

THE PALESTINIAN STATE-BUILDING AGENDA

Report prepared for the United Nations Development Program/Program of Assistance to the Palestinian People (UNDP/PAPP)*

Alina Rocha Menocal**

March 2011

* This Report is part of a larger Report that the author prepared for BCPR and the UNDP/PAPP assessing the UNDP's state-building agenda in the oPt and providing recommendations. However, this report is being presented and made available for circulation as a stand-alone piece without content pertaining to UNDP's work or engagement in the oPt.

** Alina Rocha Menocal is a Research Fellow in the Politics and Governance Program at the Overseas Development Institute (ODI) in London. The author would like to thank Basem Ezbidi for his very valuable contributions to this project, including sharing his local knowledge and accompanying the team to a variety of meetings. Numerous people also made extremely useful comments to earlier versions of this report, including in particular Eugenia Piza-Lopez, Jago Salmon, and Pontus Ohrstedt from the Bureau for Crisis Prevention and Recovery (BCPR), UNDP, and Geoff Prewitt at the UNDP/PAPP. The author is also very grateful to the Governance team at the UNDP/PAPP, and especially Dzouyi Konanga, for organising such a rich variety of interviews, meetings, and workshops during the field work for this project, as well as to all of the staff at the UNDP/PAPP who so generously took the time to discuss the work that they do and share their insights on different issues affecting the state-building agenda in the oPt. All the usual disclaimers apply.

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LIST OF ACRONYMS

AHL	Ad Hoc Liaison Committee
BCPR	Bureau for Crisis Prevention and Recovery
CDI	Capacity Development Initiative
CEC	Central Electoral Commission
CSOs	Civil society organizations
IDPS	International Dialogue on Peacebuilding and Statebuilding
GPC	General Personnel Council
LGSP	Local Governance Support Program
LGU	Local government unit
MTSF	Mid-Term Strategic Framework
MoJ	Ministry of Justice
MoLG	Ministry of Local Governance
MoPAD	Ministry of Planning and Development
MDLF	Municipal Development and Lending Fund
oPt	occupied Palestinian territory
PB	Peace Building
PBSC	Peace Building and Social Cohesion Program
PLC	Palestinian Legislative Council
PLO	Palestinian Liberation Organization
PNA	Palestinian National Authority
RoL and A2J	Rule of Law and Access to Justice
SB	State building
UNDP/PAPP	United Nations Development Program/Program of Assistance to the Palestinian People (UNDP/PAPP)

UNSCO

United Nations Special Coordinator Office

PART 1: INTRODUCTION

1. Rationale: why engagement in SB in the oPt is essential despite the considerable challenges ¹

The overall context of the conflict with Israel and the ongoing occupation of the Palestinian territory pose particular challenges to state-building efforts in the oPt. One of the fundamental dilemmas is whether a focus on state-building is legitimate before a fully sovereign, autonomous, and clearly defined state is actually in place. The PNA itself has answered this question in the affirmative. Under the leadership of Prime Minister Salam Fayyad, it has set out a vision for building a Palestinian state despite the lack of progress on Final Status negotiations and the challenging environment created by the occupation. As such, the state-building drive is part of the negotiation strategy of the PNA to end the occupation.

But what should the engagement of the international assistance community in the oPt focus on? Should the objective be to end the occupation first and foremost, and only once that has been accomplished move on towards a state-building agenda? This proposition may be too stark. As one of the people interviewed as part of this study put it, state-building and promoting an end of the occupation are not necessarily mutually exclusive—on the contrary they may be complementary approaches and one cannot go without the other. State institutions may be meaningless without real sovereignty, but sovereignty is also hollow if institutions on the ground cannot exercise sovereignty and, perhaps more fundamentally, if they are unaccountable or unresponsive to the people they are meant to represent and serve, and if they lack legitimacy in the eyes of the population.

So even if the Israeli-Palestinian conflict and the occupation can be pointed to as the fundamental obstruction to establishing a workable Palestinian state, it remains incumbent upon the international community to engage pro-actively with the challenges contained within the PNA itself. The question therefore may not be whether to engage in state-building or whether to focus on the occupation, but rather how to support state-building in a meaningful and effective way - while taking into account the very real political dynamics at play (global, regional, and also internal) and acknowledging that the room for maneuver is limited. In effect, the vision of a future Palestinian state laid out by the PNA offers the international community a critical window of opportunity to support state-building efforts more strategically and coherently – but not without a firm understanding of the contextual challenges that oPt confronts.

2. What does the international community mean by “state-building”?

1.1) State-society relations at the core of SB

Fragile states and situations have become a leading priority in international development thinking and practice. In such states, especially conflict-affected ones, the international community and domestic actors face the dual task of promoting peace and social cohesion while

¹ This discussion is drawn from an email discussion on State-Building within the UNDP/PAPP.

helping to build more effective and legitimate states that are inclusive, accountable and responsive.

There is now growing recognition within the international assistance community that peace- and state-building processes are not purely technical exercises but rather inherently political ones. A variety of donors have come to appreciate that **state-building** in particular **is not just about building the capacity of formal state institutions across various dimensions (e.g. security or public financial management)**, but also about the dynamic capacity of state and society to negotiate and manage expectations (see OECD 2010 and DFID 2010 among others). Thus, **the political process linking state and society is fundamental here**: at the heart of efforts to build more peaceful states and societies lies the challenge to strengthen/revitalize the linkages between them.

1.2) Legitimacy

This conceptualisation of state-building as being primarily about reconstituting state-society relations places the concept of legitimacy at the centre of the state-building agenda. Issues of legitimacy are fundamental to the quality of state-society relations and perceptions of the mutual rights and obligations binding them together. Legitimacy refers to the belief that a rule or institution ought to be obeyed; and states are legitimate when key political elites and the public accept the rules regulating the exercise of power and the distribution of wealth as proper and binding (Papagianni 2008).

States can rely on a combination of different methods to establish their legitimacy, including legitimacy based on international recognition, on performance, on ideology, on procedural forms, on traditional authorities, etc (see Bellina et al. 2009 and Rocha Menocal 2010 among others). Whatever its source(s), the need to build legitimacy against a backdrop of widespread mistrust, resentment, and/or antagonism towards the state is at the core of revitalizing state-society relations and promoting state-building, and it is a primary requirement for peace, security and resilience over the long term.

1.3) Social cohesion

The quality and effectiveness of state-society relations are also greatly impacted by the degree of cohesion that holds a society together and by the extent to which ruling elites have or can develop a collective vision of a shared destiny with society at large. Societies tend to function best when there exist dense ties of trust and reciprocity and a rich associational life binding citizens together and linking citizens to the state.² However, it is also essential to keep in mind that issues of ‘belonging’ and identity can be manipulated for political gain or to sew divisions and conflict rather than unity – sometimes times with disastrous consequences (e.g. apartheid South Africa, Rwanda). The key is whether it is possible to develop multiple and cross-cutting identities and social ties that dilute the exclusiveness of a dominant group rather than reinforce the main cleavages in a society.

1.4) Gender and SB

² See the work of Goldstone (2008) among others.

While there has been relatively little theoretical or practical consideration to date of the role of gender in state building, there is growing awareness that developing a gendered approach to SB is essential if a truly more inclusive, accountable, representative and responsive state is to be built. As discussed above, state building processes fundamentally aim at transforming the linkages between state and society, in ways that enhance the social contract and confer rights and responsibilities on both those who govern and those who are ruled. Gender equality and the inclusion of women are fundamental to such transformations in state-society relations. A gendered perspective to state building has the potential to open the way for women to be able to participate in the political process, interact and engage with the state as citizens with rights, claim, enjoy and exercise those rights, and claim redress if they are denied. (O’Connell 2010; FRIDE and ODI 2010)

3. Emerging consensus on key areas of international engagement for supporting effective SB efforts

Different international organizations and initiatives (e.g. OECD DAC, DFID, Institute for State Effectiveness, the International Dialogue on Peacebuilding and Statebuilding, etc.³) have developed frameworks emphasizing what the key areas for supporting successful peace- and state-building efforts are. While each of these varies in some respect, giving different weight to different areas and assigning different key characteristics /functions to the state, they all share fundamental similarities (see Box 1 for examples from the OECD and the International Dialogue on PB and SB).

Box 1: International Frameworks on State- and Peace-Building: two examples

1) OECD State-Building Framework (OECD 2010)

The OECD State-Building Framework focuses on three dimensions of state-society relations that influence the resilience or fragility of states. These three dimensions are meant to be understood within a larger regional and global policy environment and as operating at multiple levels – national and sub-national - within the domestic polity.

- **the political settlement** which reflects the implicit or explicit agreement (among elites principally) on the “rules of the game” and how power is distributed **and the political processes** through which state and society are connected;
- **the capability and responsiveness of the state** to effectively fulfill its principal functions and provide key services, in relation to
- broader **social expectations and perceptions** about what the state should do, what the terms of the state-society relationship should be and the **ability of society to articulate demands that are ‘heard’**.

At the heart of the interaction between these three dimensions lies the matter of **legitimacy** which provides the basis for rule by primarily non-coercive means.

2) International Dialogue on Peacebuilding and Statebuilding (IDPS 2010)

³ See OECD 2010, DFID 2010, the Institute for State Effectiveness’s list of the ten key functions of the state (<http://www.effectivestates.org/ten.htm>), and International Dialogue on Peacebuilding and Statebuilding 2010.

The Dili Declaration espoused by the members⁴ of the International Dialogue on Peacebuilding and Statebuilding lays out a collective vision to end and prevent conflict and to contribute to the development of capable, accountable states that respond to the expectations and needs of their population, in particular the needs of vulnerable and excluded groups, women, youth and children. The Declaration recognises the centrality of state-society relations in supporting the development of capable, accountable and responsive states, and it identifies several peacebuilding and statebuilding goals as stepping stones to achieve progress on development:

- Foster inclusive political settlements and processes, and inclusive political dialogue.
- Establish and strengthen basic safety and security.
- Achieve peaceful resolution of conflicts and access to justice.
- Develop effective and accountable government institutions to facilitate service delivery.
- Create the foundations for inclusive economic development, including sustainable livelihoods, employment and effective management of natural resources.
- Develop social capacities for reconciliation and peaceful coexistence. Foster regional stability and co-operation.
- Foster regional stability and co-operation.

Priorities to achieve these goals are different in each country, and they should be set at country-level through a process that engages all stakeholders, especially women and civil society.

International thinking on SB is anchored in the notion, either implicitly or explicitly, that a basic political settlement among elites needs to be in place for successful peace- and state-building efforts to prove possible in the first place.

In addition, much current thinking on SB in international development circles emphasizes the need to work on several key dimensions of peace- and state-building that are essential in rearticulating the linkages between state and society and in helping to build state legitimacy and social cohesion⁵: These include:

- making political settlements and political processes more inclusive, especially in terms of incorporating women and other groups that have traditionally been excluded or marginalized
- strengthening key core functions of the state (however narrowly or broadly these core functions are defined)
- helping the state meet public expectations
- nurturing social capacities to promote reconciliation and/or reweave the social fabric

Crucially, these are interrelated and not sequential the question is not how to prioritize and sequence between them but rather within each.

⁴ Neither Israel nor the oPt/PNA participate in the ID.

⁵ The list of key state functions developed by the Institute for State Effectiveness does not emphasise the need to promote social cohesion and internal reconciliation, and also places less emphasis on the quality and nature of the political process, while it does highlight the need of a social contract spelling out mutual rights and obligations.

PART 2: Challenges to and opportunities for state-building in the Palestinian context

The oPt confronts numerous challenges as well as some crucial opportunities in building a (future) Palestinian state. In terms of the challenges, several are related to regional and/or international factors, while others are rooted in internal structures and dynamics. The discussion in Sections 1 and 2 below provides a broad overview of some of the key challenges at each of these levels. Opportunities are explored in Section 3.

1. Key challenges at the regional and/or international level

Much of the thinking on SB within the international donor community starts from the premise that these processes are internally driven. This is fundamentally true (see heading B below). However, it is also essential to recognize that state- and peace-building processes do not develop in an international vacuum. A wide variety of external factors/forces can considerably shape the prospects for state-building in a given setting, and, as the challenges outlined below show, international dynamics are absolutely fundamental in the Palestinian context in particular.

1.1) Lack of horizon on Final Status negotiations

Palestinian state-building, shaped by the Oslo Accords and Agreements signed during 1993-95, was meant to start with the establishment of the PNA in 1994. The Oslo framework set out a five-year, two-phase process for ending the conflict. The initial three-year period was intended to be a confidence-building phase, followed by final status negotiations by 1999 on key issues such as Palestinian refugees, Israeli settlements in the oPt, the status of Jerusalem, shared water resources and final borders. To date, however, these final status issues have yet to be resolved, highlighting the key limitations of the Oslo Accords⁶.

The lack of an agreement on these final status issues has given the oPt an unresolved political and social status that poses a unique challenge to state-building. Among other things, the majority of the Palestinian territory is in fact not under exclusive Palestinian control (e.g. Areas B and C), and the exact extent of the territory if statehood is achieved is unknown. It is also not clear what kinds of control the Palestinian state would have over borders. The size and composition of the population that will fall under the state's jurisdiction is not known either, and will remain so until the refugee question is resolved.

The unresolved nature of final status issues thus poses a fundamental lack of clarity and inherent contradictions in the PNA's mandate and duties. Legitimacy in the Palestinian case is

⁶ As Khan (2009) has put it, “[t]he vagueness of the end-game in the Oslo Accords made it easy for both sides to sign on in the first place. But it also doomed the outcome because it is now clear that the parties envisaged quite different outcomes in the medium to long term. There is now considerable evidence that Israel was willing to concede at best Palestinian self-government with limited sovereignty. In particular on issues of border control, control over military capabilities, security, international treaties and even trade, Israel clearly intended to have a long-term say in Palestinian internal affairs... However, from the Palestinian perspective (and under international law) there is a wide gulf between disengagement and independence. Even a significant withdrawal from the West Bank with Israel controlling internal military roads and [international] border[s] would essentially create a series of Gaza-like enclaves in the West Bank and not a sovereign Palestinian state.”

particularly complicated because the PNA has limited self-governance powers, and this considerably diminishes its ability to deliver vital 'state' functions (Khan 2009). For example, given that there is no agreement on issues related to land and resources, a state of the art water installation can be assembled by the PNA in collaboration with the donor community, but no one can guarantee the flow of water from the springs located in area C, which is subject to direct Israeli control.⁷ Another example relates to security. One area of near consensus in the literature of SB is that one of the state's primary responsibilities, and primary sources of legitimacy, is the provision of security for its own citizens. But in the case of the oPt, the PNA is responsible for ensuring the security of Israel first and foremost, which deprives it of a crucial legitimization function and makes it susceptible to accusations that it is colluding with the occupying power (UNSCO 2009).

1.2) Failed peace negotiations and unlevelled playing field

Successive peace initiatives between Israel and the oPt have failed. One of the fundamental challenges that have been identified in this respect is that there is a considerably unlevelled playing field when it comes to the capacities for negotiation between the Israeli and the Palestinian negotiating teams. In addition, Israel has much more sophisticated and effective diplomatic, advocacy and lobbying strategies to rally international support.⁸ The combination of these two factors has given the Israeli state the upper hand when it comes to defining the terms of peace.

Under the leadership of Prime Netanyahu, the negotiations have stalled due in large part to the question of settlement expansion and Jewish population transfer into East Jerusalem. The Palestinian President has demanded a halt or freeze in settlement construction before the renewal of the negotiations. This demand was backed by the Obama administration in the US. However, the Israeli Prime Minister has publicly announced that he will continue with settlement constructions in both East Jerusalem and the West Bank. Considering the lack of progress in the negotiations some Palestinian leaders have started to propose radical changes in the negotiation strategy, including either the unilateral declaration of statehood or the adoption of the one-state approach (which implies the cancelation of the two-states approach) (UNDP/PAPP 2010).

1.3) Tightening of the occupation

Within this context of failed peace negotiations, since the second Intifada in 2000 the Israeli occupation of the oPt has increasingly hardened. Gaza has been under full military blockade since 2008. The growing system of checkpoints and controls confronts Palestinians with considerably obstacles and restrictions in their everyday lives. The Israeli authorities have continued the policy of expanding illegal settlements and the confiscation of Palestinian land, affecting not only the West Bank, but also East Jerusalem. The movement of goods and people is severely restricted between different parts of the Palestinian territory, and this has been further exacerbated by the construction of the Wall in the West Bank. Illegal settlements are also encroaching on the Palestinian territory in ways that limit the extent and reach of the authority of the PNA in areas it is supposed to control (Khan 2009, UNSCO 2009).

⁷ Example provided by Basem Ezbidi.

⁸ See Littlewood 2010 for example.

Some have described the occupied territory today as resembling a series of archipelagos. The geographical divisions and movement restrictions are a highly significant factor in preventing unified Palestinian actions. They negatively impact all public concerns from service delivery to coherent administration including rule of law and justice, as well as social cohesion and family unity (UNDP/PAPP 2010).

1.4) Weak economic base

The occupation remains one of the greatest obstacles to promote economic growth in a sustainable manner. In many key respects, the Palestinian economy lacks autonomy and is also highly dependent on Israeli actions and decisions.⁹ Among other things, the Palestinian public sector is considerably controlled through restrictive policies. For instance, Israel is responsible for both the collection of customs duties on imported goods reaching the oPt, and for the transfer of monies to the PNA. This policy allows Israel to control Palestinian civil services, including health care and education, which are funded by tax revenues (Khan 2009).

Moreover, the policy of territorial fragmentation that has been institutionalized by the occupation has had a considerably negative impact on production and commercial networks, undermining business confidence and domestic and foreign investment. Local production has been diminished due to the difficult accessibility and mobility of the internal market, and it has been replaced by imports, mostly from Israel. In effect, there are three economic realities in the oPt, with a widening gap between them. The Gaza Strip has an economy that is largely based on the informal market coming through the tunnels. Industrial activity in Gaza is almost non-existent, the economic infrastructure largely depleted, and poverty and unemployment have reached levels not seen in decades. The West Bank has better economic indicators, due among other things to more favorable political circumstances, but even there territorial discontinuity weakens the performance of the private sector, inhibiting the expansion of businesses beyond urban areas, strangling markets in areas that are physically and administratively contained, and preventing small businesses from achieving economies of a larger scale because of increased transaction costs. East Jerusalem, for its part, has an economic reality completely isolated from Palestinian life and is mostly linked to the Israeli market and dynamics.

The Palestinian economy has grown considerably over the past few years – from 0.5% in 2007 to approximately 8% in 2010 (UNCTAD 2010). International assistance has played an important role in this: the oPt is highly dependent on aid, and in 2009 the PNA received USD2.4 billion in development assistance (UNCTAD 2010). This reliance on the donor community, which is not sustainable over the long term, can also be easily discerned when analyzing the sectors driving to this economic recovery – public sector services and construction – while agriculture, manufacturing and private sector services are showing negative trends. In effect, the PNA and

⁹ For example, the currency used by Palestinians is the New Israeli Shekel; there is a customs union between Israel and the oPt; cash flows are agreed on by Israeli banks; Israel is imposing non tariff barriers on the exports of Palestinian goods, making them non-competitive; Palestinians are prevented from accessing natural resources and assets, mainly water and land (60% of the West Bank is Area C, there is no commercial use for the Gaza port and the sea is only accessible to Palestinians within 3 nautical miles); and the lucrative market of East Jerusalem is not accessible to Palestinian services and products. Source: Sergio García.

donors are by far the largest employers in the oPt. In addition, while the economy has recovered, per capita GDP is still more than 30% lower than its level in 1999, and the economic situation in Gaza remains quite precarious.

In summing up the overall condition of the Palestinian economy, UNCTAD (2010) concludes that "overcoming the Palestinian economic crisis, widespread unemployment, and deepening poverty is not possible unless all Israeli restrictive measures are lifted. Palliative measures will not re-launch sustained growth or promote development, and donor support has its limits." This very same point is echoed in the World Bank's September 2010 Economic Monitoring Report to the Ad Hoc Liaison Committee (AHL): "unless action is taken in the near future to address the remaining obstacles to private sector development and sustainable growth [imposed by the Government of Israel], the PNA will remain donor dependent and its institutions, no matter how robust, will not be able to underpin a viable state.

1.5) Ineffective international engagement in SB efforts in the oPt

Large scale donor engagement in the oPt started in 1994 along with the Oslo peace accords and the establishment of the PNA. Donor support tended to focus on institution building, infrastructure and tangible economic benefits – with the UNDP/PAPP in particular heavily engaged in infrastructure and job creation during that time. The stuttering implementation of the peace accords, the consequent violent backlashes, and political considerations on the side of donors have, however, repeatedly shifted financial resources away from state building and towards humanitarian support. As an observer put it, at times these shifts were justifiably based on the humanitarian needs, at other times they were politically motivated.

The goal of state building has only been explicitly pursued since 2003 with the adoption of UN Security Council resolution 1515, which calls for the "establishment of an independent, democratic and viable Palestinian state". Since then, support of the international community towards that goal has been sporadic and fragmented. Recognizing the low level of aid effectiveness the donor community has pursued various initiatives, including the establishment of an Aid Coordination Structure. However, despite such efforts, aid resources have remained largely uncoordinated and on the whole have not led to the type of strategic, more politically aware, and less risk-averse support that is required for the building of state institutions that are grounded on legitimacy and robust state-society relations.

Perhaps the greatest challenge has been that, overall, there has been very little coherence on the donor side between different political, development and security approaches and objectives, and there has not been a concerted effort to connect the political and the development sphere.¹⁰ Diplomatic and political issues, including the mediation of the peace process between Israel and Palestine, are in the hands of the Quartet on the Middle East (comprising of the European Union, Russia, the United Nations and the United States), while international assistance organizations focus on development and humanitarian aid. But, as emphasized by the OECD *Principles for Good International Engagement in Fragile States and Situations*, linkages between political, developmental and security objectives are fundamental, given that the issues at stake in a state-

¹⁰ This message came very strongly from a number of observers.

building endeavor are fundamentally political and trade-offs between these different objectives need to be addressed.

1.6) Other international drivers undermining SB in the oPt

There are also a number of other international drivers and dynamics that have had an impact not only on the prospects of a negotiated agreement between the oPt and Israel, but also on the prospects for internal political reconciliation within the oPt. The two main rival political parties in the oPt, Fatah and Hamas, each have regional and/or international allies from whom they derive critical support, including not only ideological but also financial and material support. Among other things, these regional/global players and interests have helped to sustain and even harden the rivalries between the two parties. At the moment, these international drivers seem to be blocking a resolution to the internal rift, and they have invested the respective Fatah and Hamas leadership in a confrontation that pays handsomely on an individualized and narrow basis even as it keeps the territory divided.¹¹

2. Key challenges at the domestic level

As outlined above, it is unquestionable that a fully viable, sovereign, and autonomous Palestinian state will not be able to emerge without a resolution of the Palestinian-Israeli conflict and an end of the occupation. Beyond that, however, the oPt faces a variety of internally-driven challenges to the development of a state that is, or, equally important, is perceived as capable, accountable, responsive, and whose legitimacy derives from a solid social contract between the state and society. These, of course, are also influenced by external factors and dynamics, but their root causes lie within the governance structures of the PNA and the nature of the linkages between the Palestinian authority and Palestinian society. They include:

- a lack of an internal political settlement
- weak linkages between ruling authorities and society at large
- weakened social cohesion
- gender inequality
- weak civil society
- lack of capacity of formal PNA institutions
- (perceived) securitization of authority across the oPt

Each of these challenges is addressed in turn below.

2.1) Lack of an internal political settlement

There is an unresolved internal (if non-violent) conflict that has led to a lack of a political settlement or basic agreement on the fundamental rules of the game among contending Palestinian elites, especially in terms of the Fatah-Hamas divide. This division has found geographic expression in the split between Gaza and the West Bank, each with its own

¹¹ This section is drawn from several people interviewed as well as written comments from Sergio García.

government authority. This is a key challenge because as the literature suggests a state is not likely to be viable in the absence of a political settlement that can hold.

At the very minimum, there needs to be a basic agreement among all major players about what the rules of the game are and how political power is to be organized (DFID 2010). If such basic consensus is lacking, there can be no real peace or stability – and peace- and state-building plans are likely to be ineffective because there will not be substantial buy-in from the relevant actors who need to be brought on board (i.e. those who represent and/or can successfully mobilize a significant portion of the population to make a claim on the political process; those who have the means/potential to act as spoilers; etc.). In terms of the internal conflict within the oPt, this raises the question of what to do about Hamas. There may be many different views about Hamas (e.g. whether it is a legitimate or illegitimate political force, whether it is committed to peace or not, whether it is prepared to recognize Israel or not, etc.), but one thing is clear: it is a leading political player in the Territory, having won the 2006 elections and acting as the de facto authority in Gaza, and it is not likely to go away any time soon (Byman 2010). As such, it is essential to find ways to incorporate it into the formal political process. If Hamas continues to be marginalized/excluded, it is not likely that there can be peace among Palestinians or peace with Israel, or that a sustainable state in the oPt can be built.¹²

2.2) Weak linkages between ruling authorities and society at large

The nature and quality of state-society relations is weak, fragmented, and politicized:

- The PNA is characterized by tenuous accountability, and no real checks and balances are in place. For instance, the Palestinian Legislative Council (PLC) has been non-functional since 2007 because it cannot reach quorum to pass legislation given that a large number of MPs associated with Hamas are in jail or under house arrest. Most electoral mandates, from the President to local mayors and councils, have expired, and elections at the national and local levels have been postponed continuously. In addition, despite a formal commitment to decentralization, political control and authority remains very centralized.
- The PNA in the West Bank and the de facto authority ruling the Gaza Strip both lack legitimacy in the eyes of a large part of the population, despite the broad-based support that Prime Minister Salam Fayyad himself seems to enjoy as a political leader on a personal basis, or the considerable popular support that Ismail Haneyya had in the 2006 legislative elections. In general, PNA institutions are considered highly corrupt, inept, unresponsive, and even repressive (see the discussion on growing securitization further below). In effect, the PNA is heavily dependent on the international cooperation community not only in terms of financial resources (as discussed above), but also in terms of endowing it with legitimacy. However, support from donors will not in the end be able to make up for lack of internal support for the PNA or for the need of the PNA to become financially more sustainable.¹³

¹² This section was drafted using inputs from several people who made comments to an earlier draft of this paper.

¹³ Some observers have gone as far as to argue that the massive influx of ODA in the oPt is in fact detrimental to the achievement of the political goal of a two-state solution. The argument states that the financial support might in effect be an expensive way of sustaining the status quo.

- The PNA is characterized by weak representation. According to many of the people interviewed, the majority of the people in the oPt do not identify with either Fatah or Hamas, but there are very limited meaningful channels of political expression that can give them voice and can link them to the state in an effective manner.
- There are also very limited channels and opportunities for constructive state-society engagement. As has been mentioned, elections at all levels have been postponed indefinitely, and the PLC is non-functional. In addition, there is a lack of effective participatory decision-making processes. For example, civil society engagement in the development of the Palestinian reform and development plan (PRDP 2008-2010) was minimal; and for the most part civil society actors were not consulted in the drafting of the Prime Minister's 13th Government Plan (PNA 2009), which lays the foundation for a vision of a future Palestinian state.

2.3) *Weakened social cohesion*

There is a concern that Palestinian society today is suffering from increasing fragmentation resulting from territorial separation and political polarization. Lack of leadership and unresolved conflict between competing political elites, especially between Fatah and Hamas, have undermined social cohesion. This process has been exacerbated by an increase in political violence and the suppression of civil rights by the authorities in both the West Bank and Gaza Strip (UNDP 2010).

Internal fragmentation is visible in what some surveys indicate as a decline in the popularity of the Palestinian political system as a whole (UNDP/PAPP 2010). Groups like women, refugees, and the Bedouin population remain discriminated against and/or marginalized.¹⁴ Overall, there is disillusionment and alienation from the political system, especially among the youth, which represents more than 50% of the population of the oPt. Divisions between the political parties are generating repercussions within municipalities, universities, mosques, business chambers, etc. This political fracture is also conspiring against building a united and more effective Palestinian front vis-à-vis Israel, and it militates against the possibility of forming a national entity across the whole territory of the oPt since the basic levels of consensus are becoming increasingly damaged (for instance, the development plan issued by the PNA to pave the way for the establishment of a future Palestinian State is not taking ground in the whole of the Gaza Strip) (UNDP/PAPP 2010).

Yet, as the latest *Human Development Report* on the oPt (UNDP 2010) has found, while social cohesion has been affected by territorial fragmentation and political polarization, “the majority of Palestinians from both territories feel apathetic and alienated not from each other but from the ... political parties [that are supposed to represent them]. [There are] high level of tolerance for political diversity [within Palestinian society], which bodes well for reconciliation and suggests that a national reconciliation process might overcome the damaging effects of political violence, re-build solidarity and redress the marginalization of ordinary Palestinians from the political

¹⁴ Conversation with Vanessa Farr.

process”. Thus, the challenge may be more one of (lack of effective) political representation (see discussion above) than of social cohesion per se.

2.4) Gender inequality

According to the *Human Development Report* on the oPt (UNDP 2010), Palestinian women and girls face entrenched institutional, legal, and social discrimination in the oPt. The current legal framework in the Territory is one of most significant obstacles to gender equality, conferring differential rights upon men and women. Weak rule of law has a particularly detrimental effect on gender equality and women’s empowerment, especially related to domestic violence and family law, and legal malfunctioning impacts particularly severely on women. On the other hand, there is growing awareness, both within the state and society more broadly, that laws that discriminate against women and girls (e.g. marriage, child custody, adultery, etc.) need to be reformed in order to foster the equality between men and women.

2.5) Weak civil society

In many respects civil society is considered weak because it is fragmented and politicized, tied to the PNA or to different political parties or clans through clientelistic ties. This was not always so. Until 1993, in the absence of a state and central government, civil society groups provided all sorts of services which would normally be discharged or overseen by government authorities. The Oslo accords and the advent of the PNA changed the entire function, relational arrangements, and characteristics of civil society. There is a widespread perception, even among civil society activists themselves, that Palestinian civil society has not been able to fully adjust to the new environment post-Oslo, and that it lacks a unifying identity or sense of purpose.¹⁵ A large part of the problem is the perception that civil society organizations lack legitimacy among the population they claim to represent. Many of them are viewed as representing narrow constituencies and interests rather than Palestinian society at large, and/or are seen as instruments of international donors who are trying to impose their own political agendas.

Donor practices also have impacted the quality of civil society in another manner. With an emphasis on service delivery rather than on supporting civil society organizations in terms of building their capacity for dialogue with the state and/or to hold state institutions accountable, donors have encouraged the continual instrumentalization of civil society. The incentives generated by donor assistance also encourage the proliferation of CSOs and further fragmentation of civil society, often leading to the creation of very small organizations that have limited or questionable representation (as in briefcase or personalized NGOs).

2.6) Lack of capacity of formal PNA institutions

PNA formal institutions also suffer from a fundamental lack of capacity at both the individual and the organizational level. This includes technical, managerial, and administrative capacity at the national and local levels, as well as planning capacity, policy making capacity, and the capacity to coordinate among and across ministries. For instance, many ministries share

¹⁵ This was discussed at length in the civil society round table as well as in individual interviews with CSO representatives.

responsibility for similar areas (for example both MOPAD and the GPC are involved in the area of civil service development), but in general collaboration between them is rare. Instead, the ministries tend to be politicized and there is considerable bureaucratic in-fighting.

2.7) Perceptions of a growing securitization of the PNA and the de-facto authority in Gaza

There is also a perception that the PNA, as well as the de-facto authority in Gaza, are becoming increasingly securitized / militarized, with all that this implies for human rights, accountability, transparency, etc. In the case of the PNA in particular, many of the people interviewed as part of this study (mostly academics and civil society activists), expressed the concern that the PNA is increasingly using the need to ensure security for Israel as an excuse/shield. There is currently a very real risk that the *raison d'être* of the PNA in the eyes of some (Palestinians and international partners alike) becomes one of security control of the population. If this happens, the PNA risks losing national legitimacy since it (i) has not managed to move forward on Final Status negotiations and ending the occupation; and (ii) does not fulfill a social compact with its people. If this continues further, that PNA risks relying on external means of 'legitimization' which are not likely to be sustainable over the long term.

3. Opportunities for building a (future) Palestinian state

Despite the many international and domestic challenges to the state-building agenda in the oPt, there are also some very significant and timely opportunities within the oPt that should be firmly recognised and capitalised on. One of the overriding messages to emerge from the field work and research for this project was how much progress the current PNA leadership based in the West Bank has been able to accomplish to lay out the foundations of an autonomous, viable, and sustainable state despite the tremendous challenges posed by the occupation and the inhospitable environment it generates. Progress has been particularly meaningful in two key areas: developing a vision of a future Palestinian state, and strengthening the formal institutions of a functioning state and enhancing its performance. In both cases, the commitment of the PNA leadership has proven absolutely essential in driving these efforts, and the PNA leadership has gained growing international recognition as a result (see, for example, World Bank 2010, Cohen 2010a and 2010b, and EIU 2010).

3.1) Vision of a future state developed by the PNA

Over the past few years, the PNA has made a decisive choice to focus on a state-building agenda not only in spite of the occupation but actually as part of a strategy to bring it to an end. Under the leadership of Prime Minister Salam Fayyad, the Authority has laid out an ambitious vision for building a (future) Palestinian state as a "fact on the ground" that cannot be ignored – moving from the status quo to a future state, as many of the interviewed PNA officials put it. In August 2007, the Prime Minister released a document titled "Building a Palestinian State: Towards peace and prosperity" which is intended to prepare Palestine for eventual statehood by 2011, either through a negotiated process with Israel or unilaterally. Its vision of a future Palestinian State is laid out in Box 2 below.

Box 2: PNA Vision of the Future Palestinian State
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Palestine is an independent Arab state with sovereignty over the West Bank and the Gaza Strip on the pre-June 1967 occupation borders and with East Jerusalem as its capital. Palestine is a stable democratic state that respects human rights and guarantees equal rights and duties for all citizens. Its people live in a safe and secure environment under the rule of law and it promotes equality between men and women. It is a state which values highly its social capital, social coherence and solidarity, and identifies itself with Arab Palestinian culture, humanistic values and religious tolerance. It is a progressive state that values cordial relationships with other states and people in the global community. The Palestinian government is open, inclusive, transparent and accountable. It is responsive to citizens' needs, delivers basic services effectively, and creates an enabling environment for a thriving private sector. Palestine's human resources are the driving force for national development. The Palestinian economy is open to other markets around the world and strives to produce high value-added, competitive goods and services, and, over the long term, to be a knowledge-based economy.

Source: PNA 2007

The PNA's vision of 'State-Building' is not unchallenged within the oPt, with different groups having different understandings and perceptions about what it may take to build an independent Palestine (see Box 3 below for different understandings of SB in the oPt). Yet, it is the first cogent vision of its type to emerge from Palestine, either from the PNA, other sources of authority, or from civil society, regardless of the ongoing occupation. Its aspirations for a Palestinian State were rearticulated in the 13th Government Plan (2009-2011), which focuses on four priority areas, including Governance, Social Development, Economic Development, and, Infrastructure, and positions women and youth as key cross-sectoral strategies (PNA 2009). In this respect, **this document and the subsequent Government Plan provide the international community a crucial entry point from which to support State-Building initiatives.**

The international community is broadly supportive of this vision/goal. There is a sense amongst PNA, some political figures and the international community that there is a **crucial window of opportunity** at the moment to act on the state-building agenda, and that this opportunity needs to be capitalized on in the immediate future.

Box 3: Other understandings of 'State-Building' within the oPt

There is a secularist group, comprising most of the PLO factions, including segments within President Abbas' Fatah movement itself and other independent individuals and groupings in the oPt, which perceives these state-building efforts with a varying degree of skepticism. From the perspective of this group, the state-building endeavor embraced by the PNA under Fayyad's leadership lacks the prerequisites necessary for its materialization on the ground, namely actual sovereignty and a deep political consensus among Palestinians. Although this perspective does not actively oppose the PNA's state-building agenda, it remains doubtful of its feasibility and argues that such efforts will not succeed as long as the Israeli occupation remains in place and a solid degree of internal unity is lacking. In the view of these skeptics, the absence of these two conditions leaves the PNA's state-building processes weak, vulnerable and ultimately subject to being easily reversed.

The strongest opposition to the state-building vision espoused by the PNA, however, comes from Islamic groups, particularly Hamas. These groups oppose the state-building not only because it is being carried under Israeli occupation but also by what they consider the 'illegitimate' government of Fayyad. The Islamists perceive this process as dangerous because, in their view, it leaves the impression that the Israeli occupation is less destructive than it actually is, and it aims to bestow legitimacy on Fayyad's government and its policies to the exclusion of other alternatives. Through its opposition to the PNA's state-building efforts, Hamas in particular is seeking to differentiate its political platform from that of Fatah and Salam Fayyad, opposing negotiation and preferring resistance. Additionally, part of Hamas' opposition to the state-building agenda stems from the fact that such efforts are focused almost exclusively on the West Bank while Gaza is considerably neglected, a situation that may have a negative political impact on Hamas' political standing and credibility among Palestinians if state-building efforts in fact end up making a positive difference.

Source: Basem Ezbi

3.2 A focus on formal institution-building and performance

Over the past few years, the West Bank-based PNA has been characterised by what an observer (Cohen 2010a) has described as a “self-affirming culture of pragmatism” focused on institution-building and the delivery of results in areas such as basic services, economic management, and security. Based on these efforts, in its Economic Monitoring Report to the AHL in September 2010, the World Bank concluded that “[i]f the Palestinian Authority (PA) maintains its current performance in institution-building and delivery of public services, it is well-positioned for the establishment of a state at any point in the near future” (World Bank 2010).

The PNA has made considerable progress in improving public resources management systems, including revenue collection from taxes, has created the nucleus of a Palestinian central bank, and has sought to develop a transparent and accountable system of public financing (Ibish 2010, EIU 2010). The PNA has also invested significantly in the Ministries of Education and Health, and has launched scores of community development programmes, thus demonstrating its commitment to delivering basic services to the population (World Bank 2010). In terms of security, conditions in the West Bank have become remarkably stabilised over the past few years. The PNA leadership has made a tremendous effort to curb violence, renounce it as a method, and establish credible security services (Cohen 2010b), with thousands of officers deployed in different cities in the West Bank. The flipside of this, of course, is the growing securitization of the PNA noted in Section 2.7 above, which is a problematic development that must not be lost sight of.

Finally, the economy in the West Bank has been growing steadily over the past few years. This is due to a combination of factors (see Section 1.4 above). Reforms in several important areas such as the electricity sector, pensions, and social welfare, as well as PNA-led development projects have played an important role in this respect by strengthening the fiscal position of the PNA and generating growth at the local level (Ibish 2010, World Bank 2010). Of course, despite progress in this area, it is essential to keep in mind once again that economic growth in the West Bank –

and the oPt in general – is likely to remain unsustainable unless and until Israel removes its restrictive measures (see Section 1.4 above).

PART 3: Developing a Working Concept for State-Building in the Palestinian Context

1. Limitations of the PNA vision of a future Palestinian state and ongoing institution-building efforts and performance

Although the vision of state-building that has been developed by the PNA under the leadership of Prime Minister Fayyad and the progress that the PNA has made in developing the formal institutions of a functioning state and delivering key results both represent critical entry points for the international community, it also has some important limitations. Different stakeholders interviewed as part of this study expressed concerns about this vision and its focus on formal institution-building and performance:

- The vision laid out by the PNA and its institution-building efforts are almost exclusively focused on the formal institutional structures of the state. Considerably less attention has been paid to issues regarding state legitimacy, how the state is related to its citizens, and the nature and quality of the social contract.
- It is of course true that the state’s capacity to perform key functions – such as ensuring security, generating growth, and providing basic services – can be essential in fostering legitimacy, and so far this has been the approach that the PNA has taken with its focus on performance. Yet, “the effective performance of these functions requires not just bureaucratic capabilities but also political legitimacy ... to enforce the requisite rules and rights” (Khan 2009), which as noted above is an area that the PNA has not sufficiently emphasized in its SB efforts.
- The SB vision of the PNA is ambitious and comprehensive, but the two-year timeline that has been proposed within the 13th Government Plan is unrealistic. State-building is a complex process, and therefore needs to be more long-term. On the other hand, there does seem to be an understanding within the Government that many of the objectives laid out in the Plan cannot be achieved within two years and that the Plan should therefore be viewed as more of a long-term program.
- There is a feeling that the vision spelled out remains too vague. While the different documents produced by the PNA clearly state that the Palestinian state should be a multi-party democracy based on universal rights and freedoms, including freedom of religion, a constitution and bill of rights will be needed to provide a formal umbrella for state-building in the oPt – as well as fundamental agreement among contending elites and the population at large about the rules of the game and the social contract linking state and society.
- Despite the exhortations of the PNA that “each and every citizen, man and woman, young and old, will ... play a part in building a free Palestine” (PNA 2010), the government vision of a future Palestinian state was drafted under the leadership of the Prime Minister

and the Ministry of Planning and Development with minimal input from relevant stakeholders outside the state, including either the PLC (which couldn't approve the 13th Government Plan because it can't convene) or civil society organizations such as NGOs, the media, private sector groups, and women's and religious organizations – not to mention the ruling authority in the Gaza Strip, which were not consulted. It is also not clear how widely the 13th Government Plan was circulated after it was drafted to elicit feedback and ideas to revise the vision at that stage.

- While the PNA has emphasized repeatedly that the vision of the state being espoused is of a united Palestine that includes both Gaza and the West Bank (with East Jerusalem as the capital), there is no single mention in the different documents that the PNA has prepared of the need to promote internal reconciliation among contending elites at one level and to foster social cohesion within society more generally. Nor do the documents recognize the need to arrive at a fundamental agreement on the rules of the game, a process which may require negotiation and compromise.

Thus, in many ways, the official vision of state building espoused by the PNA, as well as its focus on formal institution-building and performance-based legitimacy tend to be technocratic, top-down, narrowly focused, and detached /delinked from the current political context and society at large. Civil servants/government officials stress that they are working hard to build a sustainable and accountable Palestinian state following the lead of the top PNA leadership, especially the Prime Minister. In many respects, this may well be true. But it is also in sharp contrast to the view from many non-state actors, who (as discussed earlier), despite their respect for Fayyad, tend to be less optimistic about the future and more concerned about growing authoritarian tendencies within the PNA and its increasing securitization. There is therefore a fundamental disconnect between formal authorities (and not just the PNA but also de facto authority in Gaza) and the people they are intended to represent, leading to linkages between state and society that are weak, fragmented, and politicized. For instance, although it is widely acknowledged that internal reconciliation is one of the leading priorities for the oPt today, there was a reluctance, at least among the PNA representatives interviewed as part of this study, to admit that achieving some kind of functional political settlement among contending elites (namely Fatah and Hamas) is crucial as the foundation of any kind of state-building exercise. There is also markedly little awareness – if not indifference – about the need to connect more meaningfully with different stakeholders in civil society so that the PNA may become more accountable, responsive, and ultimately more legitimate.

2. Working concept of SB in the oPt

Based on the issues, challenges and opportunities that have been discussed above, what kind of working concept of State-Building relevant to the oPt can be developed? Building on the different developments in peace- and state-building that have emerged in current international development thinking and practice and ensuing lessons, as well as on the specificities of the Palestinian context, it becomes clear that a state-building approach in the oPt must be grounded on the need to foster the legitimacy of the state in the eyes of the population and to strengthen the quality of the social contract between state and society. A working concept of SB that takes this as its central premise is outlined in Box 4 below.

Box 4: Working Concept of State-Building in the oPt

Overall goal: To work together with the Palestinian people to build a state whose legitimacy is grounded on a solid social contract between the state and society.

Objective 1: Supporting a peace agreement with Israel and an end to the occupation

Outcomes:

- Internal capacity of Palestinian actors in oPt to engage more effectively in diplomacy, advocacy, and lobbying strengthened and stronger alliances and broader networks built at the national, regional and international level.
- Skills and capacities of negotiation unit of the PLO supported to level the playing field with Israeli counterparts.
- Final status issues resolved
- Occupation lifted

Objective 2: Supporting the current vision of the state that has been developed by the PNA leadership but within a strategy that incorporates a broader set of stakeholders and promotes important checks or counterweights within society at large by strengthening:

- Internal reconciliation among contending elites
- Social cohesion within society more broadly
- Resilient state-society relations
- Inclusive participation, with a special focus on women and other excluded or marginalized groups
- Accountable and responsive governing institutions

Outcomes:

- A functional political settlement between relevant contending elites reached
- Resilient state-society relations and social cohesion fostered
- Inclusive participation and greater engagement between state and society promoted

- Gender equality fostered
- Capable, responsive and accountable institutions strengthened

Objective 3: Promoting sustainable livelihoods, economic recovery and self-reliance¹⁶

Outcomes:

- Broad-based, inclusive, and equitable economic development promoted
- Essential infrastructure for economic and social development improved
- Economic dependence of the oPt on Israel reduced and financial self-reliance strengthened

3. Tensions and challenges embedded in a state-building agenda in the oPt

3.1) Delineating what is possible and realistic

As can be appreciated from Box 4, the overall goal of building a legitimate state in the oPt is an ambitious undertaking that calls for a variety of interventions on multiple fronts to address the different and complex SB challenges that oPt faces at the international, regional and internal levels (discussed in Part 3 of the report). Two caveats are therefore in order. Firstly, many of these challenges require action by different sets of actors and institutions at both the international and the domestic level (including the diplomacy, defense and development arenas). Thus, it is unlikely that a single donor or even a group of donors working jointly with domestic actors will be able to address all of the different objectives, and nor should it be expected to. Some of these areas may lie more naturally within the mandate of some organizations, while others might not. Thinking through where a particular donor agency might have greater influence or impact, and where it is important to get other actors involved, is therefore essential. Secondly, it is also imperative to recognize that the state-building project in Palestine will only be able to progress so far without eventually achieving Objective 1 (i.e. resolution of final status negotiations between Israel and Palestine and ending the occupation) (see PNA 2007, PNA 2009 and Khan 2009 among others).

3.2) The political nature of the state-building challenge and the lack of a political mandate

Keeping these caveats in mind, it is essential to understand some of the tensions that are embedded in a SB agenda in the oPt, especially in terms of what the international donor community can and cannot do. As highlighted in Part 2, state-building is not only a technical exercise but also a deeply political process. Certainly capacity development, functioning institutions and provision of security are vital components for successful state building. But in an environment where the government cannot exercise its sovereignty over most of the territory,

¹⁶ Please note that this paper does not focus on this second objective, which focuses on the economic dimensions of SB. However,, the UNDP/PAPP Mid-Term Strategic Framework does identify poverty reduction and economic recovery as one of its key objectives, and the organisation is involved in a variety of efforts on this front. These are without a doubt crucial from an SB perspective, but the Livelihoods portfolio was not analysed as part of this assignment.

where the executive authority over the remaining territory is divided along geographic and political lines (as a result of an ongoing conflict among contending political forces), and where the parliament has been absent for the past several years (for the same reason), the developmental efforts of donor agencies cannot compensate for political shortfalls. Development objectives require a political vision to become attainable, but in the oPt, as several people noted, international development assistance lacks the consistent implementation of its political track. In the case of the UN system, this is particularly stark, as the UNDP's remit is to deal with development issues, while UNSCO is mandated to address political issues, especially as they relate to the peace process with Israel. One of the of the fundamental challenges in the oPt is not only that the political and development objectives of the multiple international actors and institutions involved in the Territory are delinked, but that they may even be at cross-purposes. This is problematic because there is a real possibility of (continuing to) do harm.

As discussed in Part 3, beyond the constraints to successful state building imposed by externally driven factors such as the occupation and the unresolved nature of final status issues, the oPt also faces considerable challenges rooted in the governance structures of the PNA and the nature of the linkages between Palestinian authority(ies) and Palestinian society. Of those, none is more foundational to the task of building a unified, peaceful and legitimate Palestinian state than the lack of a functioning political settlement between the two main contending political forces, Fatah and Hamas, who are now governing different parts of the oPt in parallel.¹⁷ From this it follows that the first task in a state- (and peace-) building agenda should be to facilitate an ongoing dialogue among the contending elites so that may reach agreement about the fundamental rules of the game and work towards reconciliation. However, given the geo-political constraints operating in the oPt, this is something that donors themselves cannot address explicitly or get involved with directly.¹⁸ There is a clear “no contact” policy emanating from the Quartet that dictates that Hamas cannot be engaged with in any manner that would bestow it with legitimacy as a political actor and/or with financial gain, and this imposes considerable constraints on what donors, including the UNDP, can do.

This official “no contact” policy has already caused tremendous harm within the oPt. As several commentators have argued, the current political status quo in the oPt is in large part the result of aid decisions made in 2006, when donors and the UN decided not to work with or engage the newly elected government. Donor actions contributed to a catastrophic decline of unity within the oPt and to its political and geographic fragmentation (see Khan 2009 and Byman 2010 among others). The lack of reconciliation at the political level and the ongoing international policy not to recognize Hamas as a relevant political player threaten to derail much of the state-building agenda. For example, how will institutions vital to promote accountability linkages between state and society, including elections from the President of the PNA down to the local level in both Gaza and the West Bank, as well as a functioning PLC, be reconstituted if existing political constraints remain in place? Moreover, as many of the people interviewed as part of this

¹⁷ A growing literature on SB emerging from the donor community emphasises the centrality of the political settlement in underpinning all other aspects of SB. See Whaites 2008, OECD 2010, and DFID 2010 among others.

¹⁸ Of course, this does not rule out influencing elite reconciliation in more indirect ways, by, for example, fostering reconciliation and social cohesion through bottom-up processes. Such processes are absolutely essential in their own right, but the problem of being able to engage with the top political leadership to facilitate a political settlement remains.

project expressed, if state-building efforts remain focused on the PNA itself and continue to benefit one population or group over another along geographic and/or political lines, they may undermine the very objective of establishing a single Palestinian state that encompasses the West Bank, Gaza and East Jerusalem. Beyond this, what will donor governments do in case the PNA decides to declare statehood unilaterally in case a peace agreement with Israel cannot be reached? This is a pressing (but far from settled) question given that donors have given their full political and financial support to the Prime Minister's plan to prepare the PNA for statehood by 2011 (see more on potential scenarios in Section 3.3 below).

3.3) And what if there is no independent Palestinian state?

Needless to say, the underlying assumption informing the state-building agenda is that there will be an independent and internally unified Palestinian state. However, in the current context, this cannot be taken for granted. So while in a manner of speaking the international community may want to put all its eggs in one (state-building) basket, it is essential to consider alternative scenarios. Possibilities include:¹⁹

- The Israeli-Palestinian negotiations not only resume but succeed, yielding an independent and unified Palestinian state as one of the outcomes. This is the preferred scenario of the international assistance community, which is working on that basis.
- The Israeli-Palestinian negotiations succeed and lead to an independent Palestinian state. However, internal divisions between the leading political forces within the oPt continue. This would be problematic because, as discussed in Section 2 of Part 2 and Section 2.1 of Part 3, the lack of a functioning political settlement and agreement on the basic rules of the game undermines the sustainability of state building efforts and could lead to instability and even violent conflict.
- The Israeli-Palestinian negotiations fail. The PNA declares unilateral statehood and a unified Palestinian state emerges. Such a move would place many international actors in a difficult position and a key question would be whether donor countries would recognize Palestinian statehood on those terms.
- The Israeli-Palestinian negotiations fail. The PNA declares unilateral statehood but internal political divisions continue. Such a move would place the international community in a difficult position, but in addition the situation would be exacerbated by the unresolved conflict within the oPt (as per above).
- The Israeli-Palestinian negotiations continue to stall and the status quo remains. Many of the people we interviewed for this project think that this is the most likely scenario, with donors continuing to work towards building a state that may or may not materialize. One of the challenges here is whether muddling through is good enough --and for whom. Under this scenario, the persistence of the internal divisions within the oPt could give the

¹⁹ These scenarios are drawn from conversations with many of the people interviewed within and outside the PNA, as well as Littlewood 2010

impression that donor interventions are biased because they remain focused on the PNA itself, which would have an impact on the legitimacy of SB efforts (see Section 3.2 above).

- The Israeli-Palestinian negotiations stall or fail and the PNA collapses. Under this scenario, internal divisions within the oPt would most likely persist if not become even more pronounced as leading competing political forces compete for assert their control. This scenario would also prove challenging for donors because it is not clear who would fill the vacuum left by the collapse of the PNA and how the international community might react.²⁰

As very briefly outlined, these different scenarios present the international development community with different challenges and opportunities. It is beyond the scope of this paper to offer guidance on how the international community can tackle each of the different scenarios could be tackle, but it will be important for donors, and the UNDP in particular, to ask whether and how they could prepare to address them, and what the strategic, operational and/or financial implications would be.

3.4) Need to recognize and manage these tensions

These tensions are not likely to be resolved easily, as they need to be addressed at the highest echelons of power in diplomatic, political and security circles, including the Quartet. Nevertheless they need to be recognized upfront because they impose considerable limitations to what donors in general, and the UNDP in particular, may be able to do to facilitate state-building processes in the oPt. They also need to be spelled out so that they can be better understood and managed, and so that donors can avoid doing harm.

²⁰ According to Littlewood (2010), “[i]t would be unthinkable for Israel to allow Hamas to fill the vacuum, so it would be faced with the prospect of re- occupying the Territories at full security strength, a massive burden. Such a move would, of course, inflame the Muslim world and generate massive protests worldwide, again forcing the hand of the international community.”

List of people interviewed

UNDP/PAPP staff

Amjad Alsharif	Program Analyst
Boram Kim	Rule of Law and Access to Justice Program
Claudia Loforte	Rule of Law and Access to Justice Program
Geoff Prewitt	Senior Governance Advisor and Team Leader, Governance and Poverty Reduction
Ibrahim Abu-Shammalah	Rule of Law & Access to Justice Program (based in Gaza)
Immad Saed	CTA, Local Governance Support Program
Jens Toyberg-Frandzen	Special Representative of the Administrator
Laurent Marion	Early Recovery Advisor
Lily Habash	Deputy CTA, Capacity Development Initiative
Ms. Maha Abu Samra	Project Manager, Civil Service Leadership Development Program
Marteen Barends	CTA, Rule of Law and Access to Justice Program
Raul Rosende	Conflict and Peace Building Advisor
Reginald Graham	CTA for Capacity Building
Roberto Valent	Deputy Special Representative
Sara Baily	Rule of Law and Access to Justice Program
Sergio Garcia	Youth and Conflict Specialist
Vanessa Farr	Gender Advisor

Representatives of other international organizations

Espen Lindbæck	Political Councilor, Norway
Gerhard Pulfer	Governance Strategy Group Coordinator
Maria Bjernevi	Consul/Development Cooperation, Sweden
Marc Jacquand	UNSCO
Mariam Sherman	Country Director, World Bank
Meena Syed	Second Secretary, Norway

Pascal Soto	UNSCO
Philippe Denault	Legal Reform Advisor, Canada
Samer Abu Jubara	UNSCO
Shifa Jayousi	Program Officer, UNSCO
Smitta Choraria	Governance Adviser, Department for International Development, UK
Stein Torgersbråten	Development Councilor, Norway
Yvette Szpesi	Second Secretary, The Netherlands

Government officials/representatives

Abdallah Sha'rawi	Minister, Ministry of National Economy
Dr. Ahmad Majdalani	Ministry of Labor
Dr. Ali Jarbawi	Minister, Ministry of Planning and Administrative Development
Assembly Representatives	Hebron Municipality
Assembly Representatives	Ramallah Municipality
Bashar Juma'a	Director General, Ministry of Planning and Administrative Development
Cairo Arafat	Consultant, Government Media Center
Ghassan Khatib	Director, Government Media Center
Dr. Hussein Araj	Chief of the President's Office
Janet Michael	Mayor, Ramallah Municipality
Jamal Zaqt	Media and Civil Society Advisor to the Prime Minister

	Prime Minister's Office
Jawad Sayyed	Advisor to the Mayor on International Relations and Business and Economic Development, Hebron Municipality
John Williams	Former Head of Communications of the British Foreign Office Government Media Center
Khaled Osaily	Mayor, Hebron Municipality
Dr. Mahmoud Shaheen	Acting Head, General Personnel Council
Dr. Mohammed Odeh	Head of Strategic Planning at the President's Office
Representatives	Municipal Development and Lending Fund
Dr. Victor Batarseh	Mayor, Bethlehem Municipality

Civil society representatives

Isam Akel,	Director, Association for Palestinian Local Authorities
Dr. Lily Faidy	Chief Executive Officer, MIFTAH
Dr. Gabi Baramki	Palestinian Council for Justice & Peace
Dr. Ghassan Farramand	Director, Institute of Law, Birzeit University
Ibrahim Al Barghouti	Executive Director, MUSAWA
Interpeace (various representatives)	
Dr. Mudar Kasis	Philosopher, Birzeit University
Dr. Mustafa Miri	International Law, Birzeit University
Dr. Samir Abdallah Institute	Director General, The Palestine Economic Policy Research Institute
Nasser Al Rayyes	Al Haq

Round Table with CSOs:

Al Haq
Al Multaqa Al Fikri
The Independent Commission for Human Rights

International Peace and Cooperation Center
Institute of Law, Birzeit University
Maan Development Center,
MUSAWA
Muwatin - the Palestinian Institute for the Study of Democracy
NDC GHASSAN Kasabreh
Near East Consulting Palestinian Council for Justice & Peace
Palestinian NGO Network – PNGO
Women’s Center for Legal Aid and Counseling

Round Table with Private Sector

Business Women Forum/Palestine
PADICO
Palestinian Federation of Industries
PALTRADE
PIEFZA – Palestinian Industrial Estate Free Zone Authority
Saed Omar Khatib
Dr. Walid Abed Raboo

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