands of the people.

SUMMARY

Political developments since June 2007

5. There are no signs of the existence of a Middle East Peace process on the ground. Occupation policies continue and have escalated after the Annapolis conference.

6. The will of the Palestinian people expressed in democratic and fair elections has been completely undone to create a Western backed government. This has been critically influenced by EU governments and their aid and development policies.

7. The creation of TIM and the continued withholding of aid even after the Palestinian Unity Government (PUG) was installed destabilised first the elected government and then the PUG.

8. After the Annapolis conference, Palestinian civil society has seen a large increase in repression by the PNA.

Economic developments in the OPT

9. Palestinian sovereignty over borders, lands and movement is a prerequisite for meaningful development. There can be no development under occupation: at best, poverty levels in the oPt will not increase. Framing the solution to the question of Palestine in terms of economic development is fundamentally unhelpful. The occupation has to end.

10. The AMA agreement is simply a yardstick to measure how far Israel is making the existing system of the Wall, settlements and closure economically sustainable. The AMA is not currently being implemented. However, even full implementation of the AMA under the current circumstances would not challenge the occupation or work in the interest of long term Palestinian development.

11. Israel is effectively dictating the terms of development to suit its strategic interests.

²¹⁵ *Do-it-Yourself Apartheid in Palestine—Israel, the World Bank, and the “Sustainable Development*, Palestinian grassroots Anti-Apartheid Wall Campaign, <http://stopthewall.org/activistresources/983.shtml>

²¹⁶ International Court of Justice, *Legal Consequences Of The Construction Of A Wall In The Occupied Palestinian Territory*, *Advisory Opinion of 9 July 2004*, <http://www.icj-cij.org/docket/files/131/1671.pdf>

12. The Paris donor conference was instrumental in financing the Palestinian Reform and Development Plan (PRDP) and the complementary Quartet Quick Impact Projects (QIP). The main proposals risk preempting the final status agreements and coercing Palestinians into accepting Israeli occupation, in particular:

- (a) Industrial zones that risk legalising Israeli violations of international law and contribute to the sustainability of the Wall and its associated regime, infringing the prescriptions of the ICJ advisory opinion.
- (b) An agro-industrial zone, which includes “Israeli migrant businesses” (Israeli companies working illegally within the West Bank). Rather than allowing farmers to develop their own businesses, they will be labourers in large-scale agro-industry.
- (c) Tourism in and around Bethlehem which will bring more than four times as much profits to Israeli than Palestinian economy.
- (d) The PRDP includes a fiscal reform on net lending that risks having serious negative impacts on Palestinian access to basic utilities.

Recommendations

13. The UK’s funding strategy has to be radically reviewed. The foremost responsibility of the UK is the implementation of international law and human rights in Palestine, including the ICJ decision. The UK must ensure that development proposals:

- (a) are legal under international law and do not pre-empt the outcome of final status;
- (b) reflect the needs of the people to remain steadfast on their lands; and
- (c) contribute more effectively to the Palestinian than Israeli economy.

14. Funding projects should include small scale projects that facilitate Palestinians’ need to continue life on their lands and projects that challenge the occupation and assert the Palestinian’s right to their lands.

15. The UK must use its influence to pressurise Israel to comply with international law and to end the occupation of Palestinian land. The suspension of the EU-Israel Free Trade Agreement is the most obvious tool.

16. Companies working or contributing to the occupation and the colonisation of the West Bank and Jerusalem have to be banned from international investments and cooperation to stop Israel from profiting from the occupation and international aid.

17. UK must stop supporting the active destruction of Palestinian democratic institutions and start engaging with democratically elected representatives.

FULL TEXT

Background

18. Coordinated and large scale donors investment in the oPt began with the Oslo agreements. The World Bank had initially been approached by the organisers of the 1992 Madrid conference to prepare a study of “economic prospects and development challenges”.²¹⁷ This culminated in the report of September 1993, “*Developing the Occupied Territories: An Investment in Peace*”. The Bank was praised for this report by global players for being “technically competent and politically neutral”²¹⁸ as it did not challenge in its analysis any of the facts on the ground created by Israel. The paradigm of development discourse in the West Bank and Gaza had been developed, completely neglecting the crucial precursors for genuine development such as dismantling of the settlements, the end of the Occupation and the right of the refugees’ return.

19. In order to make the Oslo Accords sustainable and bring about a period of “calm” amongst Palestinians, the World Bank was charged with the responsibility of coordinating economic policies in the WBGs and directing the flows of donor pledges. At the October 1993 “Conference to Support Middle East Peace”, this amounted to \$2.4 billion over the ensuing five years to “develop and build-up the Palestinian economy”.²¹⁹ Additional pledges increased the sum to \$3.4 billion from 38 countries and several international organisations.²²⁰

²¹⁷ World Bank (2002), *West Bank & Gaza: An Evaluation of Bank Assistance*, [http://lnweb18.worldbank.org/oed/oeddoctlib.nsf/DocUNIDViewForJavaSearch/DB1BC6952F401E0785256B8A0067B726/\\$file/west_bank_and_gaza.pdf](http://lnweb18.worldbank.org/oed/oeddoctlib.nsf/DocUNIDViewForJavaSearch/DB1BC6952F401E0785256B8A0067B726/$file/west_bank_and_gaza.pdf), Washington, p 7.

²¹⁸ Ibid. p 7.

²¹⁹ Khadr, A M (1999), *Donor Assistance in “Development Under Adversity: the Palestinian Economy in transition”*, (ed) Ishac Diwan and Radwan A Shahan, Palestine Economic Policy Research Institute (MAS) and the World Bank, Washington, p 149.

²²⁰ Ibid p 149.

20. While donor contributions increase, the Palestinian economy is systematically de-developed by Israeli occupation polices. The donor community has been dragged into a spiral of increasing contributions in order to facilitate basic services which under international law should be provided by the occupying power, and which allow the Palestinian people to survive while their basic rights are infringed.

21. In this context, donor contributions have achieved no net improvement for Palestinians. One would have thought that this would cause donors to reevaluate their approach. In fact the reverse seems to be the case: at Paris donor conference the PNA received pledges for 7.7 billion dollars for only three years, apparently with no increased commitment to pressure for full implementation of international law and restoration of fundamental Palestinian rights.

Political developments in the oPTs since June 2007

22. The political developments since June 2007 as far as the occupation policies in West Bank are concerned are marked by constant military attacks and raids, settlement expansion and ongoing attempts to expel entire communities from their lands. Gaza has experienced complete siege and repeated mass killings at the hands of the Israeli army. There has been no change in this policy after the Annapolis conference. On the contrary settlement expansion has actually accelerated, particularly in Jerusalem; in Gaza some 120 people were killed by Israeli attacks in just five days.

23. The Palestinian internal political developments in WBGS since June 2007 are mainly characterised by the assertion of control by Hamas in the Gaza Strip that lead to the dismissal of the Palestinian Unity Government and its replacement in the West Bank and within Western diplomatic circles with a caretaker government led by Salam Fayyad. The results are:

- (a) temporary political division between the West Bank and the Gaza Strip;
- (b) a weak government in the West Bank whose prime minister and ministers have no democratic mandate;
- (c) legislative processes, budgetary decisions and political negotiations in hands of a leadership without democratic accountability and no popular mandate; and
- (d) a disproportionate increase of influence on Palestinian decision making by the donors community. It is notable that the draft of the Palestinian Reform and Development Plan (PRDP) has been circulated and widely discussed among international donors and NGOs before its presentation at the donors conference in Paris while Palestinian public and civil society has not been allowed debate on the document that reflects most strategic economic decision for the coming years.

24. In the last nine months the will of the Palestinian people expressed in democratic and fair elections has been completely undone. These Palestinian internal developments have been critically influenced by Western governments including the UK. Withholding of donor funding played a crucial role in this.

25. US influence on the developments in Gaza was recently exposed by David Rose in his article "The Gaza Bombshell: Politics & Power" published in Vanity Fair April 2008.²²¹ Considering previous leaks in Arab media in April last year,²²² it is likely that other Western governments were at least partially aware of the US plans to orchestrate a coup in Gaza. The continued withholding of international aid even after the Palestinian Unity Government was installed has had the effect of destabilising that government and seems to have been linked to these US plans. The withholding of aid arguably can be considered an act of collective punishment.

26. The Quartet's demands on the PNA—non-violence, compliance with previous agreements and recognition of Israel—served as a reason for withholding funding to the PNA and refusing diplomatic ties with its officials. Similar demands have never been made of Israel and the EU and UK maintain a high level diplomatic relations and preferential and free trade agreements despite its escalation of abuse against Palestinians and non-compliance with basic tenets of international law. The Quartet is effectively demanding that the occupied make concessions to the occupier.

27. It is particularly curious that the donor community has demanded that the PNA pledge non-violence, while at the same time the international community has provided the PNA and pro-western PNA officials with military training and weapons. The implication seems to be that violence is permissible if used for internal repression by the PA against Palestinians but not for resistance to the occupying power, which is sanctioned by international law.

28. Palestinian civil society has seen a large increase in repression by the PNA, particularly after the Annapolis conference. On 27 November 200 demonstrators were detained and 30 injured in Ramallah when PA forces attempted to prevent demonstrations demanding that the PA fully uphold Palestinian national rights at the Annapolis conference. In Hebron one person was killed. The demonstration in Ramallah was organised jointly by the coordinating committee of all Palestinian political parties and a range of civil society organisations. On January 10, between 15 and 25 people were arrested and many more injured after

²²¹ www.vanityfair.com/politics/features/2008/04/gaza200804

²²² *Document details "US" plan to sink Hamas*, Mark Perry and Paul Woodward, <http://www.jerusalemitemes.org/articles/english/2007/May/20.htm>

Palestinian Authority forces attacked a demonstration organised by the same large alliance of Palestinian forces in protest of the US President Bush's presence in Ramallah. Other demonstrators were attacked in Bethlehem.

The role of the UK and the EU

29. The TIM and subsequent restarting of direct aid to the caretaker government were essential for the overthrow of the democratically elected Palestinian government and the dismantling of Palestinian democratic institutions.

30. The aid embargo was maintained until May, just weeks before the unity government broke down. The process towards the resumption of direct aid is telling. On May 14, the US sent a letter to the EU, which presumed to authorise the European Union to channel funds to Palestinians through the PLO account now controlled by Fayyad.²²³ Weeks later, Salam Fayyad was nominated prime minister of the unelected caretaker government and diplomatic relations and the process of fundraising and direct funding were fully resumed.

31. The UK has actively contributed to the militarisation of the relationship between the PNA and its people. The UK has contributed to policing training and weapons for the PNA police forces. The UK has further provided a Policing Adviser to the US Security Coordinator's Team—working on policing aspects of the Team's Security Sector Transformation plan. The results of this policing training have been experienced by Palestinian civil society in united and peaceful demonstrations. DfID's "work to enhance the capacity of civil society organisations to [. . .] monitor and evaluate government performance" is at best incongruent with the UK's overall funding strategy for Palestine.

32. Finally, it should be noted that Palestinian civil society has an almost unparalleled history of struggle against colonialism, occupation and other forms of repression and over 100 years has not been subdued. It is difficult to imagine that Palestinian society will accept the destruction of democracy in the long term.

Progress in the Middle East Peace Process since Annapolis

33. Since December 2007, Israel has killed 318 people, injured 858 and arrested 1,330.²²⁴ Between December and January the Occupation carried out 2,239 military raids and attacks.²²⁵ Some 50 new demolition orders have been distributed in the West Bank, 18 of them alone to the small village of Khirbet at Tawil (Nablus district). 49 homes and dozens of animal pens and agricultural sheds as well as wells and water infrastructure have been destroyed. The most severe attacks have been waged on the Bedouin communities in Arab Jahalin (Jerusalem district) and al Hadidiya (Jordan Valley).

34. In February more than 2000 dunums of land were confiscated in South Hebron. In Beit Hanina (Jerusalem), lands of the university have been destroyed to build a new settler road. One hundred dunums of land have been confiscated to build a fence along the Qalqiliya—Nablus road.

35. Between January and February, occupation authorities have announced 30,000 housing units in and around Jerusalem. The process of construction of a new settler ring road has been started. On 15 January occupation authorities started to add 60 settlement units in the settlement of Ma'ale Zetim in East Jerusalem, during that period occupation authorities announced a bid to build 440 units in Talpiyot. Israeli newspapers revealed that the occupation municipality in Jerusalem plans to construct almost 10 000 new settlement units (distributed in: Ramot (500), Ramat Schlomo (500), Pisgat Ze'ev (1000), Nave Yacov (700), Talpiyot (500), Har Homa (2000), Gilo (500), Giv'at HaMatos (4000). On 9 March, further plans for 750 housing units in Pisgat Ze'ev were announced.

36. The internal Palestinian situation has worsened. No dialogue between the political factions has been initiated though it becomes ever more evident that progress on this side is imperative. This is also due to thinly veiled Israeli and international pressure on Abu Mazen not to open dialogue with Hamas.²²⁶

37. There are no conditions or signs of the existence of a Middle East Peace process on the ground.

²²³ <http://www.alertnet.org/thenews/newsdesk/L28330737.htm>

²²⁴ Data taken from Palestinian Monitoring Group and Palestinian Center for Human Rights.

²²⁵ Data from Palestinian Monitoring Group.

²²⁶ "These officials add that they know for a fact that US Secretary of State Condoleezza Rice plainly told Abbas that her efforts to soften the positions of Israeli Prime Minister Ehud Olmert would be gravely undermined should Abbas re-engage Hamas. Olmert for his part has publicly all but directly prohibited Abbas from resuming relations with Hamas if he wishes to continue regular meetings with the Israeli prime minister". <http://weekly.ahram.org.eg/2007/857/egl.htm>

Economic development in the OPT

38. Even under the World Bank's most optimistic forecast, given full implementation of the PRDP and AMA, the outlook is extremely poor: Palestinian poverty to remain at the same level, and continued dependence on international funding.²²⁷

39. There can be no development under occupation. Trade cannot flourish if Israel can close down checkpoints, terminals and roads at will. Agricultural productivity cannot increase while Israel continues to confiscate and raze farm lands, confiscates, pollutes and diverts water resources and tightly limits import of agricultural equipment and chemicals.

40. Whenever conflicts arise over profitability of economic arrangements, Israel imposes its unilateral solutions. To mention only one example, Bethlehem gas stations are since a month on strike as the occupation authorities have prohibited import of gas and fuel through Bethlehem terminal and rerouted it to Tarqumiya terminal (Hebron district) against all indicators that this is economically not profitable. This makes transport significantly more expensive and dangerous.

41. The terms of development are literally dictated by Israel. In particular:

- (a) Donors require authorisation from the occupation authorities for any infrastructural projects implemented in area C, the majority of West Bank land and the large majority of lands that are not inhabited and which are open for infrastructural investments. Permission is granted or declined on the basis of Israel's strategic objectives. To take one example, the Japan International Cooperation Agency (JICA) in early 2007 discussed with Palestinian planning officials the construction of an airport north of Jericho as part of the "Peace Corridor" project. The Israeli government vetoed the proposal, stating that it would threaten their control of the airspace. It is stated Israeli policy to retain control of the Jordan Valley as a "security border".
- (b) Severe limitations are placed on material allowed to be imported.
- (c) Israeli exerts control over supply of water, fuel and electricity.

Implementation of the Agreement on Movement and Access

42. The AMA agreement sets out a list of measures the occupation authorities are required to implement in order to make the existing system of the Wall, settlements and closure sustainable. It does not challenge the occupation policies as such.

43. Palestinian sources concur with the World Bank that the AMA agreement is not implemented²²⁸ and that this has a strong impact in terms of accelerated de-development of the West Bank and Gaza. However, it is simply an illusion that the AMA agreement could bring any significant change in terms of development, let alone the implementation of the basic internationally sanctioned rights of the Palestinian people. In fact, the World Bank assumption that successful implementation of the PRDP can only stop the further degradation of the economic situation already assumes implementation of the AMA agreement and the pledged flow of donor money.

44. There will be no tangible impact of the donors money as long as the political questions are not resolved. In order for Palestinian development to happen, the Palestinian people have to be able to have sovereignty over borders, their lands and their movement. In other words, the occupation has to end.

The Paris donor conference and development projects

45. The Paris donor conference was instrumental in financing the Palestinian Reform and Development Plan (PRDP) and the complementary Quartet Quick Impact Projects (QIP). Both proposals have reportedly received very high appreciation and no major criticism has been reported in the media. However, these proposals have inbuilt fallacies that make them at best incapable of stimulating development and at worst ensure that Palestinian economy enters into an even more debilitating dependency on the occupation.

46. Part of the developmental proposals promoted by the World Bank, the PRDP and the QIP is the creation of industrial zones. These industrial zones risk legitimising, legalising and cementing Israeli violations of international law within the West Bank. The QIP include, for example, the stipulation that "Israel, the PA and the project developer should develop a security protocol for the industrial site". This

²²⁷ "The PA's macroeconomic framework assumes: (a) the successful advancement of reforms, including law and order; (b) sufficient donor funding; and (c) a gradual easing of movement and access restrictions subject to Israeli security concerns. It does not assume a resolution of the situation in Gaza. Therefore most of the growth would be in the West Bank, driven by Government investment and consumption, both of which are linked to aid. Successfully reaching the PRDP goals will lead to modest growth, averaging 5% per year, which—given current demographics and distribution of income—will barely affect poverty levels".

²²⁸ "Increasing Need, Decreasing Access", UN OCHA, <http://www.ochaopt.org/documents/Commercial%20Crossings%20V5.pdf>; "The Closure of the Gaza Strip: the Economic and Humanitarian Consequences", UN OCHA, http://www.ochaopt.org/documents/Gaza_Special_Focus_December_2007.pdf

gives Israel security control over West Bank land. The projects would not only cement Israeli presence in the West Bank as an occupier but likely extend their control to so far only indirectly controlled area A, in case the site will be located there.

47. The ongoing discussion between Palestinians and Israelis in joint industrial projects over which set of labour rights is to be implemented in these areas within the West Bank and the fact that Israel has to approve these laws is a further indicator on how industrial parks are used by the occupation to extend its grasp over the West Bank.

48. In both proposed cases the industrial sites are located at the terminals created by the Wall and effectively contribute to the sustainability of the Wall and the regime it has created. They risk infringing the prescriptions of the ICJ advisory opinion.

49. The map above, showing the possible site of the Jalame industrial estate, shows clearly the complete dependency on Israel for the entire project as well as its integration with the system created by the Wall. This is directly counter acting to Palestinian rights and quest for self-determination.

50. The experience of a similar project in the Eretz industrial park further puts doubt on the viability of such projects. Israel has continuously blocked access to and export from the park, even though there are “security protocols” in place.

51. A second proposal mentioned both in the PRDP and the QIP is an agro-industrial zone to be implemented by a triangle of PA, Israeli and Jordanian partners and financed mainly by the Japanese International Cooperation Agency (JICA). The preliminary studies done so far by JICA on this initiative are deeply flawed.

52. JICA’s interim document includes proposals for supporting “Israeli migrant businesses”—companies currently operating illegally on confiscated land in the Jordan Valley—as part of a package to create jobs for Palestinians. This pre-empts the final status agreements by normalising the Israeli occupation of the Jordan Valley: it is further an attempt to coerce Palestinians in the area into accepting the presence of the Israeli occupation through economic means.

53. The overwhelming majority of farmers in the Jordan Valley run small-scale farms, which are unable to develop due to lack of infrastructure, which is the result of 40 years of occupation. Rather than allowing these farmers to develop their own businesses, JICA and QIP apparently envisage that they will work as labourers in large-scale agro-industry, which will presumably be owned either by Israeli companies (the “migrant businesses”) or by wealthy Palestinian elites. The project is clearly not being developed for the benefit of ordinary Palestinians.

54. Studies further state that “according to Israeli agricultural experts, current Israeli agricultural infrastructure and markets can enable an increase of agricultural exports by as much as 30% (equivalent to some US\$300 million) if an adequate and stable supply of Palestinian workers is assured”.²²⁹ While Palestinians are to offer the cheap labour for export crops, Israeli agriculture will gain sizable profits by still maintaining a monopoly of export via Haifa and providing inputs and services to the agro-business.

55. Finally, a third sector, the tourism industry in and around Bethlehem, is contemplated in the PRDP and the QIP. Part of the plan are what the Office of the Quartet Representative called “tourist friendly checkpoints”.²³⁰ It is disturbing to Palestinians to know that the international community promotes checkpoints that are acceptable to international tourists, implicitly acknowledging that the ones designed for Palestinians are inhuman, instead of challenging the entire system.

56. Studies further highlight that “the Palestinian average income per tourist was around US\$200, only 15% of the Israeli income per tourist (PCBS and the Palestinian Ministry of Tourism, cited in International Alert report “Local Business Local Peace” 2006, p 383)[. . .] Christian tourists in Israel can generate an average direct income per tourist that is similar to the current Israeli average of US\$1,300 with an additional US\$300–500 per tourist that will be spent in the PA”.²³¹ This raises the question whether it is at all justified for UK and international funding mechanisms to disburse money in a situation where a fully developed country, which is the occupant and responsible over the Palestinian economic de- development, is the main beneficiary.

57. Finally, the PRDP includes a fiscal reform that risks having serious negative impacts on Palestinian access to basic utilities. The World Bank states in its consideration of the PRDP that a reduction in net lending is a crucial part of the PA’s fiscal reform. The measures to ensure full payment of utility bills is likely to include “deductions from the salaries of public sector staff, as well as requirements for a ‘certificate of payment’ of utility bills for anyone seeking municipal services”.²³² In fact, the attempts to force these measures have already created large scale strikes and protests. In the West Bank, where already in 2006

²²⁹ “The Untapped Potential—Palestinian-Israeli Economic Relations: Policy Options and Recommendations”, by Paltrade and Peres Center for Peace, 2006.

²³⁰ “Quick Impact Projects”, Office of the Quartet Representative, 11/08/07. Document available from Stop the Wall.

²³¹ “The Untapped Potential—Palestinian-Israeli Economic Relations: Policy Options and Recommendations”, by Paltrade and Peres Center for Peace, 2006.

²³² *Investing in Palestinian Economic Reform and Development, Report for the Pledging Conference*, World Bank, Paris, 17 December 2007
<http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/294264-1166525851073/ParisconferencepaperDec17.pdf>

18.5% of households have been living in deep poverty and 30.5% were poor,²³³ the non payment of utility bills in most of the cases is due to the effective level of poverty of the households. While the proposals suggest that together with the reduction in net lending a social security system should be built up, no such efforts have been seen yet and the entire operation is likely to produce a largely reduced access to basic utilities for Palestinians who are thrown into poverty by occupation policies while it guarantees full payment to Israeli service providers. The costs of the occupation will thus be effectively removed from Israel and the donor community which has taken up the task to finance the PNA net lending and put on the backs of the occupied.

Conclusion and Recommendations

58. Framing the solution to the question of Palestine in terms of economic development is fundamentally unhelpful. In a written answer on 11 July 2007, Douglas Alexander asserted his opinion that “A thriving private sector in the West Bank and Gaza will be an indispensable element of a lasting peace. Private sector initiatives will play a critical role once restrictions are eased on the movement of goods and people. We call on all Palestinians to end violence, and on Israel to relax its controls on movement and access, including by implementing the 2005 Movement and Access agreement”.²³⁴ The basic assumptions for UK’s funding strategy expressed in this statement have to be replaced with a realistic assessment of the reality of occupation in Palestine.

59. The foremost task and responsibility of the UK must be to support the implementation of international law and human rights, including the ICJ on the Wall. To this end, the UK must use diplomatic pressure and economic sanctions on Israel.

60. Funding strategies must be completely re-evaluated. Large and medium scale economic projects within the system of occupation are doomed to support its sustainability and counteract to the UK’s obligations under international law. Small scale projects have to aim at the creation of an “economy of steadfastness” based on the people’s need to continue to live on their land. Projects that effectively challenge the occupation and assert the Palestinian’s right to their lands have to be devised.

Recommendations

61. The UK has participated in a concerted international effort to use economic pressure to change the leadership and policies of occupied Palestinians.

62. Economic pressure should be used to push for the implementation of international law and to support democracy and human rights, not to undermine democratically elected governments.

63. The UK must reevaluate its policies and use economic pressure to push Israel to comply with international law and end the occupation of Palestinian land. The suspension of the EU-Israel Free Trade Agreement is the most evident tool. Though Israel consistently violates the human rights clause of the treaty, it still enjoys preferential treatment and tax exemption.

64. Israel profits from the occupation and the donors money that comes to Palestine. This has to stop. Companies working or contributing to the occupation and the colonisation of the West Bank and Jerusalem have to be banned from international investments and cooperation.

65. The UK has to stop supporting the active destruction of Palestinian democratic institutions and has to start engaging with democratically elected representatives. In the same commitment to democracy, undemocratic policies of Israel, including systematic racist discrimination of Palestinians and the denial of the right to return of the refugees, have to be targeted.

66. Prior to disbursement of funding, the UK has to scrutinise all PRDP and QIP projects as to whether they:

- (a) are legal under international law, and do not pre-empt the outcome of final status talks by lending support to the Wall and its associated regime or to Israeli colonisation and presence in the West Bank;
- (b) reflect the needs of the people to remain steadfast on their lands;
- (c) Contribute more effectively to Palestinian or Israeli economy; and
- (d) help Palestinians challenge the facts on the ground created by the Israeli Occupation.

²³³ PCBS, Poverty in Palestine, August 2007.

²³⁴ Question 148666 by Rosie Cooper, 11 July 2007, <http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm070711/text/70711w0005.htm>

Memorandum submitted by the TaxPayers' Alliance

1. At the TaxPayers' Alliance we have recently been investigating the effects of British aid to the Palestinian territories. The TaxPayers' Alliance is Britain's independent, grassroots campaign for better value for taxpayers' money. Our interest in this issue is to ensure that British taxpayers' money makes an effective contribution to legitimate goals overseas and is not used wastefully or counterproductively.

2. Our work should be particularly relevant to two of the subjects you wish to address in your forthcoming inquiry: the contribution of the Department for International Development and the impact of restarting direct aid to the Palestinian Authority. There are three points we wish to make:

- British aid money facilitates radicalisation of the Palestinian population by their leadership.
- Existing checks are a flawed means of addressing the problem.
- A new approach can allow British aid to the Palestinian territories to make a better contribution to a lasting peace in the region.

3. We identify two principle ways in which the Palestinian Authority is contributing to radicalisation: through the education system and television broadcasts.

4. The Palestinian Education system still works with material containing extreme statements. Assurances from the EU Heads of Department that the problem was dealt with early this decade do not stand up to scrutiny. The textbook "Reading and Texts" states "O heroes, Allah has promised you victory . . . Do not talk yourselves into flight . . . Your enemies seek life while you seek death. They seek spoils to fill their empty stomachs while you seek a Garden [Paradise] as wide as are the heavens and the earth . . . death is not bitter in the mouth of the believers. These drops of blood that gush from your bodies will be transformed tomorrow into blazing red meteors that will fall down upon the heads of your enemies" (page 16). Another textbook "History of the Arabs and the World in the 20th century" states "The U.S. and Britain . . . stormed Iraqi cities with the participation of military forces from different countries and Baghdad fell. The Iraqis did not surrender to this occupation but succeeded in organizing themselves and a brave resistance to liberate Iraq began" (page 147). Both of these examples are taken from books in use within the Palestinian Education system (with the Palestinian Authority Ministry of Education logo on the front) this year.

5. Television broadcasts also contain frequent extremist messages. Some examples include a programme on the 12th of February 2007 that said "Mohammed said in his Hadith: 'The Hour [Resurrection] will not arrive until you fight the Jews, and the rock and the tree will say: Oh Muslim, servant of Allah, there is a Jew behind me, come and kill him!'"'. Another programme, on 10 November 2006 stated "We want to kill the Jews and that they should kill us. If they kill us, the Garden [Paradise] is ours, please God. If we kill them, Paradise is ours". On 28 November 2007, the day after the Palestinian Authority leadership pledged to negotiate towards a peaceful settlement at Annapolis, Palestinian Authority television displayed a map of Israel covered by a Palestinian flag.

6. British aid money contributes to the Palestinian Authority aid budget in two key ways. Directly, through the resumed direct aid and indirectly, through the Temporary International Mechanism—to be replaced by the new PEGASE programme—that supports specific humanitarian and development objectives. Indirect aid invariably makes an effective contribution to the Palestinian Authority budget by removing the need to pay for one item, freeing resources for spending on other priorities.

7. Also, the Temporary International Mechanism is designed to support "the basic needs of the Palestinian people including health, education, social affairs, fuel and utilities". This means that there is a particular link between international aid and the Palestinian education system and, therefore, a particular duty to ensure that education system is not a radicalising force. Whether it buys textbooks or pays teachers salaries is largely immaterial when it is the system that is radicalising.

8. Existing checks are based around trying to ensure that the particular money provided by British taxpayers is not spent on radical materials, violence and other things that we do not wish to support. This is too narrow an approach as it does not provide for the ways in which spending on certain items affects others; how aid from Britain can free up Palestinian Authority resources and assist a radicalised education system.

9. A better model is provided by the Quartet Principles. They provide a set of standards that we expect and will pressure the Palestinian Authority to conform to instead of precisely controlling how aid is spent. The acceptance of the Quartet Principles by the Palestinian Authority shows that such an approach can yield results.

10. The problem is that the Quartet Principles are too focussed on how the Palestinian Authority itself behaves towards the outside world and not the attitudes it inculcates in the Palestinian population. We need to broaden our understanding of what we require from the Palestinian Authority in order to establish a lasting peace.

11. There is a clear precedent for the kind of programme we might wish to see put in place in Northern Ireland where the Government introduced, in 1989, a programme called Education for Mutual Understanding. The objectives of that scheme were that it should enable pupils: "to learn to respect and value themselves and others; to appreciate the interdependence of people within society; to know about and understand what is shared as well as what is different about their cultural traditions; and to appreciate how

conflict may be handled in non-violent ways". An investigation for the University of Ulster, while conceding that success in such a field is hard to measure, argued that there is "evidence to suggest that government support for Education for Mutual Understanding, along with a range of other community relations initiatives, has helped change the discourse in Northern Ireland by introducing a language which allows people to express their support for cultural pluralism and political dialogue rather than sectarianism and political violence".

12. If our donations can encourage principles like those of Education for Mutual Understanding to be put at the heart of the Palestinian Authority's engagement with its people, to replace the hate education we see today, then British taxpayers might be getting rather better value for their money.

Memorandum submitted by UNICEF UK

INTRODUCTION

1. UNICEF; the United Nations Children's Fund, is mandated by the United Nations General Assembly to advocate for the protection of children's rights, to help meet children's basic needs and to expand their opportunities to reach their full potential.

UNICEF is guided by the Convention on the Rights of the Child and strives to establish children's rights as enduring ethical principles and international standards of behaviour towards children.

UNICEF responds in emergencies to protect the rights of children. In coordination with United Nations partners and humanitarian agencies, UNICEF makes its unique facilities for rapid response available to its partners to relieve the suffering of children and those who provide their care.

This submission has been prepared by the UK National Committee for UNICEF.

OCCUPIED PALESTINIAN TERRITORIES: CRITICAL ISSUES FOR CHILDREN

2. The absence of a lasting political solution to the world's longest running conflict remains the single challenge facing the occupied Palestinian territory (oPt), with profound humanitarian consequences for children and women. Beyond violence, most threats to survival and development arise from restrictions to movement and access—whether this translates into healthy births, nutritious food, safe schools, decent health care, or protection from abuse.

3. Although the decades-long occupation and the ongoing war with Israel remain the root to the impoverishment and distress across Palestinian territory, 2007 has witnessed previously unseen levels of violence, division and insecurity within Palestinian society itself. The inter-factional fighting in June 2007, the takeover of the Gaza Strip by Hamas and the resultant political divide between the West Bank and Gaza have resulted in a new and uncertain operational landscape for UNICEF. Repeated interruptions in the provision of social services due to strike action by unpaid civil servants, especially in the West Bank, have also hindered programme implementation. Two years into the Agreement on Movement and Access, there were some 530 obstacles to movement in the West Bank, or more than 40% above the August 2005 baseline (Office for the Coordination of Humanitarian Affairs, 2007). Gaza remained under virtual siege.

4. While indicators on infant and under-five mortality have changed little since 2000, recent numbers on child and maternal malnutrition are disturbing. In 2006, 1 in 10 children was stunted, with proportions reaching almost 30% in North Gaza. Only 26.5% of infants age 0–5 months were exclusively breastfed. Anaemia prevalence among children and women is above 40%, indicative of a public health problem.

5. Palestinians consumed an average of 75 litres of water per capita per day (2006), or half the amount the World Health Organization (WHO) says is needed to drink, cook, clean and bathe. Saline sea water and sewage have seeped into the coastal aquifer in Gaza, and wastewater treatment and solid waste collection are far from adequate. Schools and clinics have inadequate water storage systems and poorly maintained connections to networks. About 66% of the Palestinian population is not connected to a sewerage network and approximately 70 to 80% of the domestic wastewater is discharged into the environment without treatment. In March 2007 an overburdened wastewater treatment plant in Northern Gaza collapsed, killing five people, including two children, and displacing thousands.

6. Primary school gross enrolment ratios have dropped from 96.8% in 2000–01 to 91.2% in 2005–06, and the rise in poverty and unemployment in 2006–07 has put schooling-related costs beyond the reach of many parents. The threat of walkouts by poorly-paid teachers persisted, and morale was extremely low among education professionals. Closures, roadblocks and random checkpoints continued to challenge student and teacher access to schools in the West Bank, while the almost total shutdown in Gaza following clashes in June blocked all education supplies coming for the new academic year. Primary schools in areas hard-hit by the conflict or movement restrictions lack basic teaching materials, library books, laboratory and recreational equipment, and teachers lack the skills needed to make learning enjoyable and productive for children.

7. The conflict-related violence surrounding children has seeped into their homes, schools and play areas. In a Palestinian Central Bureau of Statistics study on family violence in 2005–06, half the mothers participating said that their children age 5–17 years had been exposed to one form or another of violence. Children are also reporting extremely high levels of violence in their schools and play areas. While fatalities from the conflict are lower than in 2006 (31 children as of end-July 2007), 26 children died as a result of Palestinian inter-factional fighting. The higher levels of distress have translated into larger numbers of children and families seeking psychosocial support and counselling.

8. Young adolescents are a particularly vulnerable group and are most often exposed to the frontline of conflict and violence. In 2006, almost 70% of the children killed in conflict were adolescents; all the children placed under detention that year were between the ages of 15 and 17. Due to disruptions in schooling related to violence or closures, the number of teens falling two to three grades below their level and eventually dropping out continues to rise. Two out of three adolescents do not have safe spaces to go to for recreation and interaction with their peers, and most have few opportunities for positive and productive play.

KEY ACTIONS AND ACHIEVEMENTS IN 2007

9. In close collaboration with local, national and international partners, UNICEF's humanitarian response focused on health, nutrition, water and sanitation, education, protection, and adolescent development. Key challenges to implementation included the institutional divide within Palestinian authorities; violence related both to the conflict with Israel and internal Palestinian fighting; ongoing public sector strikes by unpaid workers; and restrictions to access and movement.

10. Routine immunisation rates (over 90%) and services have been improved through increased technical and supply assistance to the Ministry of Health and other partners, reaching around 114,000 children under the age of 1 and around 250,000 schoolchildren. Some 24,000 moderately and acutely malnourished children were also provided with nutrition supplies and 600 health workers in about 150 facilities received training on improved childcare practices. UNICEF provided daily drinking water to more than 340 schools and some 40 medical facilities in Gaza, and with partners UNICEF is repairing and improving water and sanitation services and facilities in vulnerable communities in both the West Bank and Gaza. UNICEF provided US\$ 1.5 million worth of emergency teaching and learning supplies to many of the oPt's most affected schools and communities, and supported teacher training for more child-friendly approaches, even during emergencies. As of end August, 18 child-friendly spaces had been set up by UNICEF in isolated or conflict-affected areas, providing educational, recreational and counselling services to more than 85,000 vulnerable children and about 42,000 adolescents. Some 13,375 children and 12,365 caregivers have received psychosocial counselling and care through the 14 UNICEF-supported teams across oPt, with rising numbers visiting newly established psychosocial/legal centres or dialling up the 1-800 helpline.

CURRENT SITUATION

11. Facts on the ground and impact between 27 February and 3 March, IAF aircrafts conducted a series of air strikes in various areas of the Gaza Strip, targeting Ministry of Interior buildings, police stations, metal workshops but also suspected militants' cells. In March, the IDF invaded an area east of Jabalia camp (15–20,000 people) triggering a battle with the militants, IDF withdrew from the area on 3 March. Due to the closure, Gaza Strip faces electricity cuts for about eight hours every day. This affects the four northern districts as follows:

- Gaza district—12 hours
- North Gaza—10 hours
- Khan Younis—6 hours
- Middle—4 hours

In Rafah district, thanks to its connection to Egypt, electricity is only interrupted for four hours per week. Israeli authorities usually permit the passage of 10,000 litres of petrol in addition to 100,000 litres of diesel per day through Nahal Oz crossing point. A kidnap threat to internationals remains moderate to high. International staff remain on high alert and movements are restricted.

12. Health

122 deaths and 264 injuries as a result of military operations between 27 February and 4 March 2008, of which:

- 28 children and 5 women killed.
- 60 children and 10 women injured.

As a result of the increase in the number of injuries, MoH has announced a shortage of vascular sets and anesthesia instruments, medicine used in ICUs and operating theaters; medical equipments and machines. Blood, renewable medical supplies and fuel.

One PHC clinic in North Gaza Directorate (Abu Shabak Clinic) was unable to function during the incursion, as both staff and patients were kept away by the fighting. There are concerns regarding the validity of the two weeks' stock of vaccines (Hepatitis B, 74 doses; IPV, 60 doses; OPV, 100 doses; OPT, 60 doses; DF3T + HIB, 100 doses; and measles, 70 doses) which was not kept at the optimal temperature while electricity was cut and no one was able to operate the generator. MoH is aware of the situation and is testing the vaccines. On 3 and 4 March, 330 children from the affected area visited the clinic (which represents a 60% increase). Parents and children complaints were about fears, insomnia and bedwetting.

13. *Water and sanitation*

For three days, the population under incursion in East Jabalya had no access to water as wells were out of fuel and the electricity was off. Eight transformers have been destroyed during the military operation.

Since 1 February, the Coastal Municipalities Water Utility (CMWU) only received 65,000 litres of fuel or 43% of its monthly needs (minimum 150,000 litres needed month). As a result about 20% of the population access water every other day for a few hours only. However a better access to electricity compared to last week has allowed CMWU to operate its wells longer hours in spite of the limited quantities of fuel available. Since July 2007, the Israeli authorities have denied coordination to all CMWU spare parts and equipments (pipes, valves, water and waste water pumps and electromechanical spare parts) required for the maintenance and up-grading of the networks.

About 40,000 m³ of raw or partially treated sewage are still pumped daily into the sea due to the power cuts. As a result of the lack of maintenance and spare parts, the efficiency of the water network has deteriorated from 70% in June 2007 to 53% today. In order to compensate for this deterioration, CMWU has had to pump water from its wells beyond their capacity in terms of replenishment and water quality. The lack of materiel also exposes the water networks to the risk of contamination by infiltration. In the long term, this increases the likelihood of a negative impact on the population's health.

14. *Education*

Schools in and around the area of the military operation were closed between 1 and 3 March. They reopened on 4 and 5 March, but attendance was limited. In the rest of the Gaza Strip attendance was nil on 2 March; about 40% on 3 March; and 90% on 4 March.

A Palestinian Authority school for boys with 1,314 students and another for girls with 839 students were the most affected. During the incursion in East Jabalya, four students were killed (grades 1, 5, 7 and 9), four UNRWA schools were also affected by the air strikes, and the electrical system was seriously damaged during the fighting.

UNICEF RESPONSE

15. *Health*

In response to the shortages in equipment and renewable medical supplies in Gaza's hospitals. UNICEF delivered the following items from its emergency stock in Gaza:

- 2 new emergency health kits: basic unit in Rafah (Najar Hospital) and in the middle area (Al Aqsa Hospital).
- 1 new emergency health kit in the northern area (Bait Hanoun Hospital).
- 2 obstetric surgical kits: in Gaza City (Shifa Hospital) and in Khan Yunis (Nasr Hospital).
- 30 first aid kits were also delivered to the NGO Patients Benevolent Friend Society, which is running an ambulance service in Gaza City.
- 20 family water kits (200 families).
- 35 family hygiene kits (245 persons).
- 60 baby hygiene kits are to be distributed to families who have lost their homes in East Jabalya through the Red Crescent.
- Procurement of a fuel tank (10,000 litres) for the main pharmacy in Gaza City within 10 days.

16. *Water and sanitation*

UNICEF funds the following in East Jabalya:

- Cleaning the waste water manholes.
- Repair specific damaged parts in the waste water networks and water networks.
- Replacement of about 500 metres of damaged pipes used for water distribution.

- On-going provision of drinking water to 220 schools in Gaza, Middle area and PRafah (200,000 children) since 10 February 2008.
- A cleaning campaign around 4 pumping stations started on 3 March 2008.
- Procurement of 100 boots and 60 suits for workers, 6 mobile fuel tanks (1,000 litres) and 6 fixed fuel tanks (5,000 litres).

17. *Education*

After consultation with counterparts and in order to address the loss endured by families and the lack of supplies, UNICEF is providing two schools in East Jabalya with the following items:

- 10 school-in-a-box kits (800 pupils).
- 4 outdoor recreational kits (360 pupils).
- 100 sets of copybooks.
- 100 schoolbags.

18. *Child protection*

In response to the Jabalya incursion, UNICEF and UNHWA activated the Emergency Mental Health and Psychosocial Group. A coordination meeting was called at central level on 4 March 2008 where the different actors' interventions were discussed in order to avoid duplications and gaps. It was agreed that a common assessment tool will be used to screen the population and identify individuals and families in need of psychological support. The five organisations—including the Palestinian Centre for Democracy and Conflict Resolution (PCOCR) with a capacity of 20 social workers/psychologists in the affected area—with the resources to deploy staff in schools, community centres and to visit households, started their operations on 6 March.

14 March 2008

Memorandum submitted by John Ging, Director, UNRWA Operations in Gaza

THE HUMANITARIAN EMERGENCY IN GAZA—“A SHOCKING AND SHAMEFUL SITUATION”

Thank you for the opportunity to present evidence to the Committee on the Humanitarian situation in Gaza.

The two principal issues underpinning the shocking and shameful humanitarian situation in Gaza are violence and the lack of access for people and supplies to get into and out of the Gaza Strip.

When it comes to violence and the pervasive sense of fear that it has created in every household, the statistics speak for themselves. The casualty figures for 2008 in Gaza are a total of 344 Palestinians killed and 756 injured. In those figures are the deaths of 60 undisputedly innocent children with a further 175 injured children.

The mortal danger which is daily reality for the civilian population in Gaza is clearly evidenced by the death toll; equally, the absence of credible mechanisms of accountability for the use of lethal force is feeding an ever growing perception of impunity, bad faith and sense of despair.

It is also very important when referring to the security challenges faced by the civilian population in Gaza, that we condemn the rockets fired from Gaza into Israel on an almost daily basis. These rockets terrorize the civilian population within their range. Over 2647 rockets and mortars were fired into Israel so far this year. A total of three Israeli civilians were killed and 20 injured as a result of that rocket fire.

The second issue underpinning the humanitarian misery of the population of Gaza is the severe restrictions limiting the access for people and goods in and out of the Gaza Strip.

The entire civilian population is affected by these sanctions and every family is struggling to cope with a personal crisis as a result. The pathetic humanitarian state was clearly visible on 23 January when tens of thousands of desperate Palestinians broke out of Gaza through the boundary wall with Egypt. They did so, in large part to buy food, medicine and other vital and basic household supplies. Repeated warnings of an imminent social explosion went unheeded and a desperate population was left with no alternative other than to take such dramatically desperate action.

But the respite was short lived and the Gaza Strip is now under an even tighter sanction regime than ever before, fuel supplies of diesel and petrol in steady decline for months have now run out completely.

No diesel or petrol has entered Gaza since the 10th of April. Prior to that, the amount of fuel entering Gaza has been less and less every month once again the figures speak for themselves.

In March of this year 3.8 million litres of diesel fuel and 340,000 litres of benzene was transferred from Israel into Gaza. Compare this with over 9.1 million litres of diesel and 1.4 million litres of petrol that was supplied in August 2007.

So in March Gaza received only 23% of the benzene and little more than 40% of the diesel that it had received a few months ago.

What this means in reality is unbearable hardship and a looming public health crisis.

The streets of Gaza are virtually empty of cars today, the few vehicles moving are those who have made a dangerous conversion to run on cooking gas. This is not a stage managed crisis; it is reality for Gaza's 1.5 million residents. The ordinary people are paying the price, doctors and teachers, children and patients all walking, that is if they can walk the distance to the clinics and schools. 20% of the ambulances are not responding to emergencies as they have run out of fuel, the remainder are running critically low. Even UNRWA's fuel supply was cut forcing an unprecedented three day halt to the Agency's food distribution operation affecting over 650,000 refugees, thankfully UNRWA received a one week supply of 55,000 litres of diesel on Monday allowing our food operations to resume, however our situation continues to be highly precarious as we run out of petrol today.

The vital public services, including health, water and sanitation are in a pathetic state. Today there is no solid waste collection in over 50% of the Municipalities in Gaza as there is no fuel for the rubbish trucks. 60,000 cubic meters of raw and partially treated Sewage is pumped out to sea every day, again simply because the treatment plants have run out of fuel. 15 diesel powered water wells have shut down completely, leaving 70,000 people without water in their homes. The Costal Water Utility now report that because of the regular power cuts and a lack of diesel for back up generators, 30% of Gazans having running water for only four to eight hours per week, 40% once every four days and the remaining 30% every other day. The sewage at Sheik Redwan in northern Gaza City and Jabalia camp are overflowing into lagoons in residential areas which were designed for storm water. In Jabalia, the amount is three million litres of raw sewage since Monday. The list is endless, the misery immeasurable and there is no tangible basis at the moment to hope that the situation will not continue to decline.

The economy has also collapsed as no raw materials for manufacturing or construction have been allowed into Gaza since June 07, this has resulted in almost 80,000 people losing the dignity of work, bringing the number now queuing for UN food handouts to over one million. \$213 million dollars in United Nations Humanitarian and development projects are on hold because construction materials cannot enter Gaza. Equally, because of the prohibition on importing printing paper, 200,000 children returned to UNRWA schools without their text books for most of the month of September and again at the start of the second semester in January. All too often, solutions to the most pressing, basic and obvious humanitarian needs if delivered at all, are delivered late and only after the inevitable crisis occurs. 90% of Gaza's 3,900 industrial companies have closed since June 2007, resulting in 80% of Gazan's now living below the poverty line.

The severe restrictions on freedom of movement for the people to enter and leave Gaza has created an acute sense of imprisonment which has had a pervasive and devastating effect on the psychology of the population. The pain, anguish and despair for the families affected cannot be adequately conveyed in words, whether it is the sick, students or migrant workers, their suffering exemplifies the certain fact, that these punitive sanctions are indiscriminately collective in their impact and counterproductive to their stated purpose.

In the deprived living conditions that is now the daily reality for Gazans, parents are losing their personal battle to insulate and protect their children from developing a mindset and outlook reflective of their environment. Plummeting academic standards coupled with no realistic prospect of employment is fatally undermining their efforts.

While the imprisonment and impoverishment of the civilian population in Gaza is not the publicly stated policy objective, it is nonetheless its principal effect. History teaches us that peace is the dividend of economic wellbeing, while poverty and despair are the fertile ground for extremism and conflict.

The solution to reverse the current trend of human misery and violence in Gaza is access. This is the carefully judged assessment of the authors of the 2005 Agreement on Movement and Access, those authors were Israel, Palestinian Authority and Egypt assisted by the United States of America. The solution that they identified together was simple, open the crossings. However implementation is not simple as it carries very real risks, so graphically evidenced by the 09th April terrorist attack on the fuel depot at Nahal Oz where two innocent Israeli civilian workers were killed. Nonetheless, risks must be taken to restore a dignified and humane existence for the population of Gaza, it is their fundamental human right enshrined in international conventions. Abdication of responsibility to uphold the legal rights of Gaza's civilian population, means concession to the rule of the gun rather than rule of law.

Urgent action is therefore needed right now, the reality on the ground in Gaza is evolving rapidly, to date all warnings have been ignored and yet in spite of the growing evidence of the predicted and predictable negative consequences of the current policies, there has been no change in approach. Gazans need effective principled humanitarian interventions. In essence this means, the protections proscribed in International Humanitarian Law and Human Rights conventions. The absence of effective and credible mechanisms to hold decision makers accountable for their actions to International legal standards, is feeding a growing

sense of injustice and despair on the one hand and a perception of arrogant impunity on the other. If the rule of law is not credibly and effectively restored to its rightful pre-eminent position in defining action in this conflict, then by what other measure should actions be judged?

The humanitarian situation in Gaza is shocking and the political failure to respond effectively and humanely is shameful.

30 April 2008

Memorandum submitted by War on Want

WAR ON WANT

1. War on Want is a registered charity with a mandate to relieve global poverty and promote human rights. War on Want has been committed to working on the Occupied Palestinian Territories (OPTs) for three decades. We work in solidarity and partnership with organisations in the OPTs as well carrying out campaigning and educational work in the UK on the root causes of the poverty and human rights crisis facing the Palestinian people.

INTRODUCTION

2. War on Want congratulates the IDC on its 2006–07 report on the OPTs. We also welcome the IDC's decision to follow up on its 2006–07 report so soon. This is a decision that reflects the serious deterioration in the humanitarian situation in the OPTs since the last report.

3. It is difficult to find appropriate words to describe the extent of the crisis faced by the Palestinian people. A year ago we described it as a humanitarian disaster. Today the situation has escalated and the crisis has worsened.

4. In its 2006–07 report the IDC made strong recommendations to the UK government. The failure of the government to carry out these recommendations has been magnified by the government's role in exacerbating the deteriorating situation. The UK's unflinching support for Israel, despite its continued occupation of the OPTs in violation of international law, amounts to a betrayal of the Palestinian people.

5. War on Want was pleased that the IDC's previous report on the OPTs called on the UK government to "urge the EU to use the Association Agreement with Israel as a lever for change and consider suspending the Agreement until there is further improvement in access arrangements". The government has failed to take up this recommendation, despite the deterioration in the situation facing the Palestinian people. In light of Israel's consistent human rights violations (which contravene Article 2 of the Agreement), we call on the IDC to reaffirm this message.

COLLECTIVE PUNISHMENT IN GAZA

6. Israel has blockaded Gaza since June 2007. Over 80% of the 1.4 million Palestinians living in Gaza are now dependent on food aid from UN agencies. On 19 September 2007 the situation worsened when Israel declared Gaza to be "hostile territory", leading to the reduction of the supply of fuel and electricity to Gaza. Essential services, including water and sanitation, are now breaking down. Border closures are having dire effects on emergency medical cases, humanitarian supplies and trade.

7. It is clear that Israel's new definition of Gaza as a "hostile territory" does not distract from the reality of the ongoing occupation of Gaza and the international community's legal obligations. In his latest report to the UN Human Rights Council in January 2008, John Dugard, the Special Rapporteur on the situation of human rights in the Palestinian territories, reaffirmed this point: "*The fact that Gaza remains occupied territory means that Israel's actions towards Gaza must be measured against the standards of international humanitarian law*".

8. On 8 February 2008 a joint statement by the Foreign Secretary David Miliband and the Secretary of State for International Development Douglas Alexander responded to Israel's reduction in electricity to Gaza: "*We call on the Government of Israel to reverse its decision immediately, to avoid any further planned cuts, and to fulfil its obligations under international law*". Yet such statements are wholly ineffective as long as the UK government continues its economic and political support of Israel.

9. Given the horrific nature of Israel's actions towards Gaza, the UK government must use all the foreign policy tools at its disposal to bring this brutal collective punishment to an end. This means going beyond mere words, and taking action to bring Israel back in line with its obligations under international law.

THE INFRASTRUCTURE OF OCCUPATION IN THE WEST BANK

10. Post Annapolis, the Israeli government has continued to build the infrastructure of occupation. The construction of the illegal Separation Wall, the expansion of settlements, restrictions on freedom of movement, house demolitions and military incursions continue to have a disastrous impact on the lives of Palestinians in the West Bank. According to UNOCHA in January 2008, there were 563 physical obstacles including checkpoints and roadblocks inside the West Bank, as well as flying checkpoints.

11. In his latest report to the UN Human Rights Council in January 2008, John Dugard, the Special Rapporteur on the situation of human rights in the Palestinian territories, compares the system of checkpoints to the pass laws of apartheid South Africa, and describes the settler roads in the West Bank as a system of “road apartheid” which was “unknown in apartheid South Africa”.

12. The British government must act immediately to put concrete pressure on Israel to end the policy of house demolitions and to dismantle the illegal Separation Wall and settlements as an integral part of ending the occupation.

PROMOTE PALESTINIAN UNITY

13. In its last report, the IDC called on the UK government to talk to Hamas representatives in their “*capacity as elected representatives*” (paragraph 34). The UK government has ignored this recommendation, along with warnings that isolation of the elected representatives of the Palestinian people would worsen the situation. Unfortunately those warnings have been proved correct by events. The policy of the Quartet, including the UK government, in isolating Hamas has itself been responsible for creating disunity within the OPTs and leading to the dire emergency in Gaza. The Israelis and the Quartet have acted out a clear policy of divide and rule on the Palestinian leadership. If we are to see an end to the humanitarian disaster and a respect for Palestinian human rights, the UK government must promote Palestinian unity and engage with Hamas.

THE QUARTET’S ECONOMIC PROPOSALS FOR THE OPTS

14. War on Want is acutely aware of the need to rebuild the economy of the OPTs. Restrictions on movement and closures have ensured that trade is all but impossible. For this reason War on Want welcomes the IDC’s call on the EU to put measures in place to make the Association Agreement between the OPTs and the EU effective.

15. We are also deeply alarmed by moves by the Quartet which could normalise the economic dependency of Palestinians on the institutions of occupation. The special representative of the Quartet, Tony Blair, has announced four proposals as a package of economic regeneration for the West Bank. These proposals include the development of industrial zones and the construction of the controversial agro-industrial zone proposed for Jericho, in the Jordan Valley.

16. One of War on Want’s partner organisations in Palestine, the Grassroots Palestinian Anti-Apartheid Wall Campaign, along with local councils in the Jordan Valley, is opposed to the agro-industrial zone in the Jordan Valley on the basis that it will entrench a reliance on economic aspects of the occupation. The agro-industrial zone is a re-announcement of an existing *Corridor for Peace and Prosperity* project developed by the Japan International Cooperation Agency (JICA). The proposal is for a free trade zone, bringing together Israeli and Palestinian business. In its report *The Quartet’s Development Proposal for the Jordan Valley*, the Grassroots Palestinian Anti-Apartheid Wall Campaign demonstrated that the agro-industrial zone proposal included investment and support for Israeli businesses currently operating illegally in the West Bank as “Israeli migrant firms”. Clearly, this would be an unacceptable development. Furthermore, rather than enabling Palestinian farmers in the Jordan Valley to develop their own business and farms, the jobs created for Palestinians by this proposal would be as labourers in large-scale industrial zones.

17. The fertile land of the Jordan Valley makes up a third of the West Bank, running along the eastern side of the OPTs. The area was declared a military zone by Israel in 1967. Today, 98% of the land is under Israeli control. A War on Want delegation visited the Jordan Valley last year and witnessed first hand illegal Israeli settlements producing products sold on the UK market. The delegation, which included former Secretary of State for International Development Clare Short MP, spoke to Palestinians whose own farms and business have been stifled by the occupation and whose children are having to work in the Israeli settlements for poverty wages. These settlements produce agricultural products and other goods that are exported largely to the European market. It is vital that any economic proposal for the Jordan Valley is focused on changing this reality rather than entrenching it.

18. War on Want is also very disturbed by the UK government’s own economic plan for the OPTs. A report by the Rt Hon Ed Balls MP and Jon Cunliffe was published in September 2007: *Economic aspects of Peace in the Middle East*. The report, “based in part on the UK’s experiences in Northern Ireland”, outlines a five-point “economic roadmap” of free market reforms for the OPTs but signally fails to mention ending the occupation as the key first step towards restoring any possibility of economic prosperity. Among other things, the economic roadmap demands as its first priority that the public wage bill in the OPTs be reduced—despite acknowledging that it was public sector expansion in Northern Ireland that provided key

employment opportunities and “helped protect workers against the strong negative economic effects of the ‘Troubles’”. Public sector employment is one of the only sure sources of jobs at a time of crippling economic hardship in Palestine. The government’s suggestion that the Palestinian Authority should embark on a programme of public sector retrenchment at this time is damaging in the extreme.

19. The Palestinians are not the victims of a natural disaster. The poverty the Palestinians are suffering is man-made. DFID has also formally stated that the occupation is the primary cause of the poverty in the OPTs: “*Poverty in the occupied Palestinian Territories is a product of occupation and conflict*”. (DFID Palestine Programme Interim update, 2006). Yet the UK government continues to refuse to take any action to end the occupation.

20. Whilst recognising that interim actions should be taken to ease the devastation in the Palestinian economy, we look to the IDC to warn the government that economic measures must not be promoted to distract attention from the root cause of Palestinian poverty. Nor must measures be promoted by the Quartet that will normalise Israeli settlements and the economic dependency of Palestinians on the institutions of occupation.

THE EU-ISRAEL ASSOCIATION AGREEMENT

21. In our submission to the IDC’s 2006–07 report on the OPTs, War on Want questioned the continued operation of the EU-Israel Association Agreement at a time when trade policy could provide a key mechanism for exerting pressure on Israel. Article 2 of the Association Agreement states clearly that the provisions of the Agreement are predicated upon respect for human rights and democratic principles, and that this constitutes an essential element of the Agreement itself.

22. In its last report, the IDC rightly called on the UK government to urge the EU to “use the Association Agreement with Israel as a lever for change and consider suspending the Agreement until there is further improvement in access arrangements”. Yet the government has since repeated its refusal to consider suspending the EU-Israel Association Agreement. This means that we continue to reward Israel for its illegal aggression against the Palestinian people with trading preferences for its exports into the EU market.

23. It is important to note that in 2002 the European Parliament voted to suspend the EU-Israel Association Agreement in protest at the massive assault on Palestinians during Israeli operations in that year. Israel’s ongoing assault on Gaza is collective punishment and a human rights violation even wider in scope than 2002.

24. The government must take action to ensure that the EU upholds Article 2 of the EU-Israel Association Agreement. Failure to do so undermines the EU’s standing in regard to respect for international law. We call on the IDC to reaffirm its message that suspension of the EU-Israel Association Agreement should be used as a lever to effect a genuine change in Israeli policy.

LABELLING OF SETTLEMENT PRODUCE

25. War on Want welcomes the EU’s move to stop products from Israeli settlements in the OPTs from benefiting from the tariff preferences offered by the EU-Israel Association Agreement. The IDC raised a number of important issues arising out of this development in its last report, including that, to be effective, “information about the postcodes needs to be widely understood in the EU” and member states should “monitor goods being imported from Israel”.

26. There are also still problems with implementing EU directives on clear labelling of the origin of produce for European consumers. Produce from settlements is still being labelled “Made in Israel” when it reaches the shelves and misleading consumers. Actions by consumers to ensure proper labelling of settlement produce have had some success in ending this practice, but some settlement produce is now labelled produce of the “West Bank” instead, which equally fails to register its provenance in illegally occupied land. It is the responsibility of the UK government to work with the EU to ensure proper labelling of settlement produce.

ARMS LICENSING

27. Since October 2000 the UK government has used the Consolidated EU and National Arms Export Licensing Criteria to judge whether arms export licences should be granted. These set out a series of considerations which include whether the country of destination is in breach of international law, is involved in armed conflicts and respects human rights. On each of these counts Israel has been found seriously wanting. The British government must stop supplying Israel with weapons and military components. In doing so the UK is providing direct material support for Israel’s aggression and sending a message of approval for its actions.

CONCLUSIONS

28. The UK government must end its unfailing support for the Israeli government and use all foreign policy tools at its disposal to end the occupation of the OPTs.

29. It should act immediately to put concrete pressure on Israel to end its policy of house demolitions, to dismantle the illegal Separation Wall and settlements, and to bring the brutal collective punishment of Gaza to an end.

30. The UK government must promote Palestinian unity and engage with Hamas.

31. Economic measures must not be promoted to distract attention from the root cause of poverty in the OPTs: Israel's continuing occupation of those territories.

32. Nor must measures be promoted by the Quartet that will normalise Israeli settlements and the economic dependency of Palestinians on the institutions of occupation.

33. The IDC should call on the UK government and on the EU to suspend the EU-Israel Association Agreement on human rights grounds, as required by Article 2 of the Agreement itself.

34. It is the responsibility of the government to work with the EU to ensure proper labelling of settlement produce.

35. The British government must stop supplying Israel with weapons and military components.

14 March 2008
