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Testimony before the British Parliament's International Development Committee

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The British Parliament's International Development Committee has launched an inquiry analysing the United Kingdom's development work in the Middle East, specifically in regards to the Department for International Development's (DFID) programme in the Occupied Palestinian Territories (OPTs).

As part of this inquiry, Daniel Levy, alongside Margot Ellis (Deputy Commissioner-General of UNRWA) and John Ging (Director of the Coordination Response Division at UNOCHA), was invited to discuss several areas of questioning, including the validity and usefulness of funding the Palestinian Authority and accusations of PA incitement to the situation in Gaza and the question of boycotts.

Q - Chair Sir Malcolm Bruce (MP):

Could you briefly give us an overall view of DFID's role in the Occupied Territories and how effective do you think it's been?

A - Daniel Levy:

I think there is a donor consensus in terms of how one approaches the Occupied Palestinian Territories and this situation which DFID is part of, a significant donor, a respected donor, and is considered a smart donor.

The way I'd frame it is to most think of the role in terms of keeping options open. Twenty years since the establishment of the PA – can you make a powerful argument that state building is succeeding? State building requires the withdrawal of the occupying power and that hasn't happened through the twenty years of the Oslo process. But what you have seen is the maintenance of an environment in which the possibility of a political negotiated solution still exists. I think that's quite an achievement.

There will be criticism from both sides as for the price paid for that. Palestinian voices will say: You are buying our quiet. Absent donor dependency we could have a more assertive strategy to achieve freedom. Israel will say: You are sustaining an authority that continues to do things that we are unhappy with. I think that in your visit you will find the more trenchant criticism coming Palestinian civil society.

The Israeli establishment consensus and especially the security establishment consensus would balk and be very nervous at the idea of not having a Palestinian Authority there, not having Palestinian security forces there. For all the criticism, Israel continues to almost always transfer tax revenues - Israel could collapse the PA if it wanted to, it does not.

So I think the signature achievement is that this is an environment, yes of violence and suffering, there is deprivation, all of which could be prevented and should be, but it's limited conflict, it's limited violence. The window to negotiations is kept open by the kinds of things that UNRWA is doing, by the

kinds of poverty alleviation aid, by Palestinians being on a PA salary sheet, whether in the West Bank or in Gaza. And if you look around the rest of the region, that perhaps begins to look like a more significant achievement than it might otherwise be considered to be and DFID has been very important in that.

[...]

Q - Michael McCann (MP):

Good morning.

In the years 2011-2015 DFID will provide £122m in direct funding to the Palestinian Authority through the World Bank. Do you think that's a good idea?

A - Daniel Levy:

This goes back to the question of what is the overall goal here.

I think we have more or less four choices: one would be, to basically acknowledge that this is not a development question, you can't build a state under occupation, we've tried to for twenty years, we have to roll up our sleeves and make some of the political hard choices that taking the approach we've currently taken have in a way made it easier to avoid.

And then one can go one of two ways with that: one could say we are throwing good money after bad until Israel ends the occupation, if the two state model is the one we pursue, therefore what leverage do we have with the Israelis? Those who follow the debates in the Israeli press closely will see that it's not offers of greater partnership from Europe that grab the Israelis' attention, it's actually threats of sanctioning from Europe that get the attention of Israelis. So you constantly have this stream of Israeli centrist politicians, those more embracing of two states, from the leader of the opposition to Minister Livni, to former prime ministers Olmert and Barak, saying if we don't make peace the world will impose costs on us, we will become a pariah.

Presumably they assume that the Israeli public will respond if that starts to happen. So that's about how does one use leverage with Israel.

The second alternative is to say, this isn't a development issue, it isn't worth supporting the PA, let's go along with what Israel apparently is intending to do after almost fifty years of being in these territories. It's Israeli, there's not going to be the space for a Palestinian state, there are hundreds of thousands of Israeli settlers beyond the green line, why invest in a quasi-state structure for twenty years? Let's say to the Israelis, we accept it, this is yours, and it's your responsibility. Some might feel less comfortable with Palestinians there not having full rights, some people may be more okay with that. And if there is then, as former Israeli Prime Ministers Olmert and Barak have suggested, an anti-apartheid campaign, everyone will have to decide how to relate to that.

I think there are only two other options if one was not to go down that path. One is to continue to do what you have been doing, and look at this not as twenty years of failure but as twenty years of keeping an option alive.

There is an asymmetry of power which I think one cannot avoid acknowledging. There is international law that comes into play, there is an occupying power and an occupied people, but both sides want to maintain this option. At the moment, the political strategy of the Israeli and Palestinian leadership is to say: let's still have a degree of Palestinian self-governance and let's try not to have this spiral out of control.

As for the fourth option, I think there are ways in which you can tie the two together, making some of this assistance more politically meaningful, I think that relates to things in Area C, things in East Jerusalem, and I think DFID is beginning to do some of those things.

Q - Michael McCann (MP):

DFID is about poverty alleviation and we supply the right budget to support a range of countries through our bilateral programmes. We've also withdrawn budget support when governments have misbehaved. So therefore, when it comes to the Palestinian Authority and our £122m of direct support, and when President Abbas says he opposes violence, we've received irrefutable evidence that DFID's money is being spent to pay prisoners' families on a sliding scale depending upon on how heinous the crime is and that the money is being used in education to demonize Jewish people. In any other set of circumstances, it is difficult not to imagine that the British government through DFID would withdraw budget support. So the question therefore is, do you feel that money to the Palestinian Authority is really making a difference and is working? And in terms of money being spent appropriately or inappropriately, how do we hold the Palestinian Authority to account?

[...]

A - Daniel Levy:

Can I address that directly for a moment because I am quite sensitive to anti-Semitic stereotypes and I think that it is something that needs to be taken on. You do not fund the Israeli education system so whatever one might find there is not pertinent to this conversation.

What is pertinent and what makes this a very distinct kind of funding pool, is that we are not in a post-conflict peace, truth and reconciliation phase between Israelis and Palestinians. We are deep in the conflict and the driving narrative on both sides is still a deeply destructive one. One cannot de-Palestinianize what the PA does because that's not going to serve anyone. So the idea that you can have in this stage in the conflict a PA that does not treat its prisoners in a certain way I don't think can exist with the reality we are in.

If you had asked the Northern Ireland warring parties to disavow the people of violence at the wrong moment in that process, one would have undermined that process. And I think it's a real challenge for international donors and for support for the PA but one has to understand that in some ways we are bringing in post-conflict tools in a space that is deeply still in conflict and we de-Palestinianize the PA at our own peril because the less credibility and legitimacy we impose on it vis-à-vis its own public, to be honest the less useful it is for the main purpose it's designed for which is to be a vehicle to make a peace deal. And I can't be more sympathetic to the place your question is coming from and I can't be more cautioning of where one might go if one takes that logic too far.

[...]

Q - Chris White (MP):

We have been told since the blockade of Gaza began that 6% of Gaza's businesses have closed down, do you regard the blockade as a constraint on the Palestinian economy? Will it be possible to lift the blockade whilst at the same time satisfying Israeli security needs?

[...]

A - Daniel Levy:

In this situation you add to the pool of those with an ideological interest in maintaining the conflict, those who develop commercial interest in maintaining the conflict, and I think the trajectory of what has happened with Gaza has done exactly that with the tunnel economy etc.

There isn't going to be a perfect security solution, and of course not all of Israel's Gaza policies have to do with security, and my tendency is to read the Israeli management of the Gaza situation as trying to balance three things: Number one, what one might call hard security, genuinely what goes in and out and what can be used.

Number two, making sure that the situation is not so desperate that Hamas cannot control the more radical factions, and the Israelis understand that, they deal with Hamas – this might not be a direct negotiation but when there is a ceasefire it is reached with Hamas.

The third thing they are trying to balance, is a political intentionality, which is to push Gaza onto Egypt. And I think that the Egyptian position is to push Gaza back onto Israel. So you also now have this dynamic between Israel and Egypt as to where is Gaza's hinterland. Is it pointed towards the West Bank and two states, or is it pointed towards Egypt. It doesn't seem that either side want themselves to be that hinterland. I think the Israelis get concerned when the Egyptians are clamping down too much on what can get in and out of Gaza. The bottom line is, it's a political call. The situation in Gaza in terms of lifting many of the provisions of the blockade can be significantly improved without undue or excessive risks to Israeli security.

Q - Peter Luff (MP):

On the practical questions of how we can help Palestinians: Soda Stream, Israeli investment in occupied territory, good or bad? ...As a role model for how we help Palestinians enter employment.

A - Daniel Levy:

I can't put myself in the place of a Palestinian. But I think most people would balk at the idea that benevolent occupation is a path to Palestinian enfranchisement, fulfilment of rights and a better life over time because I don't think that's been the case. All the studies show that the biggest impediment to Palestinian economic progress is not the absence of an Israeli-run Soda Stream factory that can employ some tens of Palestinians. It's their inability to control their own resources, their own land, the 60% of territory that is Area C that they don't have access to, their own external border arrangements and crossings, who they import from and export to, the fact that it's a captive market tied to an Israeli market with an order of magnitude of 15 times greater GDP/capita than the Palestinian market.

Are there Palestinians employed in construction of settlements? In settlement factories? In settlement agricultural lands, who take home their pay packet as a consequence of working in that settlement entity? Yes there are. Do they and their families personally benefit? Yes. Is this a long term strategy or even a medium term strategy that Palestinians can rally around as a way of fulfilling their potential? I don't think that anyone would make that argument.

[...]

Q - Peter Luff (MP):

So are people right to call for a boycott on products coming from Israeli settlements?

A - Daniel Levy:

I think it's absolutely legitimate to say that there is a distinction between Israel that we recognize in the 1967 lines and what goes on as Israeli activity beyond those 1967 lines. When Europe signs trade agreements it is signing them with Israel. It is not recognizing the occupation as part of the entity it is signing trade agreements with. I think labelling therefore is absolutely legitimate and I actually make the case with the Israelis that if you don't want Israel to be boycotted allow consumers to distinguish. It is each individual's choice of conscience as a consumer as to whether they then buy a product or not.

Q - Peter Luff (MP):

Can I ask a question about the impact of DFID's money on Palestinian welfare. We've been told by the Palestinian Solidarity Campaign that DFID may be inadvertently supporting the disinvestment of Palestinian life in Area C by providing healthcare and education in areas A and B to serve the population of Area C. Are we actually doing that inadvertently?

A - Daniel Levy:

I imagine that if you meet with Palestinian civil society groups you will hear this critique which is: Israel remain the occupying power, it's a bizarre occupying power because it is relieved of its duties as an occupying power by virtue of donations to the Palestinians Authority.

Now, if I can be personal, when I first lived in Israel one of the strongest arguments for those who then advocated two states and making peace was the economic cost of occupation, and now those economic costs are shouldered by the British taxpayers and taxpayers around the world.

Which takes me back to those choices. It's not only the Area C issue, there is an entire logic here which says you are subsidizing the occupation. There is a very powerful counter logic which says aid is keeping open the possibility of Israelis and Palestinians coming to terms in a less violent environment with a peaceful negotiation by maintaining some kind of stability and poverty alleviation.

Q - Peter Luff (MP):

And your view is?

A - Daniel Levy:

My view is that as long as it is HMG policy and consensus here is for a negotiated two-state outcome then what you are doing makes sense, and as long as there is a degree of Palestinian and Israeli buy-in to that, that's legitimate as well. I would be a bit more forward leaning as I said on the Area C, East Jerusalem issues.

[...]

Q - Michael McCann (MP):

UNRWA's definition of refugees also includes those that were born and continue to reside in the Occupied Palestinian Territories and according to that definition the total number of refugees is close to five million and rising. By counting those individuals as refugees it becomes an even bigger problem numerically making a political solution even more difficult to accommodate. It's a classic catch-22 position where UNRWA's existence and its definition of refugees is creating obstacles to a political solution, is it not?

[...]

A - Daniel Levy:

I can speak from the perspective of someone who was a negotiator on behalf of the Israeli government in Taba. My experience, and I don't think that it's just my experience, is that this (*refugees*) has not been the sticking point in negotiations. That there is amongst the PLO leadership an understanding that the choice since 1988 to pursue a two state national rights approach impacted and has a consequence for how one approaches the refugee issue in negotiations. Now, do you go out to the Palestinian public and say, we haven't secured our land yet, we haven't secured Jerusalem yet, we

haven't secured sovereignty yet, but here's the good news, we have already given up on your rights as refugees. Probably no negotiator would go about doing it like that. Have there been hints at times when the negotiations looked promising? Has that conversation begun to bubble up and be addressed differently? I think the preponderance of evidence is that it has. The longer this goes on, the more Palestinians will say, well we are not going to get a sovereign real state anyway so why concede on this (*refugee issue*) as well.