



THE POLITICS OF INTERNATIONAL AID TO THE GAZA STRIP

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International aid to the Palestinian Authority is conditioned in part on democratization and good governance. However, since Hamas's victory in the 2006 Palestinian Legislative Council elections and its takeover of the Gaza Strip, aid agencies have supported the international boycott of the Hamas government. This article argues that aid agencies, by operating in Gaza while boycotting its government, subvert their mandates and serve the political interests of donors and the PA rather than the humanitarian and development needs of Gazans. As a consequence, assistance has, inadvertently and unintentionally, increased Gazans' dependence on humanitarian aid, impeded economic development, and enabled Israel to maintain its occupation and the blockade of Gaza.

THE HAMAS TAKEOVER of the Gaza Strip in June 2007 marked the beginning of a new social, economic, and political era for Palestine. The international community, including the United States and the European Union, had to face challenging new circumstances. Since the creation of the Palestinian Authority (PA), the international community, represented through many donors (mainly the European Union and the United States), has invested over U.S. \$12 billion in support of the PA budget and to build viable state institutions as part of its commitment to realize the peace process.¹ Moreover, donor support was largely directed at creating Palestinian governing institutions that are based on democratic values, good governance, and respect for human rights. In fact, the 2006 parliamentary elections, which Hamas won, were considered by many analysts as a manifestation of such values. Nevertheless, Hamas's victory reshaped the behavior of the main international players (particularly the donor community) in the Gaza Strip.

The victory of Hamas in the Palestinian Legislative Council elections in January 2006 triggered economic sanctions against the PA by Israel

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and the Quartet. However, following the Hamas takeover of the Gaza Strip in June 2007, the sanctions against the PA were terminated and replaced by severe blockade and military measures introduced by Israel, and a political and financial boycott from the members of the Quartet (the United States, the European Union, the United Nations, and Russia). But, in the isolated and highly aid-dependent Gaza Strip, to avert a large-scale humanitarian crisis, the international community's involvement had to continue, despite the new governing role of Hamas. In the years that followed, the aid policies, organizations, and delivery mechanisms of the international community have proved extremely influential in shaping the socioeconomic and political reality of the Hamas-run Gaza Strip. Yet, the conduct of aid policies in a boycott environment has generated wide controversy and raised many questions about the presumed role and impact of foreign aid. In light of the spring 2011 unity deal that was reached between Fatah and Hamas in Cairo and the tremendous challenges awaiting the expected unity government that includes Hamas, it is crucial to understand and examine donor policies and their impact on the Hamas-run Gaza Strip over the last five years. Doing so should help to better grasp the challenges that lie ahead.

In this article we examine the dynamics and impact of donor assistance in the Gaza Strip after the Hamas takeover. Donor assistance is assessed by how it contributes to Palestinians' developmental and humanitarian needs. By analyzing aid policies in the occupied Palestinian territories (oPt) and, more specifically, in the Hamas-run Gaza Strip, we show that "conditioned" or "tied" aid can help bring stability and progress to a fragile institutional environment, or it can worsen and exacerbate the situation of aid recipients. We argue that tied/conditional aid in Gaza has compromised the putatively politically neutral role of international aid agencies. Aid in the Gaza Strip has been used to undermine the authority of the Hamas government while failing to challenge the Israeli blockade, which is illegal according to a 2011 panel of independent United Nations rights experts.² Finally, we argue that aid has, to a large extent, focused on addressing humanitarian needs at the expense of other equally pressing development issues. It is important to stress that this article neither sympathizes with nor apologizes for either *de facto* government, in the Gaza Strip or in the West Bank.

AID AND CONDITIONALITY

Understandings of conditionality have changed over time. Classic conditionality, on the one hand, "was an expression of the donor's strategic and/or economic interest in addition to claims/conditions to ensure that the aid would be channeled to achieve stated goals."³ Conditionality in the modern sense, on the other hand, is a set of strategies employed by donors to stipulate political and/or economic changes from the recipient

that otherwise may not have been given a priority.⁴ Thus, in the modern sense, there are two forms of conditionality: economic and political. Economic conditionality, which was introduced by the World Bank and the International Monetary Fund, tied economic aid to the implementation of specific economic policies required by the donors, whereas political conditionality usually links donor aid to the recipient's implementing programs in such areas as democratization and good governance. Although both types of conditionality are applied to assistance to Palestine, this article focuses on politically conditioned aid directed at bypassing, isolating, and weakening the Hamas administration in Gaza.⁵

AID IN FRAGILE INSTITUTIONAL CONTEXTS

The Organization for Economic Cooperation and Development (OECD) has developed a vast literature concerning aid in fragile political contexts. The term "fragile states" is often used in the aid and development literature to describe countries facing significant development challenges usually associated with past or ongoing conflict experience. According to OECD literature, fragile states are characterized by weak governance and vulnerability to conflict, together with differentiated constraints—and opportunities—in situations of (1) prolonged crisis or impasse, (2) postconflict or political transition, (3) gradual improvement, and (4) deteriorating governance.⁶ The overall situation in the oPt, especially in Gaza, fits the OECD description of a fragile context, although of course the PA is not a state and the Israeli occupation affects all aspects of the context.

The OECD developed the Fragile States Principles as references for actors involved in development cooperation as well as peace and state building in fragile states to maximize positive impact and minimize unintended harm throughout the engagement process.⁷ Some of these principles are: take the local context as a starting point; do no harm; align with local priorities in different ways in different contexts; and avoid pockets of exclusion within each context.

Since most countries donating to Palestine belong to the OECD, it might be expected that these principles would guide aid activity there. However, on many occasions aid behavior has not followed these basic principles. In fact, donors have missed serious opportunities to engage constructively with relevant parties, and aid has not been used to promote inter-Palestinian reconciliation or to advance peace between Palestine and Israel.

Aid in the Palestinian Context

Mary Anderson's essay, *Do No Harm: How Aid Can Support Peace—Or War*,⁸ provides simple yet crucial insights into international aid policies that help adopt a critical perspective on these policies. Using examples from five conflict-torn countries, Anderson discusses how implementing

nuanced aid policies and practices could bring about positive change. In particular, she argues that aid should take into consideration the context of each conflict. Reacting to an increasingly critical view of aid agencies, Anderson argues that humanitarian interventions, and the conditions often tied to them, can cause new problems for local actors. However, she continues, aid actors armed with contextual knowledge from previous interventions can identify intervention “connectors” that can lead to social cohesion, avoiding tensions that could further exacerbate the negative situation on the ground. Anderson’s message urging the aid community to learn from the mistakes of previous interventions is especially important in the discussion of the negative impact of conditioned aid in the Gaza Strip. It provokes criticism of, and provides insights for, possible positive change with regard to the conduct of aid agencies operating in the oPt.

Sahar Taghdisi-Rad, who writes extensively and critically of international aid practices in the oPt, illustrates the negative impact of existing aid to Palestinians. She argues that the prevailing approach to the study of aid and aid effectiveness is lacking in theoretical and empirical rigor, and is thereby unable to produce an all-encompassing understanding of the workings of aid, particularly within fragile conflict contexts. In her recent book, *The Political Economy of Aid in Palestine*, she explains how “When aid is given in the context of conflict and violence, it becomes part of the conflict and violence, it becomes part of that context; hence its effect on conflict does not remain neutral, despite what most donors would like to claim.”⁹ She shows how, within the context of the Israeli occupation, international aid to the PA has allowed Israel to sustain its occupation without bearing the expenses of providing for the basic humanitarian needs of the people under occupation. In this environment, donors play an integral and direct role in the conflict by alleviating any sense of urgency to end the occupation.

This situation was further exacerbated when a new conflict arose within the existing conflict, and international donors were forced to revise their agenda in accordance with this new context. Following Hamas’s victory in the January 2006 Palestinian Legislative Council elections and its assumption of the PA government in March, the negative role of international aid in Palestine became clear. The decision of Western donors to quit funding the PA stopped aid to the already impoverished Palestinian population despite serious threats of an imminent collapse of the PA, resurgence of violence, and the effective end of the peace process. Eventually, following the U.S. lead, Western donors resumed their funding via the Palestinian president’s office while avoiding the elected Hamas government, essentially paralyzing it.¹⁰

In analyzing the role of donor assistance in the Palestinian-Israeli conflict, it is essential to examine two important issues. The first issue is aid’s

International aid allows Israel to sustain its occupation without providing for the basic humanitarian needs of the Palestinian people under occupation.

political agenda, and the second is the context of assistance's planning and delivery. In the Palestinian context, Khalil Nakleh has argued that, since the beginning of the peace process, the aid agenda has been highly political and associated with donor objectives and preferences. Thus, the political objectives of each donor were always reflected in the timing and nature of aid. Conditional aid to the PA was also intimately tied to progress in the peace process and, in many cases, it was to achieve specific political goals instead of aimed primarily at solving concrete social and economic problems.¹¹

Moreover, the continuous setbacks in the peace process and their negative security and economic consequences have, on many occasions, contributed to shifting the focus of the aid agenda. Under the Oslo accords,¹² Israel kept its control over land, water, labor, and capital, as well as borders. According to Sara Roy, closure policies have created severe restrictions on movement between the Gaza Strip and the West Bank and have turned the latter into a balkanized area where regions are separated from one another by security checkpoints.¹³ By 2007, following years of massive donor financing, Roy indicates, such policies "contributed materially to systemic, probably irreversible structural misshapes in the Palestinian Authority. It has more than doubled financial assistance to the Palestinians since 2000, yet is locked into policies that are bringing about the very humanitarian crisis it seeks to alleviate, while generating long-term dependence on external funding."¹⁴ Overall, as this quotation suggests, international aid to Palestine is controversial in its politics and problematic in its effects.

THE DILEMMA OF AID ASSISTANCE IN THE GAZA STRIP

Donor behavior toward the Gaza Strip following the Hamas electoral victory in January 2006 is a good example of the continuation of the aid predicament in the oPt. In this case, donors used negative conditionality as a punitive measure against the Hamas-led government. Although aid was not fully stopped, the funds provided were strictly designated to emergency relief and humanitarian intervention projects, and implementing agencies were forced to limit their contact with the government.

Since the establishment of the PA in 1994, it has been highly dependent on foreign aid for financing. That money was spent primarily on developing PA governing institutions, basic social and economic infrastructure, local civil-society organizations (CSOs), and other expenditures, including the salaries of PA employees. PA institutions were highly dependent on aid for their existence.

The day after Hamas took over the Gaza Strip in 2007, the Israeli government fully boycotted the Hamas-run authority and imposed a military blockade on the Strip. The goal of the blockade is summarized best by a 2006 disputed statement by Dov Weisglass, then senior advisor to Israeli Prime Minister Ehud Barak, "It's like a meeting with a dietitian. We

need to make the Palestinians lose weight, but not to starve to death.”¹⁵ The United States, the European Union, and the Quartet followed suit by boycotting the Hamas-led government and cutting their financing to Hamas-controlled PA institutions in the Gaza Strip.

By adopting such positions, the international community had a narrow window of opportunity for intervening in the Gaza Strip. The majority of donor countries and aid agencies were obliged to abide by the positions of their governments, which followed the Quartet’s directives. Yet, despite these constraints, donor interventions continued by taking different shapes and agendas according to the new and evolving political conditions in the Gaza Strip. While there is strong evidence that donor involvement was critical in undermining and isolating the ephemeral unity government that was formed after the Palestinian elections in 2006, the following analysis focuses specifically on the donor policies following the 2007 Hamas takeover. The goal of this analysis is to shed light on the implications of such policies for the overall Palestinian political, social, and economic realities.

DELIVERING AID UNDER THE NO-CONTACT AND BOYCOTT POLICIES

The 2007 Hamas takeover of the Gaza Strip split the PA into two governing structures: the internationally recognized and supported Fatah-led PA in the West Bank, and the boycotted de facto Hamas-run PA in the Gaza Strip. The split created an adversarial environment between the two authorities, each acting to undercut the other’s governance. The international community’s decision to politically and financially support the Fatah-led PA but to boycott the de facto Hamas government deepened and exacerbated that split. The impact of this policy is evident on a number of fronts within the Gaza Strip.

Impacts on the Public Administration of Gaza Strip Institutions

In an attempt to undermine the authority of Hamas, in 2007 the Palestinian president ordered some 70,000 PA public servants in the Gaza Strip to refrain from reporting to duty and serving under the new Hamas leadership. Public servants who would not obey were threatened with losing their salaries.¹⁷ This seemed to be an exclusively Palestinian decision; it was not. Though partially funded by local revenues, the PA payroll budget is heavily dependent on donor financing. In a World Bank policy paper addressed to donors in May 2006, negative outcomes of the Quartet sanctions against the PA were discussed, including the potential of a humanitarian crisis arising in the oPt due to the PA’s inability to pay salaries. The report stressed that the situation in Gaza is especially alarming because PA employees constitute 40 percent of the working population in the Strip. Furthermore, the report elaborated extensively on alternative methods for donors to continue supporting the PA’s functions while bypassing Hamas.¹⁸

This move illustrated an alignment of interests between the Fatah-ruled PA and the international donor community. Both actors aimed to weaken and isolate the Hamas de facto government in Gaza. While direct donor assistance resumed support for the PA budget and government institution building, aid to Gaza was channeled to humanitarian organizations, civil-society actors, and UN agencies. Patrick McGrann, an American aid worker in Gaza, reflected on this situation:

While development experts have long held that institution building is key at the governmental level and in turn receives a great deal of development funds in similar situations around the globe, in Palestine the situation serves as a risk-averse way for funders to donate large amounts of aid with little fear of critical backlash—often inefficiently. In Gaza any positive evaluation of donors' insistence on avoiding working with the local authority is totally overshadowed by the unethical agenda prioritizing politics over aid provision.¹⁹

Maha Rezeq, a Palestinian professional with extensive work experience with Save the Children and the United Nations Children's Fund (UNICEF) in Gaza, argues that channeling funds through international aid agencies and civil-society institutions has helped perpetuate the humanitarian crisis by supporting an aid industry in which civil-society institutions take over the responsibilities of the nearly dysfunctional government, rather than helping the government meet the needs of its people in times of crisis. Essentially, this scenario limits the government's autonomy, leading to long-term instability. In doing so, it also ignores larger community needs.²⁰

The decision to forbid PA employees from working under Hamas had devastating economic consequences in the Gaza Strip, where public-sector employment represents as much as 47.5 percent of the workforce.²¹ After this decision, the Hamas government had to quickly find alternatives to keep PA structures in Gaza functioning. With a stagnating job market and unemployment rates reaching 60 percent in 2006, replacing new public servants was not a difficult task for Hamas, which recruited its members and party affiliates to fill vacancies. Recruitment was carried out rapidly, without much consideration to qualifications or professional cadres. Soon, Gazan public institutions, including the police, schools, hospitals, and municipalities, were staffed by people lacking proper skills, experience, and training, acquired by the absent PA civil servants through years of experience and other investments in human capital. It had largely been international donors that had financed such human-resource investments, as part of their commitment to build the PA's capacities.

Commenting on this situation, Rezeq contends, "The very same donors who claim neutrality (namely the United States and the European Union) continue funding the PA government that imposed unethical conditions on its employees, forcing them to go on strike for five years and adding

an extra burden on CSOs and international organizations to cover the gap in [the] health and education sectors. UNICEF alone paid over two million U.S. dollars in capacity-building programs for the newly hired teachers by the de facto government of Hamas.” She adds, “Ironically, UNICEF donors are the same who support the Palestinian Authority’s budget. The hypocrisy of the international donors in Gaza is catastrophic and the protection and welfare of civilians are at stake.”²²

Indeed, the negative impacts of this forced staff-replacement policy were severe on a number of fronts. On the social front, Gazans suffered from the decline in the quality and availability of various public services provided through Hamas-run institutions. For instance, in the education sector, newly appointed teachers lacking experience and Hamas-affiliated headmasters were appointed to run public schools. The comparative lack of experience of these teachers led to a sharp deterioration in student performance. In addition, such policies provided Hamas with an opportunity to promote its Islamic social and ideological agenda through education.

Other government institutions were also used to spread Hamas’s ideology.²³ An example from the Gaza law courts was indicated by Chantal Meloni, a professor at the University of Milan and a legal advisor to international projects in Gaza. She points out that following the Hamas takeover, the new government replaced most of Gaza’s judges. Some of the newly appointed judges lack the credentials and experience to hold such a key position. This step led the Palestinian Center for Human Rights to reject the legitimacy of Gaza’s judiciary and stop defending Gazans in civil courts.²⁴

It might be argued that the loss of public employment by some Gazans created job opportunities for others. In fact, the most recent World Bank and UN Office for the Coordination of Humanitarian Affairs (OCHA) reports show that Gaza’s gross domestic product (GDP) grew by 28 percent in the first half of 2011 compared to the same period in 2010. The growth in Gaza’s economy resulted in a major decline in unemployment to 25.6 percent, a record low since September 2000. The reports indicate that the reason for this growth is the partial relaxation of Israel’s economic siege on Gaza, as well as an increase in the flow of construction materials smuggled through tunnels from Egypt. But although overall unemployment declined, youth unemployment remains high, at 40 percent of the total youth labor force.²⁵

While it was the Palestinian president, a political foe of Hamas, who decided to prohibit civil servants from working for the de facto Hamas government, donors share responsibility for sustaining and financing this misguided decision. The long-term human and financial impacts are yet to be assessed, for example, the human cost of forcibly unemploying 70,000 public servants for years. A UN Conference on Trade and Development report asserts that prolonged high unemployment and interruption of productive activities can lead to a loss of skills by Palestinian workers and long-term damage to human capital.²⁶

If reconciliation efforts succeed and a unity government is in fact established, it is probable that such a government will have to accommodate both the former PA public servants and the new Hamas appointees. Excessive hiring will have negative effects on the PA budget, which has a projected recurrent deficit of U.S. \$1.1 billion because of decreasing donor support. The World Bank estimated the financing gap for the year 2011 at U.S. \$300 million.²⁷ The most recent World Bank report on the economic situation in the oPt asserted that the most pressing economic challenge to the PA is the size of the public-service wage bill, high by global standards at 22 percent of GDP.²⁸ This situation is alarming because it adds a financial burden to any future internal Palestinian reconciliation, which is essential to ensure stability and, potentially, successful peace building.

Impacts on International Aid Organizations

International organizations, including the United Nations and its specialized agencies, donor representative agencies, and international non-governmental organizations (NGOs) have played a key role in delivering development and humanitarian assistance in the oPt. Since the creation of the PA in 1994, these organizations' activities have been coordinated with the PA in accordance with the latter's national development priorities. A PA-donors mechanism to plan, facilitate, and coordinate development aid and humanitarian interventions was established.²⁹ The decision to boycott Hamas put donor organizations at odds with their own mandates and called into question their neutrality in the Israeli-Palestinian and intra-Palestinian conflicts. Many organizations' mandates required working closely with the PA in planning and delivering programs in partnership with PA institutions and CSOs. The international boycott of the Hamas government in Gaza imposed new conditions on these donor organizations. Subordinate to the Quartet, UN agencies were obliged to resume

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their Gaza operations under the policies boycotting and proscribing contact with the Hamas government. These policies meant that UN agencies and Western international NGOs were restricted from official contacts with Hamas government ministers and prevented from funding any Hamas-run or -affiliated institutions, including many local CSOs.

Sarah Roy explains that the argument for this policy reasons that, by supporting schools, charities, hospitals, and other Islamic social-welfare organizations, aid agencies would be tantamount to spreading Hamas's ideology, strengthening its political agenda, and allowing it to divert monies to terrorism.³⁰ Roy stresses that this logic ignores a fundamental transformation in Islamic civil-society actors, which have evolved to include "new areas of Islamist social activity representing the normalization, institutionalization, and professionalization of the Islamic sector

in the education system, the system of health care delivery, and banking and finance.”³¹ Accepting services from Islamist institutions does not automatically or necessarily translate into political support for Hamas.³²

The conditions the international boycott created make it awkward for these organizations to preserve their mandate and values and provide their constituencies services in a neutral manner, particularly with respect to the OECD “do no harm” principle. For instance, one of the key focuses of the United Nations Development Programme (UNDP) is to foster democratic governance through programs implemented with partner PA institutions and local CSOs. For UNDP, working under the no-contact policy—excluding the Hamas government and its affiliated CSOs—while trying to promote democratic governance places it in contradiction to its own mandate. Yet, under the no-contact and boycott policies, UN agencies and international NGOs have little choice but to comply.

This situation was further exacerbated following Israel’s war on Gaza in December 2008, which killed and injured many civilians while causing large-scale destruction to homes, schools, and infrastructure. International donors, who did not put an end to the Israeli military operation in the Strip, were supporting relief projects across the territory in an attempt to alleviate the humanitarian crises while, at the same time, maintaining no contact with the ruling body.

The most recent report by the Association of International Aid Agencies highlights the challenges international NGOs operating in Gaza face because of these restrictions. The Hamas government in Gaza requires all international NGOs operating there to register with it to obtain the necessary operating permissions. International NGOs in Gaza are trapped between the conditionality of their donors—no contact with or support for Hamas—and the local authority’s requirements for registration. In consequence, these NGOs in Gaza engage in indirect and unofficial negotiations with the Hamas authorities to carry out their projects, the two sides constantly renegotiating temporary arrangements. In a typical arrangement, an international NGO provides Hamas officials with the documents they require, including budgets and project descriptions, and in return Hamas waives formal registration and the payment of fees.³³

The Gaza Tunnel Economy

As a result of the blockade Israel imposed on the Gaza Strip following Hamas’s victory in the January 2006 Palestinian Legislative Council elections, made total after the June 2007 Hamas takeover, the Gaza economy was pushed to the verge of collapse. Gazans faced severe shortages of basic commodities and were unable to export and import products. Because the international community was unable to convince Israel to end the blockade, UN and international NGO operations were severely affected, and in some cases, halted. For example, vital infrastructure projects that were being implemented by UN agencies in a densely populated

territory already suffering from a lack of adequate public facilities were suspended.³⁴ This environment makes it very difficult for UN agencies and their local partners to plan and implement their projects.

With Israel's refusal to allow even essential goods to enter the Gaza Strip and the international community's inability (or refusal) to end the blockade, Gazans—with the support and involvement of the Hamas government—began smuggling basic commodities from Egypt through tunnels.³⁵ Although smuggling has negative effects on the formal economy, it has created a shadow economy through which Palestinians can secure their needs. Smuggling through tunnels started with small items and basic food commodities and supplies, and later expanded to cars, machines, and construction materials, which entered local markets at highly inflated prices.

The recent improved economic indicators mentioned above have not translated into an increase in food security, which raises questions about the distribution of economic gains within the Gaza Strip. With poverty levels as high as 38 percent, half of all households in the Gaza Strip remained food insecure in 2011.³⁶ While tunnel smuggling still continues owing to high demand for construction materials and other supplies, this dangerous business, which has consumed many Palestinians' lives, should not be considered a favorable alternative economic model to the donor-driven one.

The Hamas-led government and Gaza citizens adapted to their new economic reality exploiting the small window of opportunity created and driven by a smuggling-based shadow economy. UN agencies and international NGOs, however, failed to cope with the changing environment, mainly due to political and Israeli restrictions, including donors' conditions. Although Gazans' humanitarian needs continued to be great because of the Israeli blockade, the Gaza Strip economy showed resilience and creativity.³⁷ Today, the Gaza Strip economy is more or less functioning, and many goods and services are available through local private enterprises. Although insufficient, the flow of products coming through the tunnels helped prevent a further collapse of the local economy and, to a considerable extent, sustained some services and productive sectors. This was evident in the increasing capacity of the Hamas-led government to deliver basic public services through better use of local recourses in addition to relying on the tunnel economy. These developments were implicitly recognized in the "One Year After Report: Gaza Early Recovery and Reconstruction Needs Assessment," which was prepared by a local consultancy company with funding from UNDP.³⁸

SETTING THE AID AGENDA: WHO DECIDES WHAT?

With the no-contact and boycott policies in force, and in the absence of any physical presence of the internationally recognized PA in the Gaza Strip, it becomes crucially important to understand how donor agendas in the Strip were determined, especially in light of the Israeli blockade and the new economic reality created by the tunnel economy.

To maintain their operations and identify entry points for interventions, donors relied on UN organizations to identify and respond to the situation in the Gaza Strip. A key fundraising and resource-channeling process became the Consolidated Appeals Process (CAP).³⁹ Through this process, the UN organizations involved local and international NGOs in their efforts to identify interventions and partners.

Despite the existence of independent agency fundraising mechanisms, in which each organization seeks to raise funds according to its own mandate and mission, international donors extensively relied on CAP as a channeling mechanism to inject funds into the Gaza Strip. A major share of donor financing into the Gaza Strip—which reached \$82 million by the beginning of 2009—came through CAP.⁴⁰ International organizations then competed to receive funding from CAP. Despite CAP's importance in responding to and alleviating the pressing humanitarian needs of the Gaza Strip population, the CAP mechanism was criticized for turning a blind eye to some major economic needs (namely recovery and development-based interventions) while focusing almost exclusively on funding humanitarian interventions. This policy changed UN agencies' fundraising tactics, causing them to continuously look for funding packages based on humanitarian interventions and excluding other equally important social and economic interventions. In the long run, this policy has also encouraged many local CSOs to change their fundraising approaches and focus mainly on humanitarian projects, knowing that if they follow this tactic they have a greater chance of receiving funding. In this way, donor preferences and selectivity in their funding approaches have created an environment unfavorable to highly needed development projects in the Gaza Strip.

Overall, the donor community preferred to fund short-term humanitarian interventions that lack sustainability and reinforce the Gaza Strip's economic dependency. This policy was aimed at preventing a humanitarian crisis in the Gaza Strip while, simultaneously, preventing the Hamas government from achieving any tangible progress on the social and economic fronts.

Aid agencies on the ground have reacted to this policy by presenting funding proposals that address donor interests rather than the population's needs. A quick look at the 2012–13 CAP for the oPt shows that 65 percent of the requested funding by the aid agencies is allocated for food security as well as cash for work and cash assistance projects.⁴¹ The remaining funding is distributed over all other sectors, including such vital productive and service sectors as agriculture and education.

Even if Israel, through its blockade, had the largest role in creating a negative economic reality, the failure of the international community to challenge Israel and put an end to the blockade has exacerbated this situation. The international community has sustained and fuelled this reality by accepting to operate under Israeli blockade measures that, arguably, violate basic international law. As Martha Myers puts it, “The

policy has not been meaningfully challenged by the international community, which continues to fund the huge transactional costs the Israeli siege imposes on assistance delivery. The donors set up mechanisms to meet the Israelis on their own terms, tacitly legitimizing a policy that contravenes international conventions and law.⁴² In this context, the donors have helped reproduce underdevelopment and economic dependency in the Gaza Strip.

CONCLUSION

Since the Hamas takeover of the Gaza Strip and the Israeli blockade over Gaza which followed, aid policies in the Hamas-controlled Gaza Strip have been heavily influenced by politics. The decision by the international community and the Quartet to boycott the Hamas government acted as the mainframe for aid interventions in the Gaza Strip. In the aftermath of the Israeli attack on Gaza in 2008–9, the members of the Quartet, who represent the main international political players in the peace process and the donor community at large, have been accused of steadily supporting the Israeli occupation and turning a blind eye to what John Holmes, the UN undersecretary-general for humanitarian affairs, referred to as the “collective punishment” of Gaza’s civilian population.⁴³

In 2007, UN Special Coordinator for the Middle East Peace Process and Special Envoy to the PLO and the PA Alvaro de Soto resigned from his position. In his resignation, he submitted an end-of-mission report meant for the use of senior UN officials. In the report, while criticizing Fatah and Hamas for their role in the internal Palestinian split, de Soto condemned the Israeli and international boycott of Hamas as short-sighted and a source of devastating consequences for the Palestinian people. He also accused the Quartet of losing track of its role as a negotiating body by imposing sanctions and preconditions for negotiations on a democratically elected government under occupation.⁴⁴

Overall, donor policies in the Hamas-run Gaza Strip have been shaped by the political stand of the international community and bodies such as the Quartet toward Hamas. These policies have not been neutral and have not played a constructive role in resolving the Palestine-Israel conflict and enabling Palestinians to achieve their political, social, and economic aspirations. Instead, these policies have played a role in sustaining the Israel-Palestine conflict and the Israeli occupation while fueling the Palestinian internal split by taking sides.

In the Hamas-run Gaza Strip, the conduct of aid policies under the Israeli blockade has exacerbated the political, social, and economic problems and challenges facing Palestinians. First, aid assistance has been used to undermine Hamas’s role in the Strip by supporting and sustaining the Palestinian president’s decision to prevent PA public servants from reporting to duty. Such decisions have had very negative

consequences, including the deterioration of public services and the expansion of Hamas's ideological influence through its control of such key public sectors as education. Second, donor policies have politicized the presumably neutral role of international aid agencies in the Gaza Strip through imposing many restrictions on their operations, including the no-contact policy. By encouraging Hamas to target them, this policy has also created difficult working conditions for many local organizations partnering with international actors. Third, to a large extent, donor policies have failed to respond to the recovery and development needs of the Gaza residents in the aftermath of the 2008 Israeli war and in the new context created by the tunnel economy.

Finally, donor policies have failed to challenge the Israeli blockade of the Gaza Strip. The Israeli blockade is sustained because of the international community's decision to deliver, through its donor groups, assistance aid in a highly constrained environment. This debilitating economic environment has made Gazans increasingly dependent on humanitarian assistance. Furthermore, Hamas has managed to survive the economic sanctions and to entrench its control of the Gaza Strip. Finally, Gaza Strip residents continue to suffer under the Israeli blockade while relying on aid assistance for survival. Meanwhile, international political and donor organizations continue their own policies of denial while implicitly continuing to pay the humanitarian costs of the Israeli occupation.

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