

Annex E Peace Process and International Support

AE.1 Peace process

The 1993 Oslo Accords marked the beginning of a potential two-state solution. Following secret meetings in Oslo between Israel and the Palestinian Liberation Organisation (PLO), the Oslo Accords were signed. A five-year interim period was agreed upon after which peace should be realised. Four key 'final status' issues remained: 1) the nature and borders of a Palestinian State; 2) the status of Jerusalem; 3) Palestinian refugees; and 4) Israeli settlements in the occupied territories. They were the most difficult, individually and collectively, because they represent the fundamental issues of Israeli control and Palestinian national aspirations. In 1994, the PLO played a leading role in setting up the Palestinian National Authority, or simply the PA - Palestinian Authority. The set-up of international structures such as the Ad-Hoc Liaison Committee (AHLC) was also part of this interim agreement. However, soon after the signing of the Oslo Accords, the peace process was derailed by a series of events.

Following the 1993 Oslo Accords and the 1995 Interim Agreements between Israel and the PLO, the West Bank was divided into three zones, A, B and C. While some control was given to the PA in Areas A and B, Israel maintained full security control, and control over building and planning in Area C. Area C constitutes over 60% of the West Bank, is the only contiguous territory, and contains the most significant land reserves available for Palestinian development, as well as the bulk of Palestinian agricultural and grazing land. Area A consists of approximately 18% of the West Bank and is under Palestinian security and civil control, while Area B consists of approximately 21% of the West Bank and is under Palestinian civil control and joint Palestinian-Israeli security control.¹

While the Oslo Accords were signed after the First Palestinian Intifada that started in December 1987, there were frequent outbursts of new violence including the Second Intifada that started in September 2000 and lasted until 2005. The conflicts in Gaza, partly related to the election victory of Hamas in 2006, also need to be mentioned, including the Battle of Gaza in 2007, the Gaza war of December 2008- January 2009, and the new Gaza war in the summer of 2014. In June 2014, rocket fire from militants in Gaza and Israeli air strikes on the territory increased after the abduction and killing of three Israeli teenagers, which Israel blamed on Hamas. In July 2014, Israel started bombardments of Gaza and Israeli troops entered the Gaza strip in response to Hamas rocket attacks. More than 2,100 Palestinians were killed and more than 70 Israelis (mainly military).

There have been various attempts to revitalise the peace process, including the 2002 Road Map for Peace by the newly established Quartet, consisting of the United Nations (UN), the European Union (EU), United States (US) and Russia. The Quartet still plays a role in the Middle-East peace process. When President Barack Obama took office in 2009, he made the peaceful settlement of the Israeli-Palestinian conflict a top priority of his administration and this led to new direct negotiations between Israel and the PA, starting in September 2010, but these negotiations came soon to a standstill. A recent attempt to revitalise the peace process took place at the initiative of US Secretary of State John Kerry starting in July 2013, but these negotiations collapsed in 2014. The ultimate aim of all direct negotiations has been to reach an official "final status settlement" to the Israeli-Palestinian conflict by implementing a two-state solution. It is now considered that the peace process has come to a standstill as reflected in the opening statement of the Quartet's report to the

¹ Text based on Danish-Palestinian Partnership 2014-2015, text box p. 6.

Ad-Hoc Liaison Committee (AHLC) meeting on 22 September 2014: “This meeting comes at a time when the international community is concerned more than ever over the prospects of the two-state solution”.²

AE.2 Recognition of the Palestinian state

A main aim of the PA in relation to the peace process is the international recognition of the state of Palestine. On 29 November 2012, Palestine obtained the non-member observer status in the UN.³ In relation to the status of Palestine and the vote in the UN, the Ad-Hoc Liaison Committee (AHLC), discussed whether the PA was ready for statehood. The UN, World Bank and IMF assessed that PA institutions were ready for statehood, despite some constraints.

As of 30 October 2014, 135 (69.9%) of the 193 member states of the United Nations have recognised the State of Palestine. On 30 October 2014, Sweden officially recognised Palestine as the first Western European EU state, which was meant as a step to bring a new dynamic to the stalled peace process. This step met with criticism from the US and Israel. Various parliaments in EU Member States as well as the European Parliament itself have put the recognition of Palestine in 2014 on the agenda and have passed on Palestinian State recognition or are planning to do so, although these motions still remain mainly symbolic.⁴ Many of the countries that do not recognise the state of Palestine nevertheless recognise the PLO as the "representative of the Palestinian people".

AE.3 Role of the European Union

The EU has been a strong supporter of the two-state solution including a democratic, viable, and contiguous state of Palestine and a secure Israel. Over time the EU recognised increasing constraints to reach these goals, which is reflected in various documents such as a 2013 European Council on Foreign Relations (ECFR) report “Europe and the Vanishing Two State Solution”. Various EU Council Conclusions⁵ reflect growing concerns with the stagnating peace process and the EU’s commitment to contribute to a two state negotiated solution throughout the evaluation period. Council Conclusions have declared Israeli settlements and annexations beyond the 1967 lines illegal; condemned the Gaza blockade and violations of human rights and international humanitarian law, called for abatement of Israeli restrictions on movement and resource access; urged Palestinian reconciliation; and called for Jerusalem to be a Two-State Capital. These concerns include all final status issues plus some additional concerns.

² Office of the Quartet Representative (OQR); Report for the Meeting of the Ad-Hoc Liaison Committee on Action in Support of Palestinian Statebuilding; 22 September 2014, New York, page 3.

³ United Nations General Assembly resolution 67/19 is a resolution upgrading Palestine to non-member observer state status in the United Nations. It was adopted by the sixty-seventh session of the United Nations General Assembly on 29 November 2012, the date of the International Day of Solidarity with the Palestinian People and the 65th anniversary of the adoption by the General Assembly of resolution 181 on the Future Government of Palestine. The draft resolution was proposed by Palestine’s representative at the United Nations. 138 states voted for, nine voted against, 41 abstained and five were absent. Israel, the USA, Canada and one EU Member state the Czech Republic voted against. The EU vote was divided: Denmark voted for together with Finland, Sweden, Belgium, France, Spain, Italy and others, while Germany, the UK, the Netherlands and others abstained.

⁴ All motions in EU Parliaments on recognition of the Palestinian state were passed in 2014, which is formally beyond the scope of the evaluation period. The European Parliament passed a motion in favour of Palestinian recognition on 17 December 2014, Portugal did so on 12 December 2014; Ireland on 10 December 2014; France on 2 December 2014, Spain on 18 November 2014; and the UK on 13 October 2014.

⁵ Council Conclusions of December 2009, December 2010, May 2011, May and December 2012, December 2013 and May 2014.

It is generally recognised that the US plays a dominant role in the Middle East Peace process, while the EU did not succeed to translate its intentions in coherent political action, despite substantial actions and support. A recently completed evaluation of EU support to Palestinians by the European Commission cites incoherence in EU external action between its declared policies and its practice: *“There was a disconnect or incoherence between declared policies and the practice for achieving them”*⁶

AE.4 Future scenarios?

The AHLC minutes of a meeting in Brussels on 19 March 2013 state: “The last two years have been marked by a fading political horizon for ending the conflict through a negotiated two-state solution.” The vast majority of international actors still aim for a two-state solution. In addition, in various informal international fora including Palestinians, Israeli’s and international experts, alternatives for the two-state solution are being discussed, but these alternatives do not have any formal status.⁷ Although, informally alternatives to the two-state solution are being discussed, the international discussion is still focused on the two-state solution.

The two-state solution remains the overarching goal of the EU and the Member States, various scenarios for the future of Palestine are being explored for pragmatic and strategic reasons as it is considered to be impossible to really plan ahead on the basis of only one scenario assuming successful peace talks within a short period of time. For example, the Netherlands has prepared a new Multi-Annual Strategic Plan 2014-2017 for its relations with the Palestinian Territories, considering four scenarios regarding the Israeli-Palestinian negotiations.⁸

AE.5 International support and donor coordination mechanisms

Following the Oslo Accords, the international support to the Palestinian areas increased sharply. Aid was often pledged in international conferences such as the Paris Donor Conference in December 2007, where donors widely endorsed the PRDP and pledged over USD 7.7 billion to support the PRDP. This indicated the renewed engagement of donors with the Fatah ruled PA in West Bank. The recent conference in Cairo in October 2014 led to pledges up to USD 5.4 billion for the recovery of Gaza. However, in practice there are important differences between pledges and actual disbursements.

For some decades Palestinians received very high amounts of aid per capita, consisting of both development and humanitarian assistance, making the Palestinian economy very donor-dependent. However, it should be acknowledged that there are no reliable records of international assistance provided to Palestine. One reason is that an important part of the aid is provided off-budget and, therefore, the PA has no reliable figures. Secondly, donors tend to pledge large sums of money at international conferences, while the relation between the pledges, commitments and disbursements is not always clear. Thirdly, contributions from Arab countries are often not included in the overviews of development assistance.

⁶ European Commission, Evaluation of the EU cooperation with the occupied Palestinian territory and support to the Palestinian people, Final Report, Volume 1, May 2011, p. xii.

⁷ Levine, M. and Mossberg, M., (2014) One Land, Two States; Israel and Palestine as Parallel States.

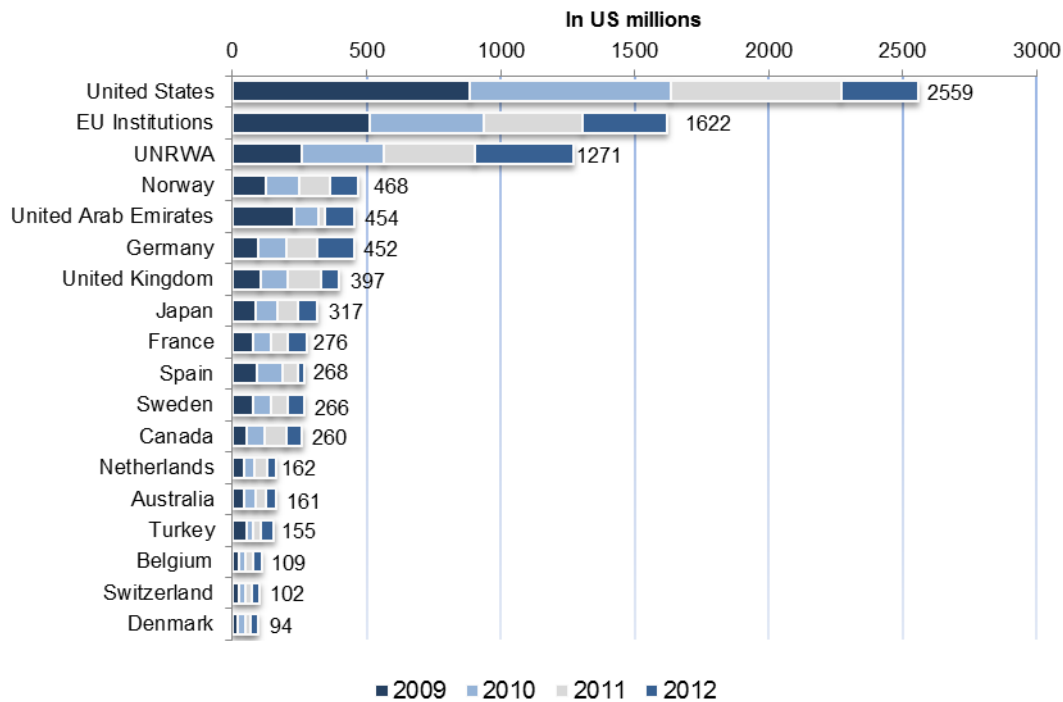
⁸ The four scenarios are: 1) Successful peace talks and move towards final status issues; 2) Peace talks break down: continuation of the status quo; 3) Peace talks break down; unilateral steps on either side taken with a possible rise of security incidents; and 4) The collapse or dissolution of the PA.

OECD-DAC statistics for the period 2009-2012, which can be considered as the most reliable source, show that the US, EU and UNRWA (which is not a typical donor, but an implementing agency as well⁹) lead the list of donors. The contribution of the US declined considerably between 2009 and 2012 as reflected in Figure AD.1. UNRWA is providing assistance and protection including the delivery of basic services in health and education to some five million Palestine refugees in the region, which is more than the population of the West Bank, Gaza and East Jerusalem together. The OECD/DAC figures show that Denmark is ranked as number 18 among all donors (no. 16 among the bilateral donors).¹⁰

⁹ The OECD-DAC statistics are, in principle, corrected for double counting as bilateral contributions to multilateral agencies such as UNRWA and World Bank for specific geographic areas such as Palestine are not included in the bilateral figures.

¹⁰ The OECD-DAC statistics are based on net disbursements (incl. concessional loans/equity & capital subscriptions) and amount for the period 2009-2012 to DKK 559 million, while the portfolio information collected by the Evaluation Team shows disbursements f up to DKK 831 million for the same period.

Fig. AD.1 Net ODA disbursements to Palestine 2009 - 2012 per donor



The Quartet agreed already in 2006 to the establishment of the EU Temporary International Mechanism (TIM) for the direct delivery of assistance to the Palestinian people. After the Paris Donor Conference, new aid instruments were launched such as the European Mechanism for Direct Financial Support of the Palestinian population (PEGASE) replacing the TIM. This is currently still one of the most important funding mechanisms of the EU to support the PA, and various EU Member States co-fund this initiative including Denmark. The World Bank has put several Trust Funds in place to streamline funding to the PA.

The Ad Hoc Liaison Committee (AHLC) was set up in 1993 to promote dialogue between donors, the Palestinian Authority (PA) and the Government of Israel (GoI). The AHLC serves as the principal policy-level coordination mechanism for development assistance to the Palestinian people. The AHLC is chaired by Norway and co-sponsored by the EU and US. The World Bank is responsible for the Secretariat. Since 2002, the Quartet, consisting of the UN, EU, US and Russia, is also linked to the AHLC. A Local Development Forum (LDF) regroups all donors, aid agencies and the PA. In addition, a Local Aid Coordination Secretariat (LACS) supports the donor coordination structures. In addition four Strategy Groups (Economic Policy, Infrastructure, Governance and Social Development) have been set up with 18 (Sector) Working Groups. A PA Ministry is chairing, in principle, the Strategy Groups and the Sector Working Groups, while one or two donors assume the co-chair role. Denmark is co-chairing the Municipal Development and Local Governance (MDLG) with the Ministry of Local Government as chair.

Donors paying for reconstruction after Gaza crises

There have also been some analyses of the costs of reconstruction such as the assessment by the IMF of the Gaza War 2008/09 and its Aftermath Operation Cast Lead. This war led to severe loss of life (1400 Palestinians killed) and destroyed property. International resource mobilisation started

immediately after the hostilities ended, but actual disbursements fell short of pledges and the blockade hampered project implementation as the import of project goods was also affected by the blockades. The economy rebounded due to the proliferation of the tunnel trade activity, but the recovery was not sustainable according to IMF, in particular because in the fall of 2013 the tunnels were shut down.

Donor coordination and harmonisation

In Chapter 2 it is mentioned that a very elaborate donor coordination structure is in place since 1993. Given the large number of donors active in Palestine, it is clear that there is an important need for donor coordination in order to provide aid in an effective and efficient way. However, the large majority of aid is provided off-budget. MoPAD estimates that only 20-25% of the aid is provided on-budget. The National Development Plans were meant as one step in the direction of further alignment of aid and the evaluation of the World Bank Program published in 2010 indicated that indeed some steps were made in the direction of improved alignment. However, in various evaluation reports and confirmed in interviews it is reported that the NDPs on the one hand provide an insufficient framework, while on the other hand donors are not really interested in further alignment and harmonisation of their aid. Also according to PA government officials there is no high-level policy to really hold donors accountable.

All stakeholders agree that there is no traditional donor-recipient aid relationship in the case of Palestine. Donors have political motives to provide aid to Palestine and this affects donor strategies and implementation to an important extent. The evaluation of the World Bank Group Program 2001-2009 is positive about the World Bank's role in donor coordination and states that "donors and the PA particularly appreciated the Bank's objective information and sound economic analysis, which often formed the backbone of the political negotiations." Nevertheless, despite the uniqueness of the overall aid coordination structure, *"it is also heavy, complicated, time-consuming, inefficient but indispensable and somewhat effective."* Interviews indicated that since this World Bank assessment overall donor coordination has not really improved. It appears that with the stagnation of the peace process also donor coordination is less high on the agenda. It is striking that given the prominent political role of the US in the peace process and the fact that the US is the largest donor to Palestine, the US is not really active at the lower levels of aid coordination. The Local Development forum as part of the AHLC set-up where Heads of Mission meet is, according to interviewees, not a very effective forum. The functioning of Sector Working Groups SWGs varies widely. Only one SWG was important to Denmark during the evaluation period: The Municipal Development and Local Governance SWG (see Chapter 4 for an analysis of Denmark's role). In theory, the Justice and Security SWGs could also have been important to Denmark in relation to its focus on human rights, but Denmark did not participate in it.

EU Heads of Cooperation (HoCs) have agreed on Sector Fiches to be developed for lead sectors the EU is active in. In October 2013, the idea of Joint Programming took shape in the HoCs retreat. The Local Governance sector was identified as a possible pilot sector for an EU Joint Programming also involving non-MS such as Norway and Switzerland that could possibly start in 2017. Probably as first step, Denmark as donor lead for the local government sector did develop a first sector fiche for the local government sector, but the next steps are not fully clear.

Denmark is also increasingly working with consortia consisting of like-minded donors for support to specific organisations (such as the Independent Commission for Human Rights-ICHR and the PLO

Negotiations Affairs Department), missions (such as the Temporary International Presence in Hebron), or areas of support such as human rights (support provided via a NGO-secretariat) or rule of law (EUPOL COPPS and UNDP RoL programme). Other donors that are frequently active in the various consortia are Sweden, Switzerland, Norway, and the Netherlands.