

Embassy of the State of Palestine

General Delegation
of Palestine to Australia,
Aotearoa New Zealand,
and the Pacific



INTERN POLICY REPORT

How should the Australian aid program to
Palestine change under a Labor
government?

Will McManus, October 2022

EXECUTIVE SUMMARY

The Israel-Palestine conflict is one of the world's most enduring crises, beginning in the mid-20th Century. The current status quo, however, has existed since the beginning of Israel's occupation of the Palestinian Territories (PTs) in the 1967 Six-Day War. Israel's prolonged occupation of the West Bank and blockade of the Gaza strip has prevented the formation of a Palestinian state but has also impeded the growth of the Palestinian economy and civil society. Foreign aid is therefore vital to provide humanitarian support for Palestinians, but also for donors to contribute towards the peace process and the development of a two-state solution.

This report seeks to recommend the most effective Palestinian aid program the Australian Labor government should implement. Firstly, it will provide a review of the political and socio-economic conditions in the PTs and discuss why Israel's occupation provides a unique development challenge for foreign aid. It will then review previous Australian aid programs to Palestine to assess how well they have stimulated development in Palestine. The research will then consider Palestine's developmental priorities and discuss Australia's obligations to address these priorities through its aid program. Finally, considering the geopolitical conflict and the analysis of what development goals can be targeted most effectively by Australia, I will provide recommendations for Australia to focus on.

This report concludes that while Australia's aid program has experienced successes, the program has lacked focus on localisation, it has suffered from funding cuts, and is dictated by a government which does not recognise its influence over the cause of the humanitarian crises on the ground. Thus, the following recommendations are provided to DFAT:

1. Australia must reimplement a multi-year NGO agreement focusing on localisation.
2. Australia must increase funding in its aid program to \$45 million.
3. Australia should more efficiently deal with allegations against NGOs that avoids hampering aid efforts.
4. Australia's wider political behaviour must condemn Israel's destructive expansionist policies.

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ACRONYMS

AMENCA – Australian Middle East NGO Cooperation Agreement

APHEDA – Australian People for Health, Education and Development Abroad

DFAT – Department of Foreign Affairs and Trade

IMF – International Monetary Fund

NGO – Nongovernmental Organisation

PA – Palestinian Authority

PFLP – Popular Front for the Liberation of Palestine

PTs – Palestinian Territories

UN – United Nations

UNGA – United Nations General Assembly

UNICEF – United Nations International Children’s Emergency Fund

UNOPS – United Nations Office for Project Services

UNRWA – United Nations Relief and Works Agency for Palestinian Refugees in the Near East

UNSC – United Nations Security Council

US – United States of America

WB – World Bank

INTRODUCTION

The Israel-Palestine conflict has been a curse on Palestinian development since its inception. Palestine is one of the poorest states in the Middle East, with 2.45 million out of 5.2 million Palestinians in need of humanitarian assistance,¹ much of this a by-product of the war of 1948. While the Oslo accords signed by both parties in 1993 were steps towards peace, the treaty mandated Israel to remove its forces from Palestinian territory. In reality, the occupation has only intensified since which has inhibited meaningful self-development.

Palestinians living in the Gaza Strip live in harsh conditions mired by food insecurity, unemployment and poverty due mainly to Israel's blockade of Gaza since 2007.² Additionally, Palestinians residing in the West Bank face similar challenges, including forced evictions from their homes. Since 1967, Israel has annexed territory in the West Bank through the construction of illegal settlements, increasing its population to over 620,000 and stymying Palestinian autonomy.³ The UN now describes Palestine in a state of 'de-development.'⁴

Foreign aid to Palestine has been largely ineffective but remains an integral component of the PA's budget. Like most developing countries, Palestine is characterised by a low level of domestic saving, engendering a shortage of capital for development programs.⁵ This necessitates reliance on foreign aid. Unfortunately, in 2022, the IMF and the WB reported the PA's 'dismal fiscal situation.'⁶ From 2016-2021, expenditure remained constant in the midst of declining revenues brought on by a 65% decrease in foreign aid to Palestine.⁷ Given the unchanging status quo, decreases in foreign aid only allow for worsening humanitarian conditions in the PTs.

Decreases in aid under the Coalition government has, likewise, limited Australian effectiveness. In 2021-2022, Australia sent \$A31.4 million to the PTs, although experienced ongoing decline since 2014, when Australia provided \$A69.2 million. This report will investigate how Australian aid can improve Palestinian self-development. It will cover how best to target the development priorities of Palestine, while also acknowledging that Israel's political behaviour is behind Palestine's backwardness. Australia's official bi-partisan position is supportive of a two-state solution and thus Australia has an obligation to support the peace process by countering Israel's occupation.

¹ OCHA, 2022. ECHO Factsheet – Palestine, <https://reliefweb.int/report/occupied-palestinian-territory/echo-factsheet-palestine-last-updated-10012022>.

² The Guardian, 2013. Time to end Israel's Gaza blockade, <https://www.theguardian.com/world/2013/dec/27/time-end-israel-gaza-blockade>.

³ B'tselem, 2017. Settlements, <https://www.btselem.org/topic/settlements>.

⁴ UNCTAD, 2017. UNCTAD Assistance to the Palestinian People: Developments in the Economy of the Occupied Palestinian Territory, https://unctad.org/system/files/official-document/tdb64d4_embargoed_en.pdf.

⁵ Badwan, N. and Atta, M., 2021. The Impact of Foreign Aid on Economic Growth in Palestine: An Empirical Evidence. *Asian Journal of Economics, Business and Accounting*, pp. 99-114.

⁶ Etkes, H., and Klor, E., 2022. Improving the Palestinian Authority's Fiscal Outlook, The Institute for National Security Studies, <https://www.inss.org.il/publication/pa-fiscal/>.

⁷ Etkes H, and Klor, E., 2022

SECTION 1: CONTEXT OF THE CONFLICT AND AID TO PALESTINE

The plight of Palestinians is distinct. While many geopolitical hotspots are characterised by a dysfunctional government or a traditional cross-border conflict, Palestine uniquely suffers from a complex occupation from Israel. This creates a singular power dynamic unseen virtually anywhere else and makes the call for an aid program tailored to the conditions of the region.

Israel's occupation of the most highly developed part of historical Palestine has 'battered, dismembered, and severely handicapped'⁸ its economy. Israel's economic domination and exploitation of the occupied territories since 1948 has been deliberate and systematic, resting on highly coordinated mechanisms of control. Its control of water sources in the PTs, for example, severely limits agricultural production. Likewise, Palestinians are forced to work in Israel for low wages or to flee the region altogether. An influx of Israelis into the PTs has allowed Israel significant administrative control, reduced commercial growth and forced a population to be dependent on the Israeli economy.⁹

Israel's control over foreign aid has been another factor limiting Palestine's industrial growth. While the Oslo Accords intended a gradual shift towards autonomy, it has not come about. The accord's crucial goals, including the development of an independent Palestinian economy with a fair-trade relationship with Israel, have remained unrealised.¹⁰ The creation of the PA has been the only tangible outcome of the 1993 accords. Indeed, Israel was mandated to withdraw from Gaza and the West Bank, yet it has only withdrawn from Gaza. Negotiations concerning major issues such as Jerusalem and Israeli settlements were never settled either.

In reality, the failed accords allowed for the creation of 165 Palestinian enclaves in the West Bank separated by areas controlled by Israel, thus allowing Israel to prevent the free movement of Palestinian goods and people.¹¹ The accords required both Israel and Palestine to have the same customs rate and purchase tax, however both were set at the Israeli level. This made trade prohibitively expensive for Palestinians.¹² Additionally, Palestinians have been restricted from entering border crossings and ports controlled by Israel, further limiting Palestine's import and export capacity.

The result has been a stagnant industry and an employment drought.¹³ It has become a client state of Israel, whereby Israel can restrict its defence capacities, determine trade, control

⁸ Abed, G., 2015. *The Palestinian Economy (RLE Economy of Middle East): Studies in Development under Prolonged Occupation*. Routledge, p. 2.

⁹ Abed, G., 2015, p. 223

¹⁰ Elkhaif, M., Misyef, M., and Elagraa, M., 2014. *Palestinian Fiscal Revenue Leakage to Israel under the Paris Protocol on Economic Relations*, New York and Geneva: United Nations Conference on Trade and Development, http://unctad.org/en/PublicationsLibrary/gdsapp2013d1_en.pdf.

¹¹ Barsalou, J., 2003. Missing the Mark: Foreign aid to the Palestinians. *Middle East Policy*, 10(4), p. 48.

¹² Elkhaif, M., Misyef, M., and Elagraa, M., 2014.

¹³ Niksic, O., Eddin, N.N. and Cali, M., 2014. *Area C and the Future of the Palestinian Economy*. World Bank Publications.

international borders and regulate internal checkpoints of Palestine for an indefinite period.¹⁴ Economic activity in the PTs is not politically neutral. Israel ensures that any aid program is ‘judged as to whether or not it reinforces the occupation or weakens it, whether or not it promotes dependency or self-reliance.’¹⁵

Money has thus flowed to short-term humanitarian needs rather than long-term developmental goals and as such has prevented a structural breakthrough in the Palestinian economy.¹⁶ Foreign aid in Palestine has even benefited Israel, which no longer has to provide welfare for the occupied population under the Geneva convention. Instead, it relies solely on the international community. Additionally, funds supporting aid programs are often funnelled back to Israel through the taxes it imposes on the PTs.¹⁷ Furthermore, lack of aid effectiveness is accounted for by the immense pressure for donors to ‘keep the peace process alive at all costs,’¹⁸ meaning most donors are unwilling to exert pressure on Israel to reverse their detrimental policies. Foreign aid in Palestine has therefore had an unstable history and continues to challenge donors.

In this context, I will now discuss proposed strategies to enhance the impact aid has in Palestine. Firstly, Palestinians need projects which they can control and which allow them to sustainably build their economy.¹⁹ Recurrent expenditures for long-term problems are more effective than one-off programs.²⁰ Continued recurrent expenditures would create tangible movements in basic infrastructure, living conditions and employment opportunities of Palestinians.²¹ A recent study has found that effective aid to Palestine is conditional on a stable macroeconomic environment.²² Palestinians need viable institutions to generate this.

¹⁴ Le More, A., 2004. Foreign aid strategy, *The Economics of Palestine*. Routledge, pp. 223-244.

¹⁵ Abed, G., 2015, p. 9

¹⁶ Badwan, N. and Atta, M., 2021

¹⁷ Davis, K., 2022. Interviewed by Will McManus [Zoom], 28 August.

¹⁸ Le More, A., 2004

¹⁹ Davis, K., 2022

²⁰ Barsalou, J., 2003

²¹ Le More, A., 2004

²² Badwan, N. and Atta, M., 2021

SECTION 2: BACKGROUND OF AUSTRALIAN AID PROGRAMS TO PALESTINE 2007-2022

Background and changing focuses

There are highlights and shortcomings in the detail of Australia's aid program to Palestine. Since 2007, there has been a stark increase in aid which corresponded with both a new Labor government, but also the disintegration of the Fatah-Hamas unity government and the installation of a Western-supported Fatah government in the West Bank.²³ Aid rose from \$A16.2 to \$A42 million and by 2011 Australia was among the top ten contributors of aid to the PA.²⁴ As seen in Figure 1, this reached a high of \$A69.2 million in 2014-2015, though has been steadily decreasing ever since.

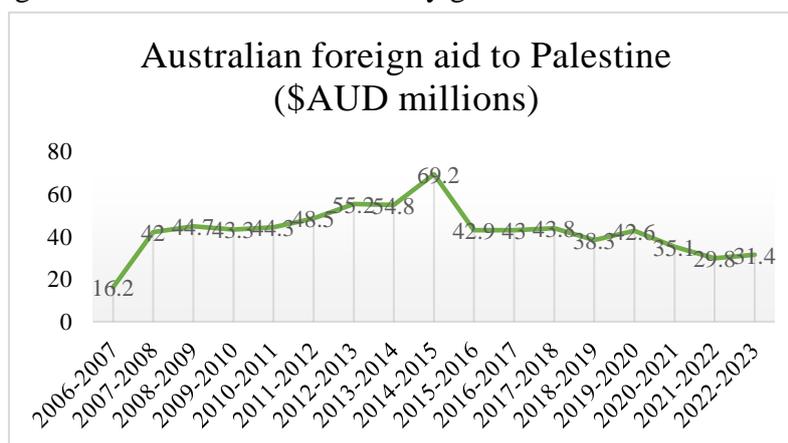


Figure 1: Australian foreign aid to Palestine 2006-2023

In context, Australia's general foreign aid budget has experienced two phases. From 2003-2014, funds for overseas aid rapidly grew from \$A3 billion to \$A5.8 billion, notwithstanding a sizable scale-back between 2014 and 2020.²⁵ Aid is even set to drop 5% in 2022-2023 to a level where it is the least generous in history. The recent decline in foreign aid reflects a shift in Australia's priorities, a shift towards defence deterrence over foreign aid increments. While Australia's aid budget is falling, an increase in the defence program budget has enjoyed bipartisan support.²⁶

Australia's Palestinian program objectives have undergone two phases since 2007. Until 2014, Australia emphasised both humanitarian relief and supporting the peace process by fostering 'a secure, stable and effective Palestinian state'.²⁷ However, Australia's priorities shifted in 2015. It continued to deliver humanitarian services but abandoned its commitment to state-building. The aid was directed towards improving public financial management and developing a competitive agricultural economy in Palestine. DFAT contended that 'it is not

²³ Harris, M., 2015. Australia and the Middle East conflict: the Rudd and Gillard Governments (2007-13), Parliament of Australia, https://parlinfo.aph.gov.au/parlInfo/download/library/prspub/3881711/upload_binary/3881711.pdf;fileType=application/pdf.

²⁴ Harris, M., 2015

²⁵ DevPolicy, 2022. How have Australian aid volumes changed over time? Are Australians becoming more or less generous?, <https://devpolicy.org/aidtracker/trends/>.

²⁶ Pryke, J., 2020. DFAT cuts show our foreign policy's khaki tinge, Lowy Institute, <https://www.lowyinstitute.org/publications/dfat-cuts-show-our-foreign-policy-s-khaki-tinge>.

²⁷ DFAT, 2010. Australian Agency for International Development Annual Report 09-10, <https://webarchive.nla.gov.au/awa/20130329043733/http://www.ausaid.gov.au/AnnualReports/Pages/rep10default.aspx>.

feasible to use the peace process as an indicator of the failure or success of our aid investments'.²⁸ Australia's aid program had consistently failed to further the peace process, and the objectives changed to those Australia had control over.

Until 2018, Australia channelled funds directly to the PA through the World Bank, which acted as a vehicle for Australia to encourage the PA to implement agreed policy reforms. However, Australia's contribution to the PA ceased in 2018 over concerns 'that providing funds for this aspect of the PA's operations provided an opportunity for the PA to use its own budget to assist Palestinians convicted of politically motivated violence'.²⁹ Australia also regularly channels funds to UNRWA for food assistance, education and health programs. A \$A20 million annual contribution lasted until 2020, thereafter decreasing to \$10 million. This politicisation and decrease in aid funds will be discussed further in a later section.

Australia's flagship NGO program, AMENCA, has also been a crucial component of its aid program. DFAT allowed Australian NGOs to compete for funding and deliver direct foreign aid on the ground. Its first phase was completed in 2007, its second lasting until 2015 and its third and final phase concluded in 2021. These programs focused on humanitarian assistance, but also supported civil society projects with a focus on women's empowerment and small-scale enterprises. AMENCA3 had a particular focus on increasing productivity in the agricultural sector. Australia has also repeatedly funded UNICEF and UNOPS which support humanitarian work across the PTs. Lastly, since 2011 Australia has offered a scholarship program to Palestinians seeking higher education in Australia. This has allowed educated Palestinians to play an active role in informing aid and contributing to the development of Palestinian institutions.³⁰

Effects of Israeli occupation on success and the politicisation of aid

Before Australia shifted its aims away from the peace process, its results were annually reported to be unsatisfactory. Even after 2015, scores for economic sustainability were weak as 'a reflection of the extremely challenging operating environment...dependent on political negotiations beyond the scope of the investment.'³¹ DFAT even admits that development projects and strengthening of the PA 'must occur in parallel with progress towards a sustainable two-state solution'.³²

The lack of progress on peace has effectively undermined Australia's own efforts given aid is predicated on political progress. Australian foreign policy is heavily dependent on its

²⁸ DFAT, 2015. Annual Report 2014-2015, <https://www.dfat.gov.au/sites/default/files/2020-01/dfat-annual-report-2014-15.pdf>.

²⁹ DFAT, 2020. Annual Report 2019-2020, <https://www.dfat.gov.au/sites/default/files/dfat-annual-report-2019-20.pdf>.

³⁰ DFAT, 2018. Annual Report 2017-2018, <https://www.dfat.gov.au/sites/default/files/2020-01/dfat-annual-report-2017-18.pdf>.

³¹ DFAT, 2016. Annual Report 2015-2016, <https://www.dfat.gov.au/sites/default/files/DFAT-full-annual-report-2015-16.pdf>

³² DFAT, 2015. Annual Report 2014-2015, <https://www.dfat.gov.au/sites/default/files/2020-01/dfat-annual-report-2014-15.pdf>.

relationship with the US, which staunchly supports Israel. Additionally, the Israeli lobby in Australia has been called ‘the most powerful foreign influence operation in our country,’³³ greatly influencing Australia’s foreign policy. While a two-state solution enjoys bipartisan support, Australia’s close relationship with Israel vies with its acknowledgement that Israel’s impact on Palestinian development has been degenerative.

Emboldened by the pro-Israel foreign policy of the US, the Coalition government redirected aid away from Palestinian institutions and even suspended funds over unsubstantiated evidence. In 2016, a staff member of World Vision (an NGO in Australia’s AMENCA program) was arrested by Israel and accused of funding Hamas, and in 2018 APHEDA was accused of having links to PFLP, which Australia considers a terrorist organisation.³⁴ Concerning the World Vision case, DFAT found no credible evidence to support Israel’s charges, though the program continued to be suspended and the staff member still in prison. Additionally, DFAT also suspended APHEDA, despite an audit finding no infractions. The program was later reinstated. These cases indicate that ‘Australia is playing its role in a broader, lobby-fuelled agenda to disempower independent and successful Palestinian NGOs and civil society organisations’.³⁵ Australia’s political behaviour is therefore in conflict with itself.

Program quality and localisation

The reviews of Australian’s aid program are mixed, depending on the perspective. According to DFAT (and excluding their recognition of the wider conflict impacting effectiveness) their programs have been relatively successful. UNRWA investments have consistently scored over 90% in their results due to the quality of its core education focus, its health programs and its responses to emergencies. Additionally, the AMENCA3 program has repeatedly met or exceeded objectives.³⁶ That said, appraisals are normally conducted by aid program staff, with the suggestion that it may be in donors’ interests to provide unduly positive appraisals.³⁷

While the program has seen substantial results, concern is emboldened by feedback from NGOs working in the AMENCA program. According to a representative from APHEDA, the expectations from DFAT were ‘ideological’ and ‘unrealistic’.³⁸ For example, the Coalition government relied on the free market to bolster economy activity in Palestine. This was problematised because results on the employment of women and disabled people are

³³ Carr, B., 2022. The Israeli lobby and Labor, John Menadue’s Public Policy Journal, <https://johnmenadue.com/the-lobby-and-labor/>.

³⁴ Australia Palestine Advocacy Network, 2020. Factsheet: Aid to Palestine, <https://apan.org.au/factsheet-aid-to-palestine/>.

³⁵ The General Delegation of Palestine to Australia, New Zealand and the Pacific, 2018. Australian aid cuts to Palestinian NGOs, <https://www.palestine-australia.com/assets/Uploads/Policy-Brief-Australian-Aid-to-Palestinian-NGOs.pdf>.

³⁶ DFAT, 2021a. Annual Report 2020-2021, <https://www.dfat.gov.au/sites/default/files/dfat-annual-report-2020-21.pdf>.

³⁷ Wood, T., Otor, S. and Dornan, M., 2020. Australian aid projects: What works, where projects work and how Australia compares. *Asia & the Pacific policy studies*, 7(2), pp.171-186.

³⁸ Davis, K., 2022

determined by a market which discriminates against these groups.³⁹ Thus, expectations of this approach were unrealistic. ‘Insistence that the market economy in the occupied territories is the only way to promote [development], while neglecting the political context, only leads to a dead end’ argues Abed.⁴⁰

Under the Coalition government, aid was excessively cautious, dealing only with ‘respectable issues’⁴¹ such as gender and people with disabilities rather than on independence or self-determination. As such, the framing of projects was often fanciful and did not address basic premises.⁴² Furthermore, Australia’s AMENCA program employed expensive consultants to manage the program, some of whom had no knowledge of Palestinian business, disregarding local ability to guide their own programs.⁴³ For example, Cardno, a large engineering firm employed by DFAT to deliver development programs in Palestine, had a somewhat destructive role in delivering AMENCA. Advisors in the agricultural and market systems projects had no on-the-ground- understanding of the Palestinian business environment.⁴⁴ Non-Palestinian employees were also grossly overpaid, earning between \$800 and \$1500 USD per day.⁴⁵ The upshot was the Coalition government effectively privatised development and eschewed local capacity. This poses serious constraints on NGOs abiding by the structures imposed by DFAT. Projects should be based on Palestinian NGOs’ understanding of their own business environment and funds should be directed to local NGOs with local expertise.

³⁹ Davis, K., 2022. Admittedly, this view is ideological in itself, although it is a direct report from APHEDA who manages the relevant projects on the ground.

⁴⁰ Abed, G., 2015, p. 294

⁴¹ Davis, K., 2022

⁴² Davis, K., 2022

⁴³ Davis, K., 2022

⁴⁴ Davis, K., 2022

⁴⁵ Davis, K., 2022

SECTION 3: REVIEW OF PALESTINE NATIONAL DEVELOPMENT PLAN 2021-2023

This section will outline the development priorities of Palestinians and affirm that they must take precedence when constructing an aid program. Sustainable development is closely linked to political and economic independence. Without it, there will be nothing but a continuation of Israel's exploitation of land, resources and business opportunities.⁴⁶ Foreign aid must account for this impact.

The PA's 2021-2023 National Development Plan as such, could be adopted by Australia to guide its own aid program. It also defers to Palestinian civil society, who are integral to economic planning.⁴⁷ The plan emphasises a 'cluster development model', involving the creation of employment opportunities within the separated clusters of Palestinian administered land, ultimately giving every cluster a comparative advantage.⁴⁸ Given Israel has annexed large portions of the West Bank (Figure 2), local development must concentrate on land they have control over. Integration between these clusters could lay the groundwork for disengagement from the Israeli economy. If Australia's aid program focuses on strengthening industry and national products within these clusters, progress could be made. The following objectives are to be achieved within this cluster development model.



Figure 2: Palestinian enclaves in the West Bank

Economic disengagement from the occupation is a first necessary step. This begins with increasing the competitiveness of national products and their share of local markets. Australia has indeed targeted this goal through its AMENCA programs and should continue to do so. The focus of industry in Palestine should be on agriculture. In the PTs, agriculture 'commands a much greater significance because of its direct bearing on land and water use, both of which are the root of the Arab Israeli conflict'.⁴⁹

Indeed, agriculture has historically played a predominant role in Palestinian industry. Before Israel's annexation of Palestinian territory in 1967, agricultural labourers in the West Bank accounted for 45% of all labourers, dropping to 19% by 1984,⁵⁰ 12% ten years later and as

⁴⁶ Prime Minister's Office, 2021. National Development Plan, https://andp.unescwa.org/sites/default/files/2021-06/National%20Development%20Plan%202021-2023_English.pdf.

⁴⁷ Davis, K., 2022

⁴⁸ Prime Minister's Office, 2021

⁴⁹ Abed, G., 2015, p. 139

⁵⁰ Abed, G., 2015, p. 144

low as 7% in 2018.⁵¹ This is due to the lack of control Palestinians have over natural resources, labour and goods mobility, borders, land zoning and monetary policy, which has eroded Palestine's productivity base.⁵²

Australia's market systems approach has been deemed inappropriate in light of Palestine's commercial reality. Palestinian NGOs need to be reincorporated as they have greater capacity to manage programs like these. A future aid program could strengthen rural communities by promoting self-reliant agricultural clusters while simultaneously reducing dependence on Israel for food.

This, for example, could involve 'vigorous expansion of orchards to service a visible attachment to the land' and 'sustaining indigenous peasant form of agriculture in areas where intensive patterns of farming are not feasible'.⁵³ Such strategies reinforce an inextricable link between Palestinians and their land, stimulating job opportunities and partially freeing locals from occupation dependence.

This requires a knowledge of existing demand and local markets in Palestine. Australian aid could partner with existing knowledge on the ground. A case study by Abed found that the agricultural feed industry in the PTs was only producing one third capacity of local market demand.⁵⁴ Studies on the potential to export products internationally were also conducted. Businesses in the UK, Norway and Sweden all responded favourably to their business relationships with Palestinian partners because the quality of the products were superior.⁵⁵ Modern feasibility studies should thus be conducted to discover whether industries, working in hand with foreign partners, could be expanded in the PTs.

Another key focus outlined by the PA should be education. Australia targets this goal through its funding of UNRWA, albeit a 50% reduction in its funding has diminished its effectiveness. Education indeed contributes to economic growth and development and bolsters employment levels. Aid programs could start by developing school facilities, integrating women and focusing on entrepreneurship and innovation.

Unfortunately, the unemployment rate in Palestine among university graduates aged 20-29 remains over 50%.⁵⁶ As such, Palestinian education should focus on industries with market potential and existing expertise. 'The curricula should focus on qualifying graduates as farmers and agri-businessmen'⁵⁷ in conjunction with an effort to stimulate agriculture industry.

⁵¹ International Labour Organisation, 2020. Impact of the COVID-19 Pandemic on the Labour Market in the Occupied Palestinian Territory, https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_774731.pdf.

⁵² International Labour Organisation, 2020

⁵³ Abed, G., 2015, p. 159

⁵⁴ Abed, G., 2015, p. 184

⁵⁵ Abed, G., 2015, p. 320

⁵⁶ Palestine News and Info Agency, 2022. Unemployment rate in Palestine among university graduates aged 20 to 29 years of age remains high at over 50%, <https://english.wafa.ps/Pages/Details/129977>.

⁵⁷ Abed, G., 2015, p. 162

Lastly, humanitarian and health programs must be continued. Australia targets this through its funding of UNRWA, yet recent cuts have stifled effectiveness. Providing quality healthcare services can indeed be achieved through a new NGO program. These efforts must focus on ensuring fiscal sustainability of the healthcare system, expanding community access to quality healthcare and clean water, and enabling food security. Additionally, the provision of basic services must continue as Australia has done in its AMENCA program which concluded in 2021.

Importantly, it is worth mentioning how the PA's developmental outline aligns with the UN's sustainable development goals. These goals 'provide a shared blueprint for peace and prosperity for people and the planet'⁵⁸ and should be the guide for Australia's aid program. This section has discussed initiatives which account for eight development goals. They concern ending poverty, achieving food security, promoting wellbeing, ensuring quality education, achieving gender equality, managing water resources, promoting economic growth and employment opportunities, and building a resilient infrastructure to embed innovation.⁵⁹

⁵⁸ The United Nations, 2022. The 17 Goals, <https://sdgs.un.org/goals#goals>.

⁵⁹ The United Nations, 2022

SECTION 4: PROPOSED AID PROGRAM

In this section, I will propose a new aid program based on my research. I will begin by outlining what should be continued from previous Australian programs, highlight a focus on localisation efforts and note that Australia's behaviour must holistically support a two-state solution to make their aid more effective.

What should be continued from previous aid programs

Australia's aid program has some valuable aspects. Responses from APHEDA note that the operation 'directly increased the employment of women and young people and enabled sustainable agricultural practices.'⁶⁰ These successes must be built upon. Indeed, DFAT must acknowledge the importance of sustainability and long-term commitment to projects.

Given that the AMENCA program was discontinued in 2021, reinstating an Australian-Palestinian NGO program would demonstrate genuine dedication. Australia's engagement with AMENCA partners even incorporated discussions of exit strategies to ensure Australia's investments are maintained once the project ends.⁶¹ Australia must therefore use their wealth of partners and local expertise to continue these efforts.

Secondly, Australia's funding of UNRWA should return to \$20 million per year – with appropriate monitoring. While UNRWA provides vital humanitarian assistance to Palestinians, their educational programs have revealed 'overt antisemitic canards and conspiracies, rejection of peacemaking, and the glorification of violence and terrorism' upon an examination of 1000 UNRWA school books.⁶² If Australia were to reinstate substantial annual funding, it must ensure their educational programs do not perpetuate hate against Jewish people, rather a constructive dialogue on peacemaking.

Localisation

The most important aspect of a new aid program is the localisation of expertise. A representative from APHEDA contends that the crux of an aid program is where you build power, whether it is ordinary Palestinians or elites.⁶³ Heavy emphasis must be placed on consulting Palestinian civil society given they possess high levels of intellectual capital on key issues and are better suited to shape the strategic future of these programs.⁶⁴ According to Abed, 'the integrated concerted efforts of formal local institutions and the grassroots movements wield an authority of immense influence'

⁶⁰ APHEDA, 2022. Briefing note on aid to Palestine, June 2022.

⁶¹ DFAT, 2014. Annual Report 2013-2014,

https://web.archive.org/au/awa/20150622184821mp_/http://dfat.gov.au/about-us/publications/corporate/annual-reports/annual-report-2013-2014/dfat-annual-report-2013-14.pdf.

⁶² Kolieb, S., 2022. UNRWA to receive \$20 million, Australian Jewish News, <https://www.australianjewishnews.com/unrwa-to-receive-20-million/>.

⁶³ Davis, K., 2022

⁶⁴ Davis, K., 2022

in Palestine and must be utilised.⁶⁵ Importantly, the highly successful Palestinian diaspora can offer a plethora of technical knowledge.⁶⁶ It is for Australia to engage with them.

Indeed, DFAT has published analysis on the benefits of localisation, despite limited integration within their Palestinian aid program. DFAT contends that localisation drives ‘more effective humanitarian action by empowering local leadership to deliver assistance that is locally informed and led.’⁶⁷ Australian NGO engagement with their Palestinian counterparts also allows for greater education on the Palestinian struggle by Australian staff and is more conducive to cooperation between the two groups.⁶⁸

Australia is a signatory to multiple international agreements highlighting the importance of localisation. It is a signatory to the 2003 Rome Declaration which ensures foreign aid ‘is delivered in accordance with partner country priorities’.⁶⁹ It has also signed up to the 2005 Paris Declaration on Aid Effectiveness which encourages recipient states to ‘own the aid they receive and develop their own clear development strategies’.⁷⁰ Finally, Australia adheres to the 2016 Grand Bargain, outlined at the World Humanitarian Summit to explicitly enhance aid focus on localisation.⁷¹ Australia has committed to localisation in their aid programs elsewhere with success, such as in Nepal, Ethiopia, Haiti, the Philippines and Iraq.⁷² The same principles are needed for Palestine.

Australia shifting its political behaviour

Australia must acknowledge the reality of Israeli oversight and orient its wider political behaviour towards ending the occupation. Indeed, neglecting political needs and focusing solely on social and economic needs ‘is tantamount to accepting the dictates of the occupier’.⁷³ If a donor accepts the Israeli fait accompli, it expresses their ‘readiness to ride the Israeli bandwagon of pacification’.⁷⁴

Australia maintains a positive and economically beneficial relationship with Israel, without either engaging in furthering the peace process or recognising the detrimental influence of the occupation. It is connected to Israel economically; in 2019 trade between the two states

⁶⁵ Abed, G., 2015, p. 314

⁶⁶ Abed, G., 2015, p. 325

⁶⁷ DFAT, 2021b. Localisation and the Australian NGO Cooperation Program (ANCP) 2019-20, <https://www.dfat.gov.au/sites/default/files/localisation-and-the-ancp-2019-20.pdf>.

⁶⁸ Davis, K., 2022

⁶⁹ OECD, 2003. HLF1: The First High Level Forum on Aid Effectiveness, Rome, <https://www.oecd.org/development/effectiveness/hlf-1-the-first-high-level-forum-on-aid-effectiveness-rome.htm#:~:text=The%20Rome%20Declaration%20was%20centred%20and%20practice%20to%20facilitate%20harmonisation.>

⁷⁰ OECD, 2005. The Paris Declaration on Aid Effectiveness: Five Principles for Smart Aid, <https://www.oecd.org/dac/effectiveness/45827300.pdf>.

⁷¹ DFAT, 2021b

⁷² DFAT, 2021b

⁷³ Abed, G., 2015, p. 294

⁷⁴ Abed, G., 2015, p. 291

amounted to \$1.3 billion and Australian investment in Israel was \$1.2 billion.⁷⁵ Australia and Israel also cooperate on defence and cyber security through multiple bilateral agreements.

Australia is also home to the ninth largest Jewish population in the world, totalling 112,000 who actively lobby for a positive relationship between Australia and Israel.⁷⁶ Furthermore, Australia consistently votes against UN resolutions seeking a political solution, instead suggesting that both parties should resolve their conflict without international intervention. In 2014, Australia voted against a UNSC resolution calling for Israel to withdraw from the PTs within three years and a negotiated solution within one year.⁷⁷ This pattern is repeated in 2020 as Australia voted against a UNGA resolution for the ‘peaceful settlement of the question of Palestine’.⁷⁸

This prompts the question: how can a social democratic government ignore facts on the ground? In May 2022 alone, the Israeli high court allowed for ‘the biggest mass expulsions of Palestinians in the West Bank since 1967’. The Israeli government turned a blind eye to a flag march by ultra-nationalists through the Muslim quarter of Jerusalem chanting ‘death to Arabs’ and approved 4,500 new settlement homes in the West Bank.⁷⁹

Undoubtedly, Australia’s lack of determination will only perpetuate the strife in Palestine and hinder development. Australia’s commitment to upholding the status quo in the UN and to shifting the status quo on the ground are in conflict. If Australia’s aid program wants to stimulate economic development, it cannot ignore its own influence as an ignorant bystander in the UN. However, in October 2022 Australia’s new Labor government removed recognition of West Jerusalem as Israel’s capital given it undermines its commitment to a two-state solution.⁸⁰ Similar efforts should be continued. While it is undeniable that Australia’s relationship with the US and its links to the Jewish community underpin its closeness to Israel, it must exert more pressure to limit its detrimental policies.

⁷⁵ DFAT, 2022. Israel Country Brief, <https://www.dfat.gov.au/geo/israel/israel-country-brief>.

⁷⁶ DFAT, 2022

⁷⁷ United Nations Security Council, 2014. Security Council Meetings Coverage, ‘Resolution in Security Council to Impose 12-Month Deadline on Negotiated Solution to Israeli-Palestinian Conflict Unable to Secure Nine Votes Needed for Adoption’, <http://www.un.org/press/en/2014/sc11722.doc.htm>.

⁷⁸ O’Neill, J., 2020. Australian voting in the United Nations on Israel reveals unpleasant realities, John Menadue’s Public Policy Journal, <https://johnmenadue.com/australian-voting-in-the-united-nations-general-assembly-reveals-unpleasant-realities/>.

⁷⁹ Carr, B., 2022

⁸⁰ Hurst, D., 2022. Australia quietly drops recognition of West Jerusalem as capital of Israel, The Guardian, <https://www.theguardian.com/australia-news/2022/oct/17/australia-quietly-drops-recognition-of-west-jerusalem-as-capital-of-israel>.

SECTION 5: FINAL POLICY RECCOMENDATIONS

In this final section, I will propose four recommendations on how to improve Australia's foreign aid program to Palestine:

- 1) Australia needs to re-implement a multi-year NGO cooperation program, focusing on localisation efforts within the cluster development framework. The program should be similar to Australia's AMENCA program, and it must rectify the downfalls discussed. Reviews have found that AMENCA achieved considerable success, and this must be continued, especially since the viability of projects increases with their duration.⁸¹ Indeed, DFAT has reported that this success was still fragile and hence there 'was considerable merit in the AMENCA3 program continuing over a longer period of time'.⁸² Additionally, considering the challenges of Israeli occupation, an NGO program can build the capacities of Palestinian civil society towards resilience and self-determination and can be achieved within the clusters of Palestinian administrative control. The role of international donors, arguably, is 'guaranteeing a process and a space in which people can learn and bargain, rather than creating the actual, final institutions.'⁸³ This can be achieved by engaging Palestinian NGOs within a new program.
- 2) Secondly, Australia must increase funding to Palestine. A return of approximately \$45 million per year is appropriate to fund programs. Australia should reinstate \$20 million per year to UNRWA given the humanitarian aid it provides, but conditional on curricula reforms that are constructive to the peace process. It should also reinstate direct bilateral aid to the PA so that Australia can better engage with the PA on policy and institutional reform. Increased funds will also ensure localisation efforts within a new NGO program will be effective.
- 3) Thirdly, Australia should redevelop a mechanism that does not compromise local NGOs or deprive the intended aid recipients. The politicisation of aid has meant Australia has heightened its sensitivity on allegations against them. Given all previous allegations were unfounded, NGO suspensions had enduring consequences. Australia must prepare for these scenarios.
- 4) Lastly, Australia must more actively support the political aspirations of the Palestinians. While Australia officially recognises a two-state solution and acknowledges a future Palestinian state with a capital in East Jerusalem⁸⁴, its wider political behaviour does not adhere with these claims. It must expand the objective of economic development which

⁸¹ DFAT, 2022. Australian Middle East NGO Cooperation Agreement Program – Phase Three (AMENCA 3) – Palestinian Farmers Connecting to Markets mid-term review report and management response, <https://www.dfat.gov.au/about-us/publications/Pages/amenca-3-palestinian-farmers-connecting-to-market-mtr-and-mr>.

⁸² DFAT, 2022

⁸³ Cohen, S., Uvin, P and Lund, M., 2006. Building Civil Society in Post-Conflict Environments: From the Micro to the Macro. What Really Works in Preventing and Rebuilding Failed States, Issue, (1).

⁸⁴ DFAT, 2019. Annual Report 2018-2019, <https://www.dfat.gov.au/sites/default/files/2020-01/dfat-annual-report-2018-19.pdf>.

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specifically addresses economic independence. This is imperative if Australia desires change in Palestine through its aid program. Additionally, Australia must also recognise that its position in the UN and its foreign relationships can be used to support the political and economic independence of Palestine.

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