

Two Divergent Cases of Protracted Humanitarian Aid Operations: The World Bank and UNRWA (1949-2017)

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The refugee convention of 1951¹ defined a refugee as “someone who is unable or unwilling to return to their country of origin owing to the well-founded fear of being persecuted for reasons of race, religion, nationality membership in particular social group, or political opinion.” The convention also lays down basic minimum standards for the treatment of refugees, without prejudice to States granting more favorable treatment to refugees. Such rights include access to courts, to primary education, to work, and the provision for documentation, including refugee travel documents in passport forms”. None of these conditions have been applied to the Palestinian refugees. Following Israel’s war of independence in 1948-49, about 800,000 Palestinians became refugees mainly in Jordan, Syria, Lebanon, and Egypt, where their descendants still live. UNRWA was created in 1949 as a “fire extinguisher” to provide the refugees in these four States with short-term survival assistance. UNRWA’s original mandate was for three years, assuming that the refugees will soon be absorbed by the countries of their refuge. This hope never materialized, and almost 70 years later, the third and fourth generation of Palestinians are still being considered by UNRWA as “refugees”. Our research shows that flows in UNRWA’s working principles have resulted in the prolonging of the problem, and the hindering of its resolution. A comparison with the World Bank’s assistance programs proves that UNRWA’s programs are clearly part of the problem and not part of the solution.

Keywords: UNRWA (United Nations Relief and Work Agency for the Palestinian Refugees), Work Bank, Humanitarian Assistance, Refugee, Refugee ID card, resettlement

Introduction

In September 2000, the UN launched the Millennium Challenge Campaign, pledging to free “men, women, and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected”.² However, decades prior to the World Summit of 2000, organizations have been providing humanitarian and economic assistance to crises ravaged communities with various levels of success. We chose to examine two cases of international humanitarian aid: The United Nation Relief and Work and Agency for the Palestinian refugee (UNRWA) and the World Bank’s (WB) “Palestinian NGO project”. UNRWA has been the oldest, most expensive international assistance operation, initiated in 1949 and still on-going today. The WB initiated the “Palestinian NGO project” in April of 1997, and it was terminated on September 30, 2016. The two programs have almost overlapping goals; the WB’s goal was “To provide social

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¹ UN General Assembly resolution 2198.

² United Nations Millennium Declaration, 18 September 2000, A/RES/55/2.

services to those who are poor, vulnerable or affected by the deteriorating socio-economic conditions, by establishing an effective mechanism to improve the quality and sustainability of NGO social service delivery”.³

In 1997, the World Bank estimated that

1,200 Palestinian NGOs and 200 international NGOs are active and provide 60% by value of all primary health care services and up to one half of secondary and tertiary health-care. All disability and pre-school programs are run by NGOs as well as agricultural services.⁴

UNRWA’s mandate is very similar:

assistance for the relief of the Palestine refugees is necessary to prevent conditions of starvation and distress among them and to further conditions of peace and stability, and those constructive measures should be undertaken with a view to the **termination** of international assistance for relief.⁵

Both UNRWA and the WB operations were created as **temporary** aid mechanisms, planned to be terminated either at a fixed date (WB), or when humanitarian aid will not be necessary (UNRWA).⁶ Our research compares the two international aid operations focusing on: (a) the relationships between each aid agency and their clients; (b) the structure and the organization of the aid operation; (c) the mechanism of aid distribution; (d) cost effectiveness; (e) accountability and feedback mechanism; and (f) exit strategy. Our research shows major consequential differences in the two organizations’ modus operandi. Concerning the first issue, the relationships between the aid provider and its client, our research found major differences. In the case of the WB, the NGO Development Center (NDC) has been the primary implementing agency. No employer-employee relationship existed. In the case of UNRWA, our research shows a clear development of “patron-client” relationships, between the donor, UNRWA, and the client, the Palestinian community. UNRWA has been providing social services to the Palestinian community directly, using a large permanent workforce resulting in the development of severe dependency syndrome, and a total and even personal identification and dedication of the “patron” (UNRWA) to their clients. The unintended consequence of UNRWA’s seven decades of operation has been the impending of Palestinian self-reliance, and the hindering of the development of self-help social services mechanisms, that would replace UNRWA’s operation.⁷ The case of the WB has been completely different. No “patron-client” relationships between the Bank and the Palestinian community have ever been developed. The WB never strayed from their mandate rules and they strictly followed the plans. The WB never developed political and social relationships with the recipients of its assistance and the aid has been carried out professionally and impersonally.

Comparing distribution practices of aid by the two agencies, we again found major differences. UNRWA possesses and manages about 1,000 educational facilities (mainly schools), hundreds of medical clinics, and hundreds of recreational facilities. UNRWA employs about 30,000 people; all permanent employees of UNRWA enjoying social security and pension benefits. Not surprisingly, UNRWA has become the most expansive aid organization in UN history, and the largest service provider in the West Bank and Gaza

³ World Bank document, ISR3161, 11/07/2011.

⁴ WB report, No. PIC5210, 22 April, 1997.

⁵ G-A resolution A/RES/302 (IV), 8 December 1949.

⁶ UNRWA’s mandate is renewed every three years, since UNRWA is considered a “temporary agency”.

⁷ Even after the Palestinian Authority was created in 1993, UNRWA continued to nurture its patron-client relationships with the Palestinian community, actually running a “government within a government”. In 1995, UNRWA was asked to phase-out its operation and to relinquish all their assets to the PA but the agency refused.

surpassing the Palestinian Authority!⁸ The WB, on the other hand, distributed its aid through local and international Palestinian NGOs (education, health, relief, etc.) using volunteers and the local NGOs workforce to carry out aid operations. The WB used only a skeleton professional staff “to provide grants to local NGOs that helped poor and vulnerable people”.⁹ This distribution system empowered Palestinian NGOs and enabled them to become autonomous and independent in providing social services to their community. Due to the fact that the WB was not involved in the actual delivery of its assistance the problem of “patron-client” relationships was avoided. In terms of exit strategy, UNRWA has no exit plans for the foreseeable future, while the WB recently ended its program after achieving most of its goals. In conclusion, our research suggests that: (a) An international humanitarian aid operation must have an exit strategy; (b) UN aid operation should never become a party to a conflict; and (c) the UN should establish clear “rules of engagement” prohibiting UN aid agencies to become politicized.

UNRWA, Past and Present

UNRWA was founded in 1949 to provide emergency assistance to 800,000 Palestinians who fled their homes during the 1947-1949 Israel-Arab War (Nets-Zehngut, 2011).¹⁰ At the same time, about 800,000 Jews fled the Arab states, including North Africa, Yemen, and Libya, where they have been living for over a millennium (Trigano, 2010).¹¹ While the dual refugee crises were not planned, in reality, a population exchange took place.¹² After fleeing their homes, most of the Jewish refugees settled in Israel, while the Palestinian refugees fled to and later settles in the neighboring Arab states. The small Jewish community in Israel, a total of 600,000 people, made tremendous efforts to absorb and integrate over a million and a half refugees, survivors of the Holocaust, and refugees from the Arab states. Hardly any international assistance was given to Israel, while the Palestinian refugees were generously supported by UNRWA that was expected to help reintegrate and settle them in the Arab countries of their refuge.

UNRWA’s rolls show the natural growth of the Palestinian population:¹³

Table 1

The Natural Growth of the Palestinian Population

	2018	1982	1950
Jordan	2,206,736	748,552	485,500
Gaza	1,386,455	377,292	199,500
West Bank	828,328	340,643	27,000
Lebanon	469,555	238,667	128,000
Syria	551,873	220,572	82,500
Total	5,442,947	1,925,726	922,500¹⁴

⁸ UNRWA continues to increase its workforce as well as its general bureaucracy. UNRWA’s original budget (1949) was \$5 million. It grew during its 68 years of existence to an annual budget of **\$2, 5 billion in 2016!** (UNRWA annual report, 2016).

⁹ WB report No. ICRR13941, 10/3/2012.

¹⁰ The Palestinians leaders and the leaders of the Arab countries issued inclusive and explicit calls, often by radio broadcasts, for all Palestinians to leave their localities.

¹¹ Since 1920s, Jews in the Arab states suffered: “legal discrimination; isolation and sequestration; economic despoilment; socioeconomic discrimination; pogroms, violent attacks or similar acts”.

¹² Previous examples of massive population exchanges took place in Turkey and Greece, and in India and Pakistan.

¹³ It is appropriate to note that 2,074,000, thus 40% of the total number of “refugees”, are now residents of Gaza and the West Bank, a territory that in case of a two-state solution would be part of the State of Palestine.

¹⁴ UNRWA’s reports and records.

Table 2

UNRWA's Budget (Expenditures)

1951	2016-2017
\$42,096, 251 ¹⁵	\$2,417,140,000 ¹⁶

While the Arab countries rejected any plan to reintegrate the refugees in their countries, insisting on the principle of “the right of return”, the UN General Assembly under the leadership of John Blandford, Director of the Advisory Commission of UNRWA, initiated in 1951, a bold and impressive remigration program. The program was designed

to help 150,000 families (almost all the refugees’ population, N. N.) to become self-supporting...with expected capital imports and known large plans of economic development, the absorptive capacity of the countries undoubtedly will rise much faster than the normal increase in local population during the next decades...The Agency has acquired experience as to the cost of helping a family to become self-supporting.¹⁷

The reintegration was planned to be a five-year project, with a budget of \$75 million for 1951-1952; \$165 million for 1952-1953; and \$160 million for 1953-1954. Additional \$200 million would be allocated for infra structure projects.¹⁸ The plan was based on the Israeli experience that showed how reintegration of millions of refugees have been an invaluable tool for the development and thrives of the Jewish state. The Palestinian refugees would be an asset in their host countries enabling them to modernize and flourish.¹⁹ However, the uncompromising and harsh refusal of the Arab states to absorb the refugees, albeit considering them “their brothers”, thwarted the program. The refugees, not surprisingly, have been absorbed self-reliantly, with the aid of UNRWA and various international organizations. Notwithstanding, since 1949, continuously, the Arab states have demanded the refugees’ “Right of Return”, a demand that has been a major stumbling block in all the failed peace negotiations. Following the realization that the refugee issue will not be resolved quickly and successfully by implementing the reintegration plan, UNRWA has changed its course of action and its *raison d’être*. In its progress report, UNRWA now claimed that “the Palestine problem had two aspects: one political and one humanitarian”.²⁰ UNRWA chose to shift its focus from humanitarian activities to social and political activities. UNRWA has adopted the Palestinian uncompromising demand for “the right of return” as its main mission, albeit knowing that the return of 5 million Palestinian to Israel will result in the destruction of the Jewish state.

¹⁵ Res. A/1905, 28 September 1951.

¹⁶ UNRWA Program budget for 2016-2017, August 2015.

¹⁷ Special report of the Director and Advisory Commission of UNRWA, Supplement No. 16A (A/1905/Add.I), Paris, 1951, pp. 2-3.

¹⁸ *Ibid.*, p. 3.

¹⁹ *Ibid.*, pp. 2-3.

²⁰ UNRWA: A brief history: 1950-1982, UNRWA, May 14, 1984.

Table 3

Funding for Palestinian Refugee Relief

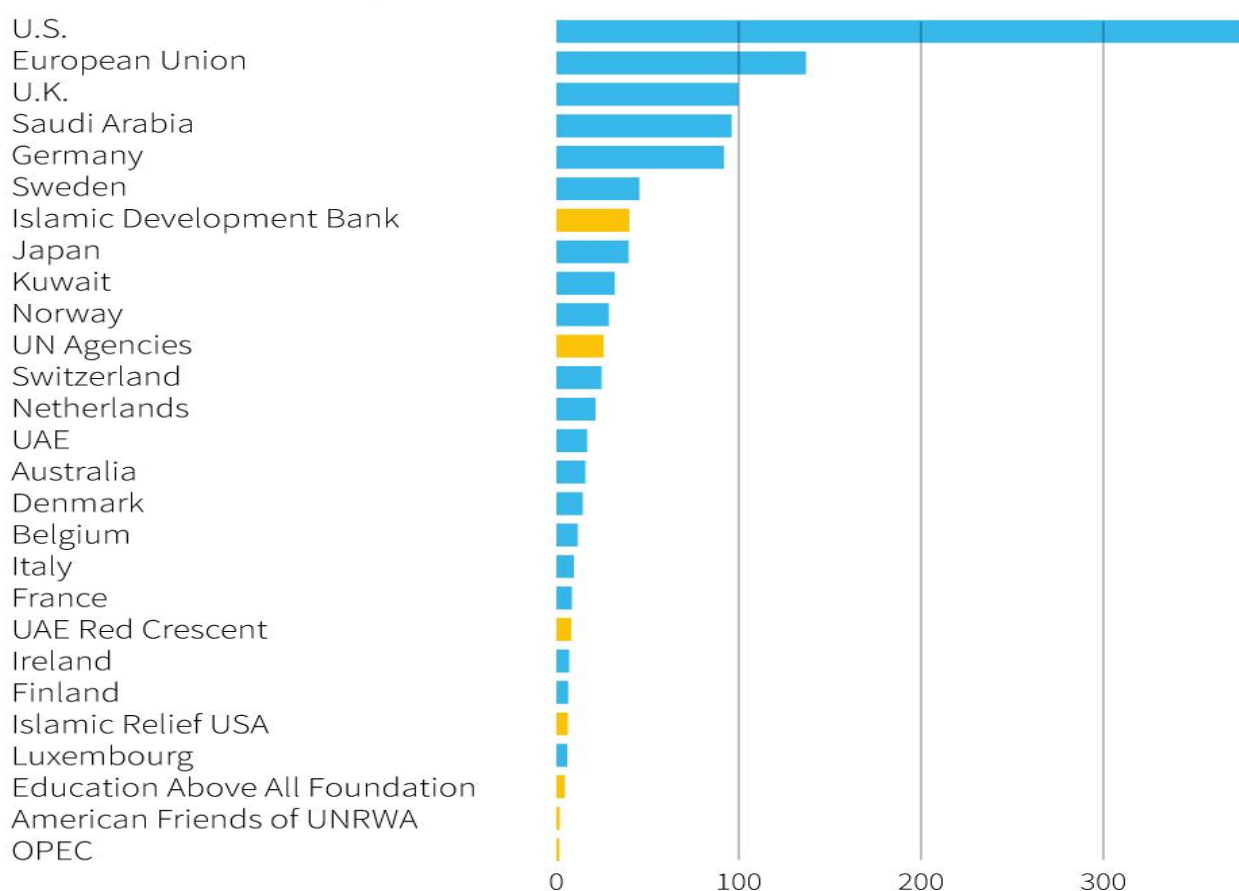
Funding for Palestinian refugee relief

The U.S. is the largest contributor to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

MAIN AID DONORS TO UNWRA IN 2015

Pledges, in millions of dollars

● Government ● Non-government



Source: UN

C. Hughes, 03/01/2018

REUTERS

Table 4

General View (Comparing UNRWA to UNHCR)

	No. of clients	No. of countries	No. of employees	Budget (2016)
UNRWA	5.3 million*	5	31,000	\$1,277 (bl.)**
UNHCR	36 million	125	10,966	\$7,232.4 (bl.)

Notes. * Only about 3 million receive services; ** including \$ 290 million special fund for Syrian refugees.

Moreover, UNRWA and the Arab states deny the clear fact that since 1948, and for generations, the Palestinians have been settled amongst them. Differing to the facts, UNRWA has been continuously issuing

refugee ID cards to Palestinian new borns, declaring that he/she is a descendent of the 1948 refugees. UNRWA does not vet its clients; traditionally, a personal statement “I am a Palestinian refugee” was accepted as a fact. The practice of issuing refugee ID cards is a unique scheme not practiced by UNHCR or any of the other UN agencies, was initiated by UNRWA in 1948, as a bureaucratic tool to distinguish between eligible *bone fide* refugees to the tens of thousands of local, non-refugee’s residences. However, because the system was flawed from the start, in 2017, the second, third, and now forth generations of the descendants and non-descendants of the 1948 refugees continue to apply and to receive a Palestinian refugee ID card. While the new bearers of the refugee ID cards never fled their homes, never experience a threat to their lives, and are settled in the countries of their residence, they are defined by themselves and by UNRWA as *bone fide* refugees. UNRWA’s list has been growing exponentially and now stands at over five million people claiming “the right of return”. This anomaly is feeding the Palestinian refugees’ narrative and is being fed by it. It is a psychological and sociological phenomenon that transcends the financial factor of “compensation” and the tentative right for monetary compensations for the descendants of the 1948 refugees. These refugee ID cards became a quasi-identity card, an advantage and a status symbol that parents’ and grandparents’ bequest to their children and grandchildren. Being a Palestinian refugee has become a social status, a birth right that newborn Palestinians are awarded upon birth.

It is, therefore not surprising that serious questions have been raised as to whether the continuing support by the United Nations of the more than 5 million Palestinian, who are settled and reintegrated, is justified, in particular, when tens of millions of refugees are fleeing civil wars in Africa, Syria, and other threat areas in the world. Several efforts were made to transfer UNRWA’s educational and health operations to the local Middle Eastern governments, mainly to the Palestinian Authority, but all efforts failed due to UNRWA’s and the Arab states objection that see in UNRWA a testament to their demand for “the right of return”.

UNRWA’s lobbying for the Palestinian “right of return” and its continued assertion that it will not cease to deliver services until the “right of return” is accomplished and extremely destructive to the peace process. The influx of five and a half million Palestinians into the Jewish state is not feasible since it requires the abolition of the Jewish state and its replacement with a Palestinian state. In fact, UNRWA became a major hindrance and a destructive force in the Israeli-Palestinian peace efforts.

UNRWA and the Palestinians: A Case of Mutual Dependence (Interdependence)

Since its inception in 1993, the Palestinian community has been heavily supported by the international community. Among the donors are international government organizations (IGOs, i.e., agencies affiliated with the UN mostly) and non-governmental organizations (NGOs). UNRWA has been the most prominent and consistent among the Palestinian donors both in material and in political support. UNRWA’s aid operation focuses on education, health, and welfare. The agency employs over 30,000 Palestinians, 22,000 of them are employed in education (2017). UNRWA’s educational project is the largest and most expansive (per person) project in UN history!²¹ The recipients of UNRWA’s services are not necessarily needy and poor Palestinians. Any holder of a refugee ID card is eligible to receive UNRWA’s civil services; no proof of indigenes or need is required. This practice created a dependency syndrome between the donor, UNRWA, and the recipients, the Palestinian people, who throughout the years, became greatly dependent on UNRWA’s services to secure their

²¹ About one-third, \$400 million, is provided by the United States. U.S. has recently raised doubt to the benefit of the vast amounts of money allocated to fund UNRWA’s operations.

welfare and their personal safety. This is an obvious dependence relationship between a **patron and a client**.²² At the heart of patron-client relations, there are a series of exchanges, both generalized and particular, that form the bond between patrons and their clients. These client-patron exchanges are formed freely by both parties with the patron gaining compliance in exchange for protection and resources (Eisenstadt & Roniger, 1980). As a result, the patron (UNRWA) enjoys a total control over his client's state of affairs and action, through the emergence of a "mutually assured survival" situation for both parties, promising the patron, UNRWA, long and healthy survival at the expense of total dependence and loss of autonomy for the Palestinians. Often, patronage could render the patron with prestige, money, power, and influence, while the client is provided with his basic needs. However, the relationships between UNRWA and the Palestinians are relationships of **mutual dependence**, since the survival of both actors is dependent on each other's behavior.

According to Emerson's definition of exchange theory: "The dependence of actor A upon actor B is (1) directly proportional to A's motivational investment in goals mediated by B, and (2) inversely proportional to the availability of those goals to A outside of the A-B relation" (Emerson, 1962, p. 32). (Jun, 2011, pp. 229-253)

Following this definition, the Palestinians (Actor A) are dependent on the goods that Actor B (UNRWA) can confer on them. On the other hand, UNRWA's (Actor B) survival is dependent on Actor A (the Palestinian) willingness and acceptance of UNRWA's services. In a mutual dependence relationship, the client's wellbeing is ensured through a mixture of economic and strategic ties, which are covered by the general terms "patronage" and "clientage". The relationships usually are institutionalized both politically and economically between the weaker-client who has to follow the stronger-patron's rules, but the patron, also has to accommodate his activities and operations to satisfy his clients wishes since the patron's survival is dependent on the client's satisfaction of his actions. In the last century, the ties of patron-client were basic to the Cold War system, and the West and the Union of Soviet Socialist Republics (USSR) each had their clients. The essence of the relationships has not been fixed and contractual but rather the informal and flexible "patron-client" relationships. The patrons gave their clients a degree of political freedom, in exchange for the client's support of the patron's external political activities. In other cases, the patron could become a cultural broker and develop a system of obligations that are moral rather than monetary. Clients could become wealthy, or in the case of the Palestinian, established and prosperous citizens of a third country, but they do not lose their jurally status as clients. The argument continues to state that ultimately, the clients and the patrons become entangled in the political process, lose their independent and professional nature, and, in fact, become an extension of each other.

Despite stressing the asymmetry of the patron-client relationship, it is possible for the patron and the client to develop a mutual dependence system, namely, the patron and the client's interests are intertwined and the patron is as dependent on his client as the latter is dependent on his patron. Our study shows that during the seven decades of UNRWA's operation, an interdependence system has evolved between the Palestinian clients and their patron, UNRWA. The Palestinian community enjoys free social services, that would otherwise be provided by the Palestinian Authority in exchange for taxes paid, while UNRWA, for its continued existence has been perpetuating and nurturing the "refugee narrative" keeping the Palestinians dependent on their free educational, health, and welfare services. The continued distribution of "refugee ID cards" to almost every

²² The roots of the patron-client relationship have been traced by some to the dependence of plebeians on patricians in the Roman Empire.

Palestinian newborn increases the number of UNRWA's clients exponentially, thus, secures the agency's institutional existence as an aid agency to the "Palestinian refugees". UNRWA, the patron, has grown to become a vast and entrenched bureaucracy, constructing and running about 1,000 schools, hundreds of health clinics, employment agencies, welfare services, women's projects, job training projects, summer camps for children, small loans apparatus, etc. It is imperative for UNRWA, as a huge bureaucracy, to maintain a large body of "Palestinian refugees" clients, lest the agency's *raison d'être* will vanish.

The patron-client relationships that UNRWA has developed with its Palestinian clients are far removed from UNRWA's original mandate and agenda. UNRWA's mission was to facilitate the execution of General Assembly resolution 194 of December 11, 1948, which envisaged the repatriation of the refugees and/or their resettlement in their host countries as part of a comprehensive peace settlement to be mediated by a soon-to-be-established three-member Conciliation Committee for Palestine (UNCCP).²³ Following this resolution, the General Assembly allocated hundreds of millions of dollars to a "reintegration fund which shall be utilized for projects requested by any government in the Near East and approved by the Agency for the permanent re-establishment of refugees and their removal from relief".²⁴ The declared goal of the General Assembly was to remove the 1948 Palestinian refugees from relief and re-integrating them ASAP in their host Arab countries, following the model of the reintegration of the Jewish refugees and other refugee groups from WWII. As early as the late 1950s, the majority of the original 1948 Palestinian refugees and their families began to move out of the camps that UNRWA constructed and resettle in neighboring Arab states and regions, or in permanent urban dwellings built by UNRWA in the West Bank and Gaza.²⁵ In addition to the original 1948 refugees, non-refugees from neighboring Arab countries began to join the refugees for economic advantages, especially to receive UNRWA's free services (Porat & Marx, 1971).²⁶ In the early 1960, following the resettlement of the refugees and the dismantling of the temporary shelters, UNRWA's humanitarian mission should have been terminated. Instead, UNRWA continued its operation, issuing informal refugee ID cards, to its clients, refugees, and non-refugees alike. Since humanitarian assistance became redundant, UNRWA's bureaucracy shifted its operation to non-emergency civil services. It began to build schools, kindergartens, health clinics, and community centers, providing non-relief civil services to the Palestinian community. UNRWA's changed agenda was not mandated by the General Assembly (GA); rather, UNRWA presented the new agenda to the GA as *fait-acomplis* on the ground, and the GA approved it with the massive support of the Arab states and the Communist bloc.²⁷ This major shift in UNRWA's agenda created bureaucratic pathologies, described by James G. Lindsay, a former UNRWA executive said: "there is no logical or humanitarian argument to justify a UN organization providing services such as education, and welfare to citizens of a member state in a non-emergency situation" (Lindsay, 2009, p. 53). After 70 years in operation, UNRWA is still defined as a "temporary aid agency" and its mandate is being renewed by a vote of the UN General Assembly every three years. Clearly, UNRWA does not operate as a temporary agency. By increasing the

²³ UNGA res. 194(III), Dec. 11, 1948, paras 2, 11.

²⁴ UNGA res. 393(V), Dec. 2, 1950, para. 5.

²⁵ The only exception has been Lebanon that due to the delicate ethnic balance between Christian and Muslims in Lebanon refused to integrate the Palestinian refugees.

²⁶ The Jalazon data show that half of the camp's household arrived from 1950 onward...and since then the movement into camps continued at a steady annual rate of about 1 percent.... Most of the families had never been in a camp and decided to move in because of advantages to be gained.

²⁷ The main change in UNRWA's mandate occurred in 1982, when the GA approved UNRWA's support of the descendants of the original 1948 refugees.

number of registered “refugees”, the agency can maintain its permanent behemoth’s bureaucracy, lobbying for the perpetuation the myth of the “right of return (to Israel) of five million Palestinian refugees”, a myth that provides the *raison d’être* for the agency’s non-humanitarian operation.²⁸ After 70 years of existence, UNRWA has become an ineffective self-serving, work-creating agency suffused with favoritism and patronage.²⁹

In summary, UNRWA’s two major claims, i.e., that the five million Palestinian descendants of the 800,000,000 (1948) refugees are refugees by family affiliation, and the second claim that they are stateless, are both a perpetuated myth. The Palestinians of 2017 have ceased to be refugees three generations ago, but with the help of UNRWA the myth has been perpetuated and accepted as fact. The self-categorization of the Palestinians as “refugees”, sets them apart from other Arab people, namely, Jordanian, Syrian, Lebanese, etc., and has indeed become a national identity.

UNRWA’s Modus Operandum

The previous discussion revealed the fact that UNRWA is a very unique “temporary humanitarian agency”. It is unique because: (a) It hardly provides humanitarian aid services; (b) since the late 1970s, and for almost 50 years, the agency has moved away from its original mandate and became a major provider of educational services in the West Bank and Gaza; and (c) UNRWA became politicized by adopting a political narrative, promoting a Palestinian agenda demanding that all five and a half million Palestinians living in the Middle East should be allowed to move into Israel and take over the Jewish state;³⁰ and finally (d) UNRWA is the only UN agency that controls and governs territories. The multiple areas in the Middle East that UNRWA has designated as “refugee camps” are governed by UNRWA that provides social services to the population as a *bone fida local* government. No Palestinian governing body is authorized to function or provide any services in areas designated by UNRWA as “refugee camp”. Consequently, no building permits can be issued, and neither can license to open a business. The areas under UNRWA’s control follow the tradition of the “Wild West”. People sell and buy houses in these “refugee camps” with no control and nobody pays any taxes. UNRWA is not authorized to collect taxes or to regulate businesses. Thus, pirate construction of houses is ubiquitous, and pirate private businesses flourish, all under UNRWA’s control. Due to lack of governing body in the “refugee camps”, the infrastructure in these areas is in the worst shape of any neighborhood in the West Bank and Gaza, not due to lack of funding, but because there is no governing body that should and could develop these areas. UNRWA has no authority to carryout major infrastructure projects, but the agency does not allow anyone else to do it! In 1995, after the Declaration of Principles (DOP) and the creation of the Palestinian Authority (PA), UNRWA was asked to prepare a plan for the transfer of its education and health services to the newly created Palestinian Authority. UNRWA, for obvious reasons, never followed up on this request. UNRWA definitely did not wish to bring about its own demise. The PA cooperated with UNRWA on this matter, and used UNRWA’s existence as a public relations instrument, promoting the Palestinian narrative of the “right of return”. We see again how the process of “mutual dependence” works to advance the interests of both parties. The only problem is that UNRWA’s modus operandum hinders the peace process!

The agency’s modus operandum creates a clear condition of “mutual dependence”, namely, the UN

²⁸ UNRWA has accumulated a billion dollars in a pension fund, the “Providence Fund”, controlled by the Commissioner General, and never mentioned in the Agency’s annual Report.

²⁹ See detailed discussion in James G. Lindsay article.

³⁰ UNRWA advocated the demand of the “right of return” as a condition for any peace agreement. The “right of return” applies to Palestinian living in Syria, Jordan, Lebanon, the West Bank and Gaza.

agency's survival and continued operation is dependent on its client's continued use of its services, while the client is dependent on the continued free social services provided by UNRWA. This modus operandum is a perfect case of mutual dependence and it has been enabling the self-interests of the two partners. At the present time, UNRWA employs 22,000 teachers, each enjoying tenure, pension, and retirement rights, as well as full social security rights. No taxes are incurred on the residents of UNRWA's controlled territory. A continued examination of UNRWA's plans for its future within the context of a durable solution to the refugees based on the framework set down in Resolution 194(III), leads to a grim prospect that UNRWA has been failing in its mission, almost from day one. Resolution 194(III) presents three options to resolve the issue of the Palestinian refugees;³¹ however, UNRWA hardly made any efforts to pursue two of the three options, and focused all its efforts to carry out the repatriation options, namely to settle the hundreds of thousands of Palestinian refugees in the newly created state of Israel. No political, economic, or social plans were introduced by UNRWA to help with the reintegration, and absorption of the Palestinian refugees in the neighboring Arab countries of their refuge, similar to the efforts of reintegration and absorption of the Jewish refugees carried out by the Jewish state. UNRWA's operation and narrative has always been governed by the principle or "repatriation". Since 1949 and until today, the agency has been ignoring the viable options, i.e., complete absorption of the Palestinians in the Arab states where they have been residing and have been part of the local population for more than three generations. UNRWA has been nurturing the hopes of the Palestinians that one day in the near and foreseeable future, five million Palestinians will rise up, voluntarily leave their homes where they have lived for almost 70 years, and move into Israel, building new homes on the ruins of the Jewish state. This clearly does not seem a viable option even among the most extreme ideologues among the Palestinians. Albeit the agency's modus operandum builds up the narrative, the Jewish state will be governed by its legal residents, the Palestinians.

Mission Change: Social Services Replacing Humanitarian Aid

Since the early 1960s, when it became clear that the Palestinian refugees are in no need for humanitarian assistance, and after the tents and the temporary shelters of the early days were replaced with permanent housing, UNRWA should have declared "mission accomplished", and move out to help other refugees in dire needs in the world. However, UNRWA chose to stay and shifted its mission from a "humanitarian mission" to a "service providing mission". Moreover, UNRWA became an organization totally dedicated to the Palestinian political cause, namely, repatriation and political sovereignty. "While a peaceful, comprehensive and durable solution to the Israeli-Palestinian conflict...is unlikely during the biennium, the UN will remain engaged...in an effort to sustain the peace process".³² Consequently, the agency adopted a broad policy based on the principles of "meeting the complex needs of Palestinian refugees...help Palestinian refugees achieve their full potential in human development", principles and goals far removed from UNRWA's mandate and original mission, to provide basic shelter, food, and welfare to homeless refugees living in tents all over the Arab middle East.³³ UNRWA's leadership began nurturing and supporting the descendants of the 1948 refugees, creating, as we have discussed earlier, a system of mutual dependence, ensuring that UNRWA's operation will

³¹ The first option was repatriation, the second was reintegration and absorption in the countries of their refuge, and the third option was transfer and reintegration in a third country that will be acceptable to both sides.

³² UNRWA program budget for 2016-2017 "Introduction to the 2016-2017 biennium budget", p. 3.

³³ *Ibid.*, p. 1.

not end and their work will not be terminated until the Israeli-Palestinian conflict is resolved, and all the five million descendants of the 1948 refugees will be resettled and repatriated to their original homes in Palestine, namely, to Israel. UNRWA has practically become the political arm of the extreme Palestinian movement that conditions any movement towards peace with the “right of return” of millions of Palestinians into the Jewish state. UNRWA’s educational system advances and publicized this narrative, strengthen it by printing and distributing refugee ID cards to newborns who are not eligible to a refugee status following the principles of the refugee convention.

The shift in UNRWA’s operation has been both structural and functional. In terms of structure, UNRWA became an entrenched and a behemoth bureaucracy. Since 1949, UNRWA has changed from an agency providing basic humanitarian aid, to a bone fide governing agency, issuing ID cards to anyone requesting it, providing free social services, and acting as a governing authority in every structural and functional aspect. The biggest change is seen in two types of social services: education and health.

Table 5

Growth in Education Activities *

<u>1950</u>	<u>1982</u>
Relief =69% = \$24.6 m	Relief =22%= \$52.0 m
Health =2.2% = \$0.8 m	Health =17% = \$39.5 m
Education =0.9% = \$0.3 m	Education =57% = \$132.0 m
Other costs =28% = \$11.0 m	Other costs =4% = \$9.6 m
Education =2016-2017 Almost \$900 million³⁴	

Note. * Special report of the Director and Advisory Commission of UNRWA, Supplement No. 16A (A/1905/Add.I), Paris, 1951, p. 221.

Table 6

Estimated Number of Area Staff as at 31 December 2017³⁵

Goal	Gaza	Lebanon	SAR	Jordan	W/Bank	HQs	Total
A long and healthy life	1,333	608	497	1,018	970	20	4,446
Acquired knowledge and skills	10,006	1,802	2,357	5,147	2,604	64	21,980
A decent standard of living	524	239	142	350	342	22	1,619
Human rights enjoyed to the fullest	47	16	61	41	37	4	206
Effective and efficient governance and support in UNRWA	606	351	266	376	566	349	2,514
Grand total	12,516	3,016	3,323	6,932	4,519	459	30,765

Financial Situation

The shift in UNRWA’s mission and operation happened in a calculated and planned manner. In 1950-1951, UNRWA actually followed its humanitarian mission and provided mainly humanitarian assistance, while education was hardly on the agency’s agenda. In 1950-1951, UNRWA spent on education 0.2% of its budget, and just in 30 years, humanitarian assistance almost vanished and education became 57% of the budget! What happened? UNRWA realized that building schools, managing them and providing education to hundreds of thousands of children will provide the agency with “eternal life”. The fact that it was the responsibility of the

³⁴ Annual cost per elementary student, \$802 (2017).

³⁵ UNRWA’s annual budget report 2016-2017.

Palestinian local governments to provide education and health services to its citizens was totally ignored by UNRWA's that had adopted a paternalistic approach to the Palestinian local governments by taking over their social services institutions. The World Bank approach was completely different, a fact that will be discussed at length later. The total numbers of schools in 1950-1951 was 74, and this number grew in 1980-1981 to 635 schools! Almost 10 times! The Israeli occupation hardly disrupted UNRWA's growth. In Gaza, the conditions of UNRWA's employees improved considerably; the salaries of all types of employees were higher than those of their local colleagues in the Palestinian civil service. UNRWA representatives have been stressing their continued obligation toward the Palestinian refugees. Commissioner-General Rydbeck is quoted saying:

there is no prospect of terminating UNRWA's mandate. The Palestinian issue is so basic to the Middle East conflict that any effort to change UNRWA would open the doors to debate on every aspect of the Arab-Israeli relationships and bring the Big Powers in with it. (Viorst, 1984, p. 6)

UNRWA's pursuit of self-preservation created competition between the agency and other UN agencies, such as the CCP (Conciliation Commission on Palestine) over the question of "which of the two subsidiary organs was primarily responsible for action on the question of repatriation and /or resettlement of the refugees. (Forsythe, 1972, p. 32, as cited in Marx & Nachmias, 2004)

The origin of the conflict was basically a matter of institutional jealousy. The unnecessary early destructive conflict between UNRWA and CCP demonstrates the lack of clarity of UNRWA's mandate, a lack of clarity that persists to this day, and the General Assembly inability to guide, regulate, and control its agencies (Marx & Nachmias, 2004). The inability of the General Assembly to regulate and control UNRWA allowed the agency to maintain its independent and autonomous activities. Its vast bureaucracy functions as a *de facto*, non-territorial government, working parallel, and competing with the elected Palestinian Authority, with complete disregard to its original mandate. Moreover,

our study reveals the disturbing fact that UNRWA has an unreliable electronic documentation system for scanning and filing of data, and therefore is unable to ascertain the actual number and status of the individuals registered in its files as "eligible refugees". (Marx & Nachmias, 2004)

Following the creation of the Palestinian Authority, Mr. Ilter Turkmen, Commissioner-General of UNRWA (1993) stated: "In the Gaza Strip and the West bank, the situation in principle will be no different". Commissioner Turkmen's position seems to confirm that UNRWA, like most established bureaucracies, is attached to its power base and is reluctant to yield any part of its authority. UNRWA follows the "iron law of bureaucracy" and rejects any thought of transferring its responsibilities to the Palestinian Authority (Marx & Nachmias, 2004).

UNRWA's Structural Dilemma

UNRWA's operation created unpredicted political and administrative dilemmas. The first dilemma concerns the agency modus operandum, namely, the fact that the agency practically became a "non-territorial government". While the agency does not have any executive powers, it cannot regulate commerce, or regulate urban zoning, construction of infrastructure works, etc.; the agency non-the-less does not allow any other governing authority to fulfill these functions. The problem is that "the agency cannot be subordinated to any sovereign government, conversely, no sovereign government would submit to the authority of UNRWA. On the issue of the powers, authority and accountability of international 'non-territorial Administrations', UNRWA is

worthy of particular attention” (Buehrig, 1971, p. 11).³⁶ This dilemma created a situation of a “Wild West” in the territories under the agency’s rule. This situation is clearly visible on the ground; the streets are extremely narrow almost too narrow for a person to walk due to unregulated construction, sewage is flowing openly in between the houses, businesses are not regulated, and the general feeling is that “there is no Sheriff in town”. The second dilemma has been the fact that the agency succumbed to major bureaucratic pathologies. “The agency has become an inefficient and ineffective self-serving, work-creating agency, suffused with favoritism and patronage”.³⁷ The reality is that UNRWA obstructs its original mission of resolving the Palestinian refugee problem. Worse, by encouraging the Palestinian fixation on their “right to return” to Israel, UNRWA impedes negotiations for a permanent peace agreement...UNRWA reported expenditures of \$331 expenditures per individual...UNHCR reported \$193 in budget expenditure per individual. The difference in the number of employee per refugee is staggering. UNHCR has one staff member for every 5,500 refugees and other persons of concern. UNRWA has one staff person for every 182 people registered by UNRWA (Schaefer & Phillips, 2015)! But perhaps the most disturbing dilemma has been the politicization of the agency. UNRWA became a political organization, involved in the Israeli-Palestinian conflict as a *bone fide* partner, joining and arguing the Palestinian cause. For decades, the agency has been issuing press releases and public statements condemning Israeli policies and activities in the West bank and Gaza, in an extremely biased manner. UNRWA has often been blamed for its close ties to Hamas and other terrorist groups in Gaza and the West bank. Substantial evidence indicates that UNRWA employs individuals affiliated with Hamas, a Palestinian Islamist extremist group in control of Gaza that is designated as a terrorist organization by the United States, Israel, and the European Union and that refuses to recognize Israel’s right to exist. In 2012, UNRWA employees elected candidates affiliated with the terror group Hamas to 25 out of 27 seats on a union board that represents ten thousand UNRWA workers.... There have been frequent claims, backed by examples, that Palestinian schools, including UNRWA schools, have used textbooks and allowed the presence of materials that delegitimize Israel, denigrate Jews, and venerate martyrdom.... Similarly, the UNRWA Commissioner-General ignored Palestinian actions during the 2014 conflict that could be considered war crimes, including deliberately targeting Israeli civilians, while accusing Israeli armed forces of committing a “serious violation of international law” for allegedly targeting UNRWA schools housing civilian refugees while failing to mention repeated instances of Hamas housing arms in UNRWA facilities.... Worse, UNRWA’s ties to Hamas and other Palestinian radical elements taint its neutrality and make it vulnerable to misuse by Palestinians seeking to use the U.N system against Israel (Schaefer & Phillips, 2015). The fourth dilemma concerns the agency’s lack of accountability, and a very flawed decision-making process. “The agency’s structure allows it broad freedoms of action, making it capable of engaging in commercial transactions and establishing legally defined relations with governments, other international organizations, and employees”.³⁸ The agency has mostly been left to fend for itself both in policy-making and in collecting its own voluntary contributions...the Commissioner-General reports directly to the General Assembly by way of the Fifth Committee. The report is forwarded to the GA for a resolution and a vote.... In fact, UNRWA functions as a self-contained agency, its staff appointed or removed by the Commissioner-General.... A case in point is UNRWA’s extensive educational system, established with little or

³⁶ The term was used by Buehrig (1971). Quoted in Belgrad and Nachmias, p. 72.

³⁷ Belgrad and Nachmias, p. 72.

³⁸ General assembly Res. 302, IV (December 8, 1949) said: “Continued assistance for the relief of the Palestinian refugees is necessary...to further conditions of peace and stability”. Quoted in Belgrad & Nachmias, p. 72.

no guidance from appropriate GA resolutions.³⁹

Indeed, UNRWA functions in a difficult political context, a situation that is exacerbated by the lack of guidance, accountability, and control from either UNRWA's advisory Commission or the General Assembly. UNGA res. 194(III) did not include the creation of a governing body or a board of director that would have held the agency accountable. The lack of a governing body within the organization allows UNRWA to change courses, to shift its priorities, to allocate funds, all within the authority of one person: The Commission-General. "Thus, UNRWA autonomously determines who gets what, when, and how, but is not accountable to its constituency or the institutions responsible for its creation, its finances, and continued operation".⁴⁰

Consequences

Due to the fact that UNGA Res. 194 did not establish clear "rules of the game" for UNRWA, the agency could set its own agenda and define its priorities and operations that were not included and not intended in its original mission. UNRWA became entangled in the political conflict, adopting a Palestinian political narrative that in fact hindered the resolution of the Palestinian refugees' issue. Between 1952 and 1959, the UNGA presented to UNRWA several resettlement options, money was allocated, and surveys and plans were completed, but all was abandoned. "In 1959, UNRWA abandoned its plans for resettlement and/or repatriation and focused on long-term programs, namely, health and education".⁴¹ The leaders of the agency became entangled in the "mutual dependence" syndrome, namely, the Palestinian clients remained dependent on the aid from the patron (UNRWA), while the patron became dependent on their clients for the agency's survival. The larger the community of "refugees" is, the bigger and more powerful UNRWA became. Indeed, UNRWA has been "producing" its clients exponentially, by issuing UNRWA refugee ID cards to newborns. The number of UNRWA's clients grew from a few hundred thousand to five and a half million and growing. The leadership of UNRWA in fact enabled and increased the Palestinian dependence on them and prevented any local empowerment and self-reliance. UNRWA's well-financed and elaborated educational system destroyed any local initiative to develop and take control over their own education. UNRWA gave the Palestinians "a fish a day" but never taught them how to fish. UNRWA enjoys an enormous budget compared to the UNHCR budget. UNRWA reported expenditures of \$331 expenditures per individual...UNHCR reported \$193 in budget expenditure per individual. The size of UNRWA's inflated bureaucracy is seen in these facts: "The difference in the number of staff per refugee is staggering. UNHCR has **one staff member for every 5,500 refugees** and other persons of concern. UNRWA has **one staff person for every 182 people** registered by UNRWA" (Schaefer & Phillips, 2015). This number is unheard of even in regular local governments. The Palestinian Authority could not match UNRWA's finances and educational expertise.

In 1995...for the first time since the Agency was established in December 1949, it is possible to see on the horizon the end of the Agency's mission. Five years later, cautious expectations about winding down UNRWA at the end of the final status negotiations between the PLO and Israel appear less certain. (BADIL, 2000)

UNRWA has been criticized for its ineffectiveness, its huge overhead costs, and other bureaucratic problems, but most of all it has been criticized for enabling dependency and hindering the resolution of the refugee issue. BADIL suggested, as early as 2000, that UNRWA should take the following steps for the

³⁹ Belgrad and Nachmias, p. 73.

⁴⁰ Ibid., p. 74.

⁴¹ Ibid., p. 75.

phasing out of UNRWA: The Palestinian Authority should gradually assume responsibility for the whole Palestinian community, including the operations of UNRWA. The agency would then engage mainly in symbolic activities, such as the international community commitment to the fulfillment of Palestinian aspirations for redress (Marx & Nachmias, 2004).⁴² In this respect, the role of UNRWA as a “non-territorial government” was highly criticized. The basic idea has been to end the “mutual dependency” syndrome and enable the Palestinian Authority and its bureaucracy to manage and operate their civil services. However, this will not be possible as long as UNRWA refuses to relinquish its total control over the territories that it defines as “refugee camps”.

Is the World Bank Program and Operation the Correct Answer?

Two conditions, hardly related, occurred in the mid-1980s and resulted in the introduction of the “Human Development” or “Community Empowerment” approach to economic assistance. First, the study of sustainable economic growth in the developing nations has shown that the immense increase in donor-government expenditures has yielded little, if any, results (Foster & Plowden, 1996). This, rather disturbing, fact has been evident throughout the Third World, and led to the rethinking of the processes and principles of development assistance. Donor’s institutions realized that a major change of policy is needed to achieve the Millennium Development goals. “Per capita income in the poorest region of the world, Sub-Saharan Africa, dropped from \$560 in 1980 to \$ 450 in 1988. During the same period, per capita income in the industrialized countries increased from \$11,000 to \$13,000” (Crook, 1989, p. 3). At the same period,

In 1986-1989, official aid from all sources averaged some \$53 billion a year. Of that, over \$10 billion was in the form of technical cooperation, roughly \$4 billion in food aid; the rest was financial assistance, divided between project and program aid. (Cassen, 1994 p. 132)

The second condition change in global development has been the increase in the transfer of resources from the developed to the developing nations that was greatly affected by the introduction of the “NGO revolution”.⁴³ This phenomenon has been characterized by an outburst of tens of thousands of diverse NGOs albeit with different objectives, strategies, tactics, resources, and capabilities. In developing countries, NGOs have become the natural bearers of community development. However, their growing influence instigated a competition for resources and power among the NGOs and the “first” (state) and the “second” (private) sectors. The main problem has been the state desire to secure its exclusive, controlling authority over the civic system.⁴⁴ In developing countries, governments often try to control the NGO community by establishing “government-organized-nongovernmental organizations”. In such cases, NGOs could behave and function as

⁴² BADIL is the Resource Center for Palestinian Refugee and Residency Rights.

⁴³ Scholars in Germany trace this government-NGOs partnership to the 19th century. During the Weimar Republic, private welfare organizations largely served as distribution agencies for the state, which increasingly began to utilize such organizations to alleviate poverty and other social problems. In Germany, “today, nonprofit organizations in the field of health and social services present powerful economic force...and they account for about the third of the hospital industry. Social welfare and health constitute the strongholds of nonprofit service delivery in Germany and together account for close to 60% of total operating expenditures. Anheier and Priller, 1995, in Anheier (unpublished paper) “Exploring the State-Dependency Thesis”, p. 3.

⁴⁴ In developed countries, it seems that NGOs have adopted business-like approaches, competing with the government for resources necessary to provide the social services they offer.

subsidiaries of the state.⁴⁵ Thus, both in developed and developing countries, the NGO revolution changed forever the global and national social and political environments.

NGOs have performed at least four roles...they provide technical advice and assistance to governments; they serve as advocates and witnesses for human rights abuses; they initiate and sustain humanitarian aid operations; and they function as unofficial mediators. NGOs also...provide early warning, offer area expertise needed by governments, and help parties to interact. (Foster & Plowden, 1996, p. 16)

Donor organizations and states attribute to the community empowerment process an additional role: The empowerment of the community reinforces the move toward democratization that has always been correlated with human development and grass-root activities (Crook, 1989). The human development approach, in particular the sustainable human development approach, has persisted and became the cornerstone of economic assistance operations. In essence, human development promises to bring all people to a condition of sustainability, namely, a condition of economic autonomy and independence. The country will not depend on economic assistance for its survival and well-being, and it will be able to provide its people human security and proper standard of living.

Human development is all about human freedoms: freedom to realize the full potential of every human life, not just of a few, nor of most, but of all lives in every corner of the world—now and in the future. Such universalism gives the human development approach its uniqueness. By 2015, the world had achieved some of what seemed to be daunting challenge 25 years ago. Even though the global population increased by 2 billion—from 5.3 billion in 1990 to 7.3 billion in 2015—more than 1 billion people escaped extreme poverty, 2.1 billion gained access to improved sanitation and more than 2.6 billion gained access to improved source of drinking water.⁴⁶

Yet, even with all this commendable progress, the world still faces many complex development challenges. The difficult situation of the Palestinians in Gaza and the West Bank is a case in point.

The structure of the economy has substantially deteriorated since the 1990...the number of unemployed has been on the increase...resulting in an extremely high unemployment rate, fluctuating between 20 and 31 percent...most recent data for the second quarter of 2017 show that the unemployment rate has recently been on the rise in both Gaza and the West Bank. (World Bank, 2017)

During the years, important efforts have been made by various international organizations to carryout development projects in Gaza and the West Bank, but these efforts have not done enough to alleviate the suffering and the devastation of the Palestinians living in Gaza and the West Bank. While “Between 1990 and 2015, Palestinian life expectancy increased by 5.0 years, years of schooling increased by 1.3 years...and GNI per capita increased by about 81.7 percent between 1990 and 2015” (World Bank, 2017, p. 9), but it was hardly enough, and the overall situation remains extremely difficult. Seventy years after the war of 1948, the situation in Gaza has been going from bad to worse. “The 2014 war in Gaza created a humanitarian crisis and causes US\$1.7 billion in losses to the economy, which continues to suffer to this day” (World Bank, 2017, p. 9).

⁴⁵ NGOs that are organized and supported by the state were given the acronym “GONGOs” (government organized non-government organizations) report of the Commission on Preventing Deadly Conflicts, Carnegie Corporation of NY July 1996.

⁴⁶ UNDP (United Nations Development Program), Human development report, 2016, p. 9. The HDI is a summary measure for assessing progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. A long and healthy life is measured by life expectancy at birth. Knowledge level is measured by mean years of education among the adult population, which is the average number of years of education received in a life-time by people aged 25 years and older; The standard of living is measured by Gross National Income (GNI) per capita expressed in constant 2011 international dollars converted using purchasing power parity (PPP) conversion rates.

The WB has long been a major contributor to Gaza and the West Bank, and as early as 1998, the Bank decided to take innovative, bold, and operational steps to become actively involved in improving the situation in the West Bank and Gaza. The WB plan differed from UNRWA's and other assistance operations; the WB assistance strategy was aimed to boost the development of the West Bank and Gaza through the process of empowering of grassroots groups, namely, the WB would be the initiator, the funder, the regulator, and the overall generator of the assistance operation, but not the executor of the operations. The execution of the assistance operations would be carried out by individual Palestinian NGOs, after a vetting and approval process that would grant them participation in the project. In 1998, The WB established the first cycle of the "WB Palestinian NGO project". In total, between 1998 and 31, December, 2016, the WB successfully helped empower hundreds of Palestinian NGOs that gained sustainability and could later function autonomously in providing social services to their community. The project had a very humble budget and donors include the WB, Saudi Arabia, and some European countries. The main principle has been creating sustainability by empowering local Palestinians and providing them with the human capacity and tool to carry out their work. This approach was endorsed by the Addis Ababa Action Agenda that was adopted at the Third International Conference on Financing for Development (Addis Ababa, Ethiopia, 13-16 July 2015) and subsequently endorsed by the UN General Assembly in its resolution 69/313 of 27 July 2015. The Action Agenda establishes a strong foundation to support the implementation of the 2030 Agenda for Sustainable Development. It provides a new global framework for financing sustainable development by aligning all financing flows and policies with economic, social and environmental priorities in the fields of finance, technology, innovation, trade, debt, and data, in order to support achievement of the Sustainable Development Goals.⁴⁷

Services to the People, by the People, for the People: The WB Palestinian NGO Project: 1998- 2016

The WB and many other international and national organizations that wished to provide assistance to the Palestinians in the West Bank and Gaza realized that because the Palestinian community did not have a governing structure or governing institutions, both before and after 1948, the Palestinian community has developed an elaborate "self-help" system consisting of hundreds of NGOs that provided much needed social services to the community. However, a WB research found in 1998, that

despite the valuable role of the Palestinian NGO sector, recent years have witnessed significant reduction in their funding. In the early 1990s, according to WB estimates, the NGO sector received financial support of between US\$140 and US\$220 million a year from outside sources. By 1994, following the Gulf War and the post Oslo reallocation of bilateral funding to the Palestinian Authority, this amount had contracted to about US\$ 90 million.⁴⁸

The objectives of the WB aid initiative (The WB Palestinian NGO project) have been clearly defined and focused on sustainability and empowerment of the community.

Objectives: to channel funding to the poor and needy using Palestinian NGOs as the delivery mechanism. To support and strengthen a vibrant, professional NGO sector essential to the health of civil society in the WBG (West Bank and Gaza). To support efforts by Palestinian NGOs and the Palestinian Authority (PA) to strengthen their working

⁴⁷ UN Department of Economic and Social Affairs, 2017.

⁴⁸ West Bank and Gaza Update, The WB Group, Fourth Quarter, 1998, p. 7.

relationships. Resources: project grants, technical assistance, and institutional capacity building. The WB partners in the project are: The Palestinian Welfare Association Consortium, Saudi fund, Government of Italy, PA, Palestinian NGOs. Duration of the project: 6 years, total budget \$17 million.⁴⁹

By empowering and strengthening local NGOs, the WB established a system that provided social services “to the people, by the people, for the people”. The WB’s goal was to create sustainability and to end the decades of dependency of the local population on foreign aid, such as UNRWA, in basic social services, mainly, education and health. Empowerment of local service provider NGOs was the tool to prevent the NGOs from losing their operational autonomy and develop a patron-client dependency syndrome.

Project description: The Palestinian NGO project established multilateral mechanism for the poor and marginalized NGOs. The project is “demand-driven”, namely, NGOs put forward their own projects for financing.

Project design: The project is being implemented by the Welfare Association Consortium. Twice each year grants will be awarded to NGO for projects that help sustain key NGO sector in WBG and strengthen relations between the NGOs and the PA.

Four grants components:

1. Development grants are used to finance sub-projects that deliver economic and social services to the poor and marginalized in Palestinian society. Well-established large NGOs will be awarded block grants to be distributed by them to smaller experimental sub-projects and less established NGOs. Grants are only awarded where there is evidence of solid community approval. Subprojects include: rehabilitation of children with disabilities, child healthcare, rural health clinics, pre-school education, etc.

2. NGO Recovery grants are given to NGOs that face significant financial difficulties as a result of the loss of previous source of income. Grants are aimed to move NGOs to improve financial sustainability.

3. Research grants awarded to qualified institutions and individuals to support NGO sub-grant recipients to plan, manage, and monitor projects and for research studies designed to improve the functioning of the NGO sector.

4. Capacity building grants are given to support the development of modern legislation for NGO sector, for governance issues, and for fostering relations between the PA and NGOs.⁵⁰

The WB project was based on several important strategies and mechanisms that were aimed to ensure that the work of the recipient NGOs will be sustainable and will not turn into a long-term dependence on the WB. The wretched history of UNRWA’s practices that yielded a negative mutual dependence syndrome had to be avoided. One of the most important lessons learned from UNRWA’s experience has been to establish an exit strategy. The WB assistance program had a very clear goal to be sustainable in achieving the expected goals, and to be carried out within a clear and established time framework. The project was planned to be carried out between 1998 and the end of 2016. During these years, four phases of the assistance project were executed, and the duration of each phase was no more than a few years. Each phase has been thoroughly monitored and regulated, and at the end of each phase, a meticulous review of the operations and the budget was carried out and carefully documented. The final review of the WB Palestinian NGO project was completed and published on June 30th, 2017, and it included both a detailed description of the recipient’s works and achievements, as

⁴⁹ Ibid., p. 7.

⁵⁰ See discussion in “West Bank and Gaza Update”, The World Bank, a quarterly publication of the West Bank and Gaza, Fourth Quarter, 1998, p. 8.

well as a detailed review of the financial operation. Since its inception, the WB consistently and methodically followed the principle of maintaining NGOs autonomy in carrying out the supported projects. As early as 1999, when the first grants were distributed, the work was managed by the Palestinian Project Management Organization (PMO), a body created for the purpose of carrying out the WB Palestinian NGO Project. All the decisions concerning selecting the recipients of the grants, regulating and overseeing their work, were done by the PMO. “The PMO carried out the selection of 32 new sub-projects from 230 proposals...sectors (funded, n. n.) included non-formal and community education, agriculture, health and rehabilitation for people with special needs”.⁵¹ Each recipient had to sign a “Trust Fund Grant Agreement”, between the International Development Association, acting as Administrator of the Trust Fund for WBG (West Bank Gaza)⁵² and the Palestinian Welfare Association. The Welfare Association has formed a consortium with the British Council and Charities Aid Foundation for the purpose of carrying out this project.⁵³ Following the initial success of Phase I of the project, the WB launched phase II. NGO Project will strengthen NGO’s capacity to deliver sustainable services to poor and marginalized Palestinian, while supporting the overall professional and strategic development of the Palestinian NGO sector. The project will be implemented as a comprehensive program of capacity building, by improving the quality, impact, and sustainability of service provision schemes. Project components include:

1. Provision of grants for the implementation of service delivery projects to be implemented by lead NGO’s in partnership with smaller NGOs. These projects will target marginalized communities.
2. Provision of grants to by NGOs, and development Grants Recipients (DGR), for implementation of projects, provided ability to manage quality projects was demonstrated during Phase I. These grants will represent incremental support, which will significantly contribute to sustain project activities.
3. The Sector Support Program, to provide technical expert at the sectoral level, and will promote information exchange, elaborate stronger sector’s role in development.
4. Technical Assistance (TA) and monitoring and evaluation, to support capacity gaps in managerial areas of the partnership/development grants programs.⁵⁴

World Bank Palestinian NGO Project Structure and Stakeholders

The WB Palestinian NGO project had a large number of stakeholders; these included the WB, the Consortium partners, Palestinian NGO networks and unions, the Palestinian Authority, and other civil society organizations. In 1999, a governance committee, essentially a consultative body was formally established. Members were representatives of the stakeholders and they met regularly to discuss forthcoming projects. In February 2000, a sub-committee was formed to aid coordination among the donors and the recipients, and in the third phase, the Subcommittee reviewed all the proposals submitted to the Project Management Organization (PMO) to ensure proper distribution of grants. Participation of stakeholders in the work of the PMO was greatly encouraged. The PMO launched, at its inception a “needs assessment” to assess the capacities of the recipient NGOs to carry out the projects. The findings of this assessment showed the need to train the recipient NGOs in 5 areas: strategic planning, financial planning, report writing, monitoring & evaluation, and

⁵¹ “West Bank and Gaza Update”, 1999, p. 13.

⁵² The Trust Fund for WBG was established on October 15th, 1993, by Resolution No. 93-11 and IDA 93-7. The Trust Fund represented the WB.

⁵³ Example of the Trust Fund Agreement, dated July 12, 2001.

⁵⁴ The World Bank review paper: “The Palestinian NGO Project (II) Projects and Operations”, <http://projects.worldbank.org/P07/1040/Palestinian-NGO-project-il?lang=en>.

project management. As a result, the PMO organized training seminars for small groups of between 70-100 participants in each seminar, to train the members in these areas. In the later phases, funds were allocated to research NGOs who conducted research in relevant areas. Research was scheduled for a six months period, after which it was endorsed by the PMO and published.⁵⁵

Table 7

World Bank Review Papers

	World Bank Palestinian NGO Project	Budget
Phase I	Reduce poverty by NGO based technical training Capacity building; governance; budgeting	\$17.4 million
Phase II	Conflict prevention; post-conflict reconstruction Sector support; technical assistance; project management training	\$25.4 million
Phase III	Grants for social serviced to the poor; review and risk assessment; create dialog among all participants (2 showcase events) with PA	\$20.45 million
Phase IV	Strengthen institutional capacity; help large NGOs support smaller NGOs; mentoring grants by small, community-based NGOs'; innovation grants; emergency grants; financial management training; documentation procedures; human rights and good governance training	\$28.2 million ⁵⁶

Implementation of the World Bank Palestinian NGO Project: 1998-2016

An examination of the World Bank's Assistance strategy for the West Bank and Gaza during 1998-2016, shows a shift in the Palestinian development architecture to encourage and leverage more private sector contributions to support growth and jobs creation for the benefit of a wide cross section of the population. The Palestinians have been facing an unstable and unclear political environment, and a failing economy that could not generate jobs and create income for the people. In addition, the crumbling of basic infrastructure and frequent interruptions of basic social services, such as water and electricity, hindered the carrying out of development projects. The economy is import-dependent with imports over three times the size of exports and trade deficit close to 40% (one of the highest in the world) (World Bank, 2017). The WB assistance project outlined a shift in the assistance strategies used by aid organizations, in particular aid provided by UNRWA for almost 70 years. The WB assistance was based on growth-driven principles that would lead to self-help and autonomy in social services provided by NGOs. The WB engagement in the West Bank and Gaza used an augmented focus on stimulating an environment for dynamic inclusive private sector growth. The project was carried out in several tracks:

1. Setting up a new Private Sector Enhancement Facility (PSEF), \$20 million initially, to leverage additional donors to invest in strengthening the private sector.
2. Helping the bottom 40 percent and preventing further deterioration in the economic status quo.
3. Strengthening institutions' accountability and capability for building public trust and creating a coalition of civil society organizations for growing awareness of budgeting, planning, and reviewing of civil services operations.
4. The WB-administered Trust Fund (TFGWB) was established in 1993 and it finances grants (total \$55 million), focused on strengthening governing institutions, infrastructure development urban development, and the energy sector (World Bank, 2017).

The WB review of the Palestinian assistance project showed an important progress towards meeting its development objectives and achieving its core outcome indicators. Grants for service delivery have reached

⁵⁵ "Palestinian NGO Project Newsletter", Welfare Association Consortium, 2000, p. 7.

⁵⁶ Information collected from various reports of the WB IEG (Independent Evaluation Group) throughout the years.

82% success and all sub-projects are expected and have been completed by the end of 2016, ahead of schedule. At the aggregate level, the project was exceeding its target providing services to an estimated 72,000 people of whom 88.6% were particularly vulnerable and marginalized. The Project had financed the rehabilitation and upgrading of 484 sites (including cultivating land) and it had provided 1,335 people with access to income generating activities. An especially important project has been “Partners in Development”, a project which provided skill-training for youth who managed to set up small businesses in their home towns and offered computer training for school children. Another successful example has been a project that offered young women opportunities to generate income working in their own communities. Finally, the WB was particularly proud of its success in empowering local NGOs. The project conducted hundreds of awareness raising sessions focusing on accountability and the Code of Conduct of NGOs. The project helped with the accreditation of NGOs who completed all the requirements.⁵⁷

On the 31 of December 2016, the WB closed down the WB Palestinian-NGO Project that was launched on 1998. However, the work is being continued by the Palestinian National Development Center (NDC) that the WB helped to create. “The NDC continued to manage the Project’s various components with efficacy and they managed to also secure small contracts with other development partners”.⁵⁸ This is the ultimate proof of the success of the WB-Palestinian-NGO Project. UNRWA, on the other hand, for the past seven decades, has been spending tens of billions of dollars on providing social services to the Palestinian people, but never helping them to become autonomous and free of assistance. The WB with a very humble budget, succeeded in empowering the Palestinians to help themselves!

Conclusion

The idea of wealthier countries giving away aid blossomed in the late 1960s, as the first heart-breaking humanitarian crises reached mass audiences on television. The world watched with horror, on TV sets, thousands of children starving to death in Biafra, an oil-rich area that had seceded from Nigeria and was starved by the Nigerian government. In addition to the desire to stop the genocide and provide food to the starving children, in the mid-20th century, economists widely believed that the key to eradicate hunger and trigger growth was pumping money into a poor country’s industry, roads, and other social and physical infrastructure. So, in the hopes of spreading the Western model of democracy and market-based economies, the United States and Western European powers encouraged foreign aid to poor countries that could fall under the influence of the Soviet Union and China. The wealthy Western countries launched major, multibillion-dollar aid initiatives, while the World Bank and other advocates of aid aggressively seized on research that claimed that foreign aid led to economic development. This thesis has been contradicted by Angus Deaton, the winner of the Nobel Prize in economics, who had argued that “much of the \$135 billion that the world’s most developed countries spent on official aid in 2014 may not have ended up helping the poor”.⁵⁹ Deaton’s skepticism about the benefits of foreign aid grew out of his research, which involved looking in detail at households in the developing world, where he could see the effects of foreign aid intervention. For example, “even as the level of foreign aid into Africa soared through the 1980s and 1990s, African economies were doing worse than ever”.⁶⁰

⁵⁷ Information published in “The World Bank: GZ-Palestinian P. NGO IV (P117444)” Implementation Status & Results Report, June 13, 2016, p. 2.

⁵⁸ Ibid., p. 2.

⁵⁹ World Economic Forum, 23 October, 2015.

⁶⁰ Ibid.

UNRWA is a case in point confirming Deaton's thesis. UNRWA's annual donations for the past decades have been about a billion dollars per year, albeit poverty and misery among the Palestinian community continues to grow. UNRWA's patron-client relationships only engrained and embedded the Palestinians dependence on international aid and hindered the development of self-help, autonomous job creating institutions and processes that would have generated jobs, and provided independent, local providers of social services to the community. UNRWA created and maintained total dependence on its services and hindered the empowerment of the local communities. In a confidential paper prepared by Catherine Bertini, Personal Humanitarian Envoy of the UN Secretary-General to the West Bank and Gaza, she reiterated the lack of these principles saying: "International assistance providers should protect and strengthen existing Palestinian structures and coping mechanisms and limit direct reliance by the population on international assistance. Assistance activities should avoid disrupting market mechanisms and local production".⁶¹

Both the WB and UNRWA wished to provide much needed humanitarian and economic development assistance to alleviate the suffering and hardships of the people in the West Bank and Gaza. However, the two organizations differed greatly in their assistance planning, core principles and execution framework, as well as their delivery assistance strategies and tactics. The WB project established a local operational mechanism, the Palestinian NGO Development Center (NDC) that took charge of the project. The NDC developed an execution strategy aimed to strengthen and empower existing local NGOs by giving them both project and block grants and helping them to plan and carry out social service projects, suggested and developed by the community. It was clearly a "bottom up" approach. This strategy created an autonomous, self-help system that in time would be sustainable and no international or other external assistance would be necessary. The Palestinians NDC was completely in charge of the project. The Center reviewed grant proposals, made grant decisions, followed up the execution of the projects, and provided oversight and result reports. The WB distributed block grants to large NGOs that reviewed and approved grants to smaller, community-based NGOs. This process empowered both the large and the smaller NGOs. The WB defined the three project goals:

(a) to deliver services to the poorest in society through NGOs; (b) to improve the institutional capacity of NGOs; and (c) to strengthen the working relationships between the PA and the NGO sector. The project financed 305 sub-projects, reaching 213,000 direct beneficiaries. Seventy-one percent of the beneficiaries were fully satisfied. And only 13% were not satisfied. The project also significantly improved NGOs professional capabilities including financial accountability. Other projects were also highly successful, i.e., about 200 local infrastructure projects were implemented, as well as improved access to schools, clinics and markets.⁶²

The WB was not an owner of the project; rather it acted as a mentor, a custodian NGOs. The basic principle was to give the Palestinian fishing nets and teach them how to fish—not give them a fish a day to survive. The goal was to achieve sustainability, and it was achieved in 80% of the cases.

UNRWA's approach to the delivery of economic assistance has been completely different. For 70 years, UNRWA used a top-down approach, nurturing the narrative of a "patron" responsible for the survival of its client, thus, enabling a total dependency syndrome to develop and resulting in four generations of families, totally dependent on their Patron for their continued survival. UNRWA views itself as benefactor, a patron "since starting operations in 1950, UNRWA had adopted and enhanced its programs to meet the increasingly

⁶¹ Bertini, Catherine, Personal Humanitarian Envoy of the Secretary General, Confidential report, "Mission Report Executive Summary", 11-19 August 2002.p. 5.

⁶² The WB "Impact of Bank Intervention", The World Bank Report No. ICR0004079, June 30, 2017.

complex needs of Palestinian refugees and to provide them with a measure of protection and stability amid a chronic conflict in the region”.⁶³ While the WB NGO project provided assistance to 213,000 direct beneficiaries, with a budget of about \$10 million, UNRWA claims that the agency provided “social safety net assistance to 294,000 persons” using a budget of hundreds of millions of dollars!⁶⁴ Since 1950, UNRWA has been spending billions of dollars that did not produce and indeed hindered the development of an autonomous, self-help, and sustainable Palestinian social services system. Our research shows that the billions of dollars of aid spent by UNRWA since 1949 to today, did not alleviate the suffering of the Palestinian people, on the contrary, it entrenched their poverty and dependence on foreign aid. Angus Deaton, the Nobel Prize winner in economics explained this fact saying:

Unfortunately, the world’s rich countries currently are making things worse. Foreign aid—transfers from rich countries to poor countries—has much to its credit, particularly in terms of health care, with many people alive today who would otherwise be dead. But foreign aid also undermines the development of local state capacity.⁶⁵

Indeed, UNRWA itself confirmed the unfortunate fact. UNRWA has been spending most of its billion dollars annual budget on education, however, “students were not developing the types of skills necessary to achieve their full potential and contribute positively to the development of their society and the global community”.⁶⁶ In fact, The Palestinian community, as early as 1995, after the creation of the Palestinian Authority in 1993, expressed deep desire to take control of their lives and end UNRWA’s patron-client relationships. “In 1995 UNRWA noted that for the first time since the agency was established in December 1949, it is possible to see on the horizon the end of the Agency’s mission”.⁶⁷ However, the 1995 “Horizon Plan” that would have phased off UNRWA’s operations was shelved, and UNRWA moved ahead full speed strengthening its patron-client relationships with the Palestinians. “Criticism of UNRWA’s continued role as a ‘non-territorial government’ was directed at its historic ineffectiveness, due in large part to high overhead costs and other bureaucratic problems” (Marx & Nachmias, 2004, p. 21). The WB approach, on the other hand, proved that aid can be effective using humble but targeted funding. The WB project was carried out with no bureaucracy, empowering local stockholders to carry out the mission. The Palestinian NGOs have been trained and acquired the necessary tools to be the providers of social services to their people. UNRWA ignored research done by the WB that revealed that the Palestinian NGOs have been the major providers of civil services to the community, but they lacked resources and training to adequately do the job. The WB project focused on these areas, resulting in high level of success. The two cases show clearly that a top-down approach achieves the reverse results. UNRWA has created a behemoth bureaucracy and establishing itself as a “non-territorial government”. The results have been a “Zero-Zero” result. The Palestinian’s conditions have been deteriorating, while the agency’s expenditures have been growing exponentially, with no end in sight. The donor community has to draw important conclusions from these two assistance operations: One (UNRWA) is a failure and the other (WB) is a success. Our research clearly shows that an aid system based on a “patron-client” relationship is doomed to fail. The system only enables and eternalizes the client dependence on aid. The other

⁶³ UNRWA program budget for 2016-2017, p. 1.

⁶⁴ Ibid., p. 2.

⁶⁵ Quoted in Tim Worstall article, Forbes, October 13, 2015.

⁶⁶ UNRWA program budget for 2016-2017, p.39

⁶⁷ UNRWA and the Transitional Period: A Five-year Perspective on the Role of the Agency and its Financial Requirements. Vienna: UNRWA Headquarters (31 January, 1995) p. 1

approach, the WB “bottom-up” approach, empowers the stockholders, placing the responsibility for their economic development and sustainability on the community shoulders, and leads to the creation of an autonomous, self-help social environment.

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