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United Nations Development Programme

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DEVELOPMENT POTENTIALS FOR PALESTINE

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Good morning and thank you for allowing me to share some thoughts with you about Palestine. I do somewhat reluctantly, being fairly removed from the world of construction or diplomacy. But I do so with pleasure, principally because of my enormously high regard for Dame Margaret Anstee and the opportunity to see her here since her frequent travels never seem to bring her to Jerusalem; and secondly, because of the persuasiveness of Dean White. My reluctance stems from the old story of a first time visitor to Palestine who is inspired to write a book about his or her insights; then someone who stays a bit longer in Palestine and has learned enough to limit insights to perhaps a short article in an academic journal; and finally someone who lives and works in Palestine for more time and has acquired the wisdom to never utter a word about the place. I certainly fall into the latter category time-wise and should not fall into the trap of making any predictions about development potentials for Palestine. There are works of fiction writers or of historical and political scholars who debate and explain Palestine's past that would fill a library. Only the foolhardy would venture to look through a crystal ball into the future.

I'll do so, however, for a few reasons that may have some relevance to this conference. First, because Palestine, or more specifically the Israeli/Palestinian situation, is at the heart of any prospect for peace and development of the Middle East and this, in turn, has special relevance for macro-projects. Second, because the events of the past few days and those that may take place before the end of next month place Palestine – again – at a critical juncture, and I will return to this in a minute. And finally, because after over twenty-five years of some relationship with development matters in Palestine, I am personally convinced that the Palestinian people are vibrant, talented, peaceful, resourceful and ready to take their rightful place among the community of nations, thereby becoming full participants in and contributors to the concepts that are under discussion here.

Before touching on the current situation, which needless to say was affected by the events of yesterday in Washington and visits by other leaders in the region: King Abdullah, Prime Minister Mubarak, Foreign Minister Sha'ath, etc., permit me just a few words about the United Nations Development Programme in Palestine. It has been operating there now for over a quarter of a century; is UNDP's largest office in terms of staff – some one hundred and seventy-five of whom two are expatriates; and in terms of financial expenditures, which are expected to exceed \$60 million this year. Our work in the West Bank and Gaza

encompasses both the usual UNDP menu of traditional technical cooperation – poverty, gender, environment, education, governance, etc., - as well as, more unusual for the UNDP, bricks and mortar involving the construction of hospitals, schools, public housing and hundreds of medium and small scale infrastructure activities.

Funding for our work comes from a variety of sources including virtually all of the OECD countries with Germany, Japan and the United States being the largest contributors, along with resources coming from institutions in the Arab Gulf. Operating initially under conditions of Israeli occupation, then some Palestinian autonomy, and more recently a combination of both, our work is never dull or lacking in challenges. While development practitioners frequently write about conflict and crisis prevention or post-conflict recovery, few seem to touch upon the current Palestinian development paradigm that essentially involves best efforts at prevention and recovery while operating under conditions of conflict... all together.

One final remark about the UNDP in Palestine. It is that whatever may happen in the future there or in the region as a whole from a political perspective and whatever form of government or leadership Palestine may have in the future, there are enduring Palestinian values which include, among others, its very rich cultural heritage. UNDP has played a major role in the broad process of cultural preservation and, in particular, the fascinating work of archaeological preservation and restoration. The most recent edition of our quarterly publication, *Focus*, deals with this subject and it may be of some interest to you. It is available here and I hope that there are enough copies for each of you to have one.

Now to be foolhardy. A number of interesting developments have taken place quite recently in the tangled knot of Israeli/Palestinian relationships that, at least in my view and that of a few others, seem to indicate that the possibility for peace may now be unusually promising... or potentially the situation may even become worse. I will mention one of those developments, namely, the beginning of the end of occupation. This phenomenon, in fact, started only in the past few months. Bear with me while I try to describe some of the factors which are coming into play. Perhaps first is the increasing realization by all concerned that in spite of the Oslo Peace Process, initiated in 1993 and derailed at the Camp David Summit of 2000; international efforts: the Mitchell Report (October 2000), the Tenet Plan (June 2001), the Quartet (April 2002), the Road Map (December 2002); the well intentioned Nusseibeh/Ayalon People's Voice Plan of 2002, the Abed Rabbo/Belin Geneva Accord of December 2003; promises by Prime Minister Sharon to achieve security for Israelis, and the use of the world's fourth largest military capacity, etc.; the simple fact is that life for the Israelis and the Palestinians is nothing short of disastrous.

The promising economic growth and improvement of living conditions of the Palestinians from 1995-2000 has been changed to a shattered economy, sixty per cent unemployment, malnutrition and despair. For Israelis there is a reluctance to walk urban streets, go shopping or take a bus for fear of a bomb; there is increasing international opprobrium; and military expenditures have skyrocketed. With the well known exceptions of extremists on both sides, most ordinary Palestinians and Israelis simply want to get on with their lives and live in peace.

Now add some new ingredients. First comes the problematical Iraq occupation by the US and the realization by the Administration that... just perhaps... unilateralism has its drawbacks. The UN and other multilateral institutions or groupings are finding some favor; and one of those is the Quartet – the Europeans, Russia, the UN and, somewhat reluctantly in my view, the US. Add to this mix the tired and despairing Israelis and Palestinians; an Israeli Prime Minister under considerable domestic attack; a Palestinian President imprisoned in Ramallah with declining popularity; and last February, an Israeli initiative for the withdrawal from Gaza. Now there exists the combination of multilateralism and not an automatic US endorsement of almost any Israeli policy on the table; a somewhat surprising new Israeli initiative for withdrawal from Gaza; and at the Quartet's insistence, or to be more precise the European's and UN's insistence, that a withdrawal of settlers and soldiers from Gaza must be absolutely total and complete. Add in two important upcoming dates – 5 June in Sea Island, Georgia (G8 Summit) and 2 November all across America (Election Day) – and the combination offers, at least in my view, real hope. The implications are also that, sooner or later, the Israeli unilateral withdrawal from Gaza must be concluded by direct negotiations with the Palestinian Authority or with an international intermediary which, in the case of the Israeli withdrawal from Lebanon, was the UN Security Council. For the past several weeks, I am informed that consultations at the political level with regard to the withdrawal in fact seem to indicate that it is a nearly accepted fact and that the thornier issues of the Right to Return and the extent to which, if any, West Bank settlements will remain are the principle agenda items.

This has been foolhardiness at some length by way of getting to the point of the beginning of the end of occupation and perhaps some positive signs of change for the better. Are there problems and pitfalls? Dozens of them, beginning with the possibility, although in my personal view doubtful, that the Likud voters of Israel will reject any withdrawal from Gaza; more targeted assassinations by the Israelis including President Arafat; another devastating suicide bombing in Israel carried out by militant Palestinians; further construction of the separation wall (referred to by Israelis as the Security Fence and by the Palestinians as the Apartheid Wall); an indictment of Israeli Prime Minister Sharon for accepting bribes; and many more.

Still, an independent Gaza, as part of an independent future State of Palestine side by side the State of Israel seems now to have brighter prospects than at any time in many years.

The foregoing also relates to macro projects – probably not of the scope and magnitude that you will be considering, but certainly coming from the postage stamp sized part of the world in which I have spent the last few years, our macro project is the revitalization of Gaza. And just to emphasize the postage stamp business: Gaza has a land mass of 146 square miles or just a little less than Toronto and a population of some 1.3 million or about the same as the City of New Orleans. Nevertheless, its revitalization after years of occupation will be a critical element in the future prosperity and peace in the Middle East. With this in mind, last week the Ministry of Planning of the Palestinian Authority and the UNDP agreed to undertake an inclusive and comprehensive planning process for Gaza that will involve regional planning and land utilization on the one hand and social and economic analysis on the other. Hopefully, these efforts will come to some sort of fruition with an independent Gaza, and build on those of a few years ago when, in preparation for Palestinian independence in September 2000, we worked together for several months in drawing up a statehood plan for Palestine. Needless to say this statehood plan failed to see the light of day.

In terms of larger scale activities, it is envisioned that the international airport, where UNDP has just completed a new terminal in spite of the military activities in Rafah for the past two and a half years, will be repaired and reopened; construction of the seaport will have commercial implications for the region quite beyond Palestine will be back on track; international border crossings, south to Egypt and north to Israel, will come into being; industrial zones will be constructed; a north-south water carrier, currently on hold, will be completed; new roads and internal transport systems will be built or rebuilt; and the housing to meet the needs of one of the world's most densely populated places will be undertaken; not to omit the requirement for the rehabilitation of infrastructure where over 2,000 homes, all of them multi-family dwellings, have been demolished; dozens of wells made inoperable; and hundreds of acres of farmland destroyed. And the revitalization of Gaza will have its less tangible requirements: ensuring that the already fragile and damaged ecosystem is protected; sustainable employment when jobs that traditionally existed in Israel may no longer be available; the enormous task of ensuring civil security; education for 50,000 additional entrants that begin to attend schools every year; nurturing the expansion of the private sector; reducing a dependence of public employment; avoiding the inflammatory wage spiral that so frequently accompanies rapid economic growth; engineering water, energy and sewerage facilities and many more issues that all of you know well. But here is where that vibrancy and talent that I mentioned earlier will no doubt come into play.

In spite of conditions of unbelievable hardship and oppression, over the past years Palestinians have persevered and their institutions have survived and in many cases become stronger. It is too early to put a price tag on what the revitalization of Gaza will be, but I am optimistic enough to hope that the international donor community, including that part of the community located in the Middle East, will continue to be supportive of this ambitious and just undertaking. I also hope that if there are some here who might be interested in the revitalization of Gaza that you will lend your expertise and insights to this process.

Finally, I will conclude these remarks with some observations – more about an approach to longer term development in Palestine and the rest of the Middle East than about tangible projects. It concerns me how best to benefit from an emerging international consensus, prompted in some measure I like to think by UNDP's Arab Human Development Reports, which essentially cite the deficiencies of the region in terms of gender, education and democratic institutions. These reports, two of which have been issued with a third nearing completion, have received a considerable amount of international attention by publishing the candid and largely critical views of respected Arab intellectuals. They have stimulated thought, introspection and in some cases scorn. And they have also appeared at a time when more and more people in the Middle East and outside have come to agree on a need for the reform of public institutions; for more democratic and accountable societies; for halting the proliferation of weapons; for minimizing security threats, both internal and external; for a redirection of resources to education and women's rights, for dealing realistically with the occupation of Iraq and the Israeli/Palestinian situation; and for ensuring a greater role for the private sector.

In addition, as you know, for the past few months the US Administration has been reacting to this emerging consciousness by promoting proposals for its greater Middle East initiative. From what I have read, the US initiative has been retracted, revised, watered down and may or may not emerge at Sea Island, primarily because it comes from outside. These phenomena, taken together, are quite positive indications from inside and outside the Middle East that the time for change is now. With this in mind, I propose that thought be given by those from the region to an Arab, home-grown initiative in the form of a new mechanism to bring about change.

Existing institutions such as the Trilateral Commission, the East West Institute, the Salzburg Seminar and others have played an important and positive role in achieving international understanding in an era of East-West tensions. The World Economic Forum and Transparency International bring together world

leaders to debate and discuss highly important topics on the international agenda. Intergovernmental institutions, even those with a particular Middle East focus such as the League of Arab States or the United Nations Economic Commission for Western Asia, have the correct geography of the Middle East, but suffer from the rigidities of their intergovernmental structure. And there are an increasing number of very highly regarded national policy institutes in many individual countries of the Middle East. What seems to be lacking in all of these institutions – and others – is true ownership and leadership from within the Middle East as a region and from all parts of society. And none of them address the criticism of the Arab Human Development Reports insofar as their failure to offer remedies for recognized problems.

Given the truly significant financial resources that are currently available, a new institution – let's call it the Middle East Regional Development Council for lack of a better name – might be formed with the two-fold purpose of initiating action plans – including macro projects – to overcome obstacles to development and the convening power to bring together the wealth of intellectual resources, especially those of the young, from government and civil society in the region. Such an institution must have intellectual and political respectability, drawn primarily but not exclusively from the region, to conduct analytical and operational research, to help redirect the substantial indigenous investments and ODA flows to the region into more constructive pursuits, and even to serve as a catalyst of respectability for civil and government leaders who seek change but who must struggle against the entrenched cultural and political resistance. I will stop with this bare bones sketch of a concept that is now being suggested by a few others in the region and myself, but I hope that such a mechanism might truly become a new Arab-owned force for development and reform.

You have been generous in letting me touch on the current situation, especially in Palestine as I see it; on Gaza revitalization which may or not fit the definition of a macro project; and on a personal idea that may have some longer term relevance to the goals of this conference. I hope that these random thoughts will make a modest contribution to your deliberations today and tomorrow and I look forward to your comments. Thank you very much.