

DELIVERING AID WITHOUT GOVERNMENT: INTERNATIONAL AID AND CIVIL
SOCIETY ENGAGEMENT IN THE RECOVERY AND RECONSTRUCTION OF THE
GAZA STRIP FOLLOWING THE 2008 ISRAELI OFFENSIVE

A Thesis Submitted to the College of
Graduate Studies and Research
In Partial Fulfillment of the Requirements
For the Degree of Doctor of Philosophy
In the Johnson-Shoyama Graduate School of Public Policy
University of Saskatchewan
Saskatoon

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Abstract

The 2008 Israeli war on Gaza, with its large scale destruction and loss of human life, required a large scale intervention by international donors (transnational aid actors) to support Gaza's recovery and reconstruction efforts. However, the highly isolated and impoverished Strip was under the control of the de facto Hamas government, which is considered a terrorist movement and boycotted by the international community. Hence international donors had to find other local partners with whom to collaborate, bypassing the de facto Hamas government.

In a fragile and conflict-ridden context like the Gaza Strip, where the de facto Hamas government faces isolation and lacks international recognition, understanding how international donors influenced the reconstruction and recovery policy agenda and its implementation is very important. Using the Transitional Actors Influence (TAI) framework, this study examines what mechanisms international donors employed to influence domestic policy, and what the perceived impacts of their policy interventions were. These mechanisms influenced the roles and relationships of international donors, civil society organizations (CSOs) and government. The TAI framework provides an opportunity to examine how, because of the importance and significance of donor funding relative to domestic government budgets, donors' influence in these fragile contexts essentially weakens the veto power of legitimate, democratically-elected veto players. The research also examined donors' decision-making processes and preferences and their overall impact on the existing governance structures in the Gaza Strip.

With boycott policies in play, international donors were unable to work directly with the elected de facto government (veto player). At the same time, international donors were obliged to continue their aid to prevent a further humanitarian crisis from escalating and a

total collapse of the peace process. International donors chose to work with CSOs as an alternative to working with government to avoid direct cooperation and contact with the de facto Hamas government. Therefore, CSOs acted as intermediaries between the government and international donors. Moreover, since recovery and reconstruction projects were delivered with limited involvement from government (as a result of the no-contact policy), the situation raises questions about how relevant the concepts highlighted in the “governance without government” literature are to this fragile country context. “Governance without government” refers to “the involvement of non-governmental actors (companies, civil society) in the provision of common goods through non-hierarchical coordination” (Börzel 2010, p.8). The findings from this research indicate that involving the non-governmental sector is not a solution for the weak government problem. The limited presence and influence of government led to many undesirable outcomes resulting from poor policy coordination and the absence of a comprehensive vision for the future. Most notably, the formal absence of government under the no-contact policy resulted in the short-term quick-fix nature of policy solutions at the expense of sustainable, long-term policy solutions.

My research has produced four main findings. First, international donors created a parallel operation involving, to a large extent, CSOs and UN agencies to plan and implement recovery programs. CSOs played an intermediary role between the government and international donors. The aid policies adopted by international donors have contributed to expanding the role of CSOs at the expense of the Hamas government, creating tensions between CSOs and the government. Such policies have possibly granted CSOs near-veto powers in terms of prioritizing and implementing recovery and reconstruction needs, turning

CSOs to almost a shadow or substitute government. Second, international donors did not maintain a neutral status, as they should in conflict-ridden contexts. The positions donors took against a major player like the de facto government increased the rift between Hamas and Fatah. As a result, donors have weakened their positions as potential future brokers for national reconciliation between Israelis and Palestinians. Third, international donors agreed to deliver recovery and reconstruction programs under strict Israeli restrictions, which affected the outcomes of such programs. Instead of challenging the restrictions, international donors ended up implementing programs that lacked development components and focused mainly on provision of basic and humanitarian assistance, making occupation policies less costly to Israel while keeping economic conditions fragile in Gaza.

This research expands on the existing analysis of transnational influence found in the public policy literature while contributing to our understanding of the concrete, and more specific, impact of international donors' financing on the livelihoods of the Palestinian people in the Gaza Strip. In the end, my research shows that "governance without government" does not seem to be a solution for weak government involvement in a fragile country context such as Gaza. The weak presence of government in the recovery and reconstruction efforts led to poor policy coordination and a short-term focus of policy solutions.

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List of Acronyms

American Near East Refugees Aid	ANERA
Associates in Rural Development	ARD
Agriculture Development Association	ADA
Civil Society Organizations	CSOs
Canadian International Development Agency	CIDA
Cooperative Housing Foundation	CHF
Care International	CI
Democratic Front to Liberate Palestine	DFLP
Declaration of Principles	DOP
European Union	EU
Early Recovery	ER
European Commission	EC
Economic and Social Development Center of Palestine	ESDCP
Islamic Development Bank	IDB
International Monetary Fund	IMF
Islamic University	IU
Islamic Relief Palestine	IRPAL
Institute of Development Studies	IDS
Gaza Strip	GS
Mercy Corps	MC
Muslim Brotherhoods	MB
Ministry of Planning and Administrative Development	MoPAD
Non-Governmental Organizations	NGOs
Norwegian Refugee Council	NRC
Organization for Economic Cooperation and	OECD

Development	
Official Development Assistance	ODA
Occupied Palestinian Territories	OPTs
Oxfam Italy	OI
Palestinian Authority	PA
Palestinian Liberation Organization	PLO
Palestinian National Council	PLC
Palestine Liberation Army	PLA
People-Centred Liberationist Development	PCLD
Palestinian Red Crescent	PRC
Palestinian Hydrology Group	PHG
Palestinian Housing Council	PHC
Palestinian Non-Governmental Organizations	PNGO
Palestinian Builders for Community Development Society	PBCDS
Palestinian Center for Economic Development	PCED
Save the Children	SC
Transnational Western NGOs	TNGOs
The Popular Front for the Liberation of Palestine	PFLP
United Arabs Emirates	UAE
United Nations	UN
United States	US
United Nations Development Program	UNDP
United Nations Relief and Work Agency	UNRWA
United Nations Food and Agriculture Organizations	UNFAO
West Bank	WB
World Food Program	WFP
Youth Development Association	YDA

Chapter 1: Statement of the Problem and Overview of the Thesis

Introduction

Over the last several decades, many developing countries have witnessed a significant expansion in the role of civil society organizations (CSOs)¹ in social policy formulation as well as social service provision. In many contexts, the third sector has become a safety net for states facing welfare provision gaps rather than a force for democratisation. The role of foreign aid in the transformation of the purpose and responsibilities of CSOs in the context of conflict-ridden, developing countries must be further examined, especially now as many countries in the Middle East are engulfed in conflict situations and local governments face legitimacy issues on the international stage. For instance, the governments in Syria, Libya, Iraq and Gaza face isolation and lack international support. Yet, as a result of long-standing conflicts and weakened government capabilities to deliver basic services to constituents, the

¹ The 2007–2008 United Nations Advisory Group on CSOs and Aid Effectiveness and the OECD'S Development Assistance Committee identify CSOs as following: “[CSOs] can be defined to include all non-market and non-state organizations outside of the family in which people organize themselves to pursue shared interests in the public domain. Examples include community-based organizations and village associations, environmental groups, women’s rights groups, farmers’ associations, faith-based organizations, labour unions, co-operatives, professional associations, chambers of commerce, independent research institutes and the not-for-profit media.” The Advisory Group also acknowledges that many aid actors, particularly among governments in developing countries, refer to ‘NGOs’ and their role in international aid and development cooperation. However it stresses that the phrase ‘NGO’ “is contested terminology, and for many has been subsumed within a broader category of ‘civil society organizations’ or ‘CSOs’”. In this study, the terms ‘CSOs’ and ‘NGOs’ are sometimes used interchangeably based on the way they are reported in the available literature with ‘NGOs’ understood as a subset of CSOs involved in development cooperation (UNDP, 2015).

humanitarian and development needs in these countries remain vast. Hence, aid agencies, through a coalition of CSOs and UN agencies, have become important players in providing a wide range of social services in these contexts. Thus, understanding the transformation of the role and influence of CSOs in these situations needs more attention from scholars.

Since the beginning of direct Israeli occupation in the occupied Palestinian territories (OPTs), Gaza, and the West Bank (including East Jerusalem) in 1967, and then under the auspices of the Palestinian Authority (PA)² following its establishment in 1994 as a nucleus for a future Palestinian state, civil society actors have advocated for Palestinians' interests and improved their livelihood through delivering a wide range of services (Hilal, 2011). The PA was established in accordance with the Oslo peace accords between Israel and the Palestinian Liberation Organization (PLO), which promised to put an end to one of the longest modern conflicts based on a blurred vision of establishing a Palestinian state in the OPTs (Sayigh, 2007). The post-Oslo era has witnessed the development of a vast program of supplying foreign aid to the PA, amounting to nearly \$9.4 billion from 1994-2007, most of which was spent on humanitarian relief and PA budgetary support (Sayigh, 2007).

Within the context of a newly established Palestinian governing body, Palestinian CSOs started playing an additional role of holding nascent, quasi-governmental Palestinian institutions accountable—a role seen by most scholars as a first clear indication of the

² “The Palestinian Authority combines the parliamentary and presidential systems of democracy. It is headed by the president, who is elected by the public through direct vote. The balance of power concept has been borrowed from the United States system. This means that three separate branches of government operate with checks and balances in place to prevent any one branch from becoming too powerful. These branches are the legislative branch, the executive authority, and the judiciary” (Jerusalem Media and Communication Center, 2009).

existence of a notion of a functioning Palestinian civil society that serves as a buffer zone between citizens and quasi-state mechanisms (Hilal, 2011). However, given the limitations of the Oslo accords, which lacked any agreement on final status solutions or the provision for any real PA control over the utilisation of Palestinian resources, Palestinian CSOs in OPTs continued, and further expanded, their role in providing social services, including health care, education, poverty reduction, and many other services that were now subsidised by foreign aid instead of Israel, the occupying power (Hilal, 2011). In this context, Palestinian CSOs' role shifted from holding the quasi-state institution of the PA accountable (advocacy and watch-dog), to filling in the gaps (substitution) caused by the failure of government institutions to cover their constituents' basic needs due to the fragile context created by the failure of the peace process and the deterioration of the security situation (Hilal, 2011). Given CSOs' critical role in the Palestinian context, international donors³ and international organisations have sought to support CSOs through pledging vast amounts of financial and technical support, mainly relief and humanitarian assistance. In addition, since the signing of the Oslo peace accords in 1993 and even before, large sums have been spent on building and developing the capacity of CSOs and supporting their service delivery activities (Nakhleh, 2004). Given the very important and large role that civil society plays in

³ According to Taghdisi-Rad, (2015), "The largest donors to the territories since Oslo have been the European Community (EC), the United States, Saudi Arabia, and the European Union countries as a group. In the pre-Intifada period, the two large bilateral donors, namely the United States and the United Kingdom, dominated the donor scene. However, following the Intifada, the EC has dominated the scene, while the US has maintained second place. Compared to only 1.5 per cent in the early 1990s, by 2003–4 the EC allocated more than 2.2 per cent of its total aid worldwide to the oPt. For the US, by 2003–4, the oPt was receiving 1.2 per cent of its total foreign assistance (DAC 2007)".

the OPTs, funding CSOs has become the subject of political struggles between foreign donors and local and international political stakeholders, as well as local private stakeholders.

The continuation of violence and political instability in the area, especially following the beginning of the second Palestinian Intifada in late September 2000, has forced Palestinian CSOs to assume a more expansive role in the face of the evident collapse of the Oslo peace process, the continuation of the Israeli settlement project in OPTs, and heavy Israeli attacks on PA institutions in Gaza and the West Bank. Once again, the inability of the donor-dependant PA institutions to meet the basic needs of an ever-impooverished population in the West Bank and Gaza forced CSOs to assume their pre-Oslo relief role. This was shown vividly in the findings of a Palestinian Economic Policy Research Institute (MAS, 2007), which conducted two surveys of the number of NGOs operating in Gaza and the West Bank. Between 2000 and 2006, the number of NGOs in the area increased by 36.5%, from 926 to 1495 (Nakhleh, 2012). In other words, the role of civil society shifted from holding the quasi-state institution of the PA accountable to filling in the gaps caused by the failure of government institutions to cover their constituents' basic needs.

The changing role of CSOs has become most evident since the Palestinian Parliamentary elections in late 2006, when the surprising victory of the Islamic Resistance Movement (Hamas) at the polls led to the imposition of heavy economic sanctions against the PA. This situation led to Hamas' takeover of the Gaza Strip, while its more secular opponent, Fatah, took control of the West Bank. Following the Hamas take-over in Gaza,

the international community⁴ lifted the sanctions on the now-Fatah controlled West Bank while maintaining political and economic sanctions on the de facto Hamas government⁵ in the Gaza Strip (GS). The United Nations Quartet⁶, donors, and the international community

⁴ In a press release addressed to the United Nations, titled ““The Meaning of International Community”, Kofi Annan explains international community as follows: “When Governments, urged along by civil society, come together to adopt a statute for the creation of an International Criminal Court, that is the international community at work for the rule of law. When we see an outpouring of international aid to the victims of earthquakes in Turkey and Greece—a great deal of it from those having no apparent link with Turkey and Greece except for a sense of common humanity—that is the international community following its humanitarian impulse. When people come together to press governments to relieve the world’s poorest countries from crushing debt burdens, that is the international community throwing its weight behind the cause of development. When the popular conscience, outraged at the carnage caused by land-mines, obliges governments to adopt a Convention banning these deadly weapons, that is the international community at work for collective security” (United Nations Information Services, 1999).

⁵ As a result of Hamas’ victory in the Palestinian parliamentary elections in 2006, followed by the Hamas-Fatah Split in 2007 and the takeover of Gaza by Hamas, the result was two de facto Palestinian Authority governments, one based in Gaza and run by Hamas, and the other based in the West Bank and run by Fatah, both considering themselves to be the legitimate government. The government in Gaza is occasionally referred to as the “Hamas Government”, or the “de facto government”. Following the UK Foreign and Commonwealth Office (2015), throughout this thesis, I use the term “de facto government” to refer to the Hamas government in the Gaza Strip.

⁶ According to their website, the Quartet is “an informal diplomatic contact group set up in 2002, consisting of the United Nations, the European Union, the United States and Russia. Its mandate is to help mediate Middle East peace negotiations and to support Palestinian economic development and institution-building in preparation for eventual statehood. It meets regularly at the level of the Quartet Principals (United Nations Secretary General, United States Secretary of State, Foreign Minister of Russia, High Representative of the

have opted for a no-contact policy⁷ with the Hamas government. Qarmout and Béland (2012) explain that “By adopting such positions, the international community had a narrow window of opportunity for intervening in the Gaza Strip. The majority of donor countries and aid agencies were obliged to abide by the positions of their governments, which followed the Quartet’s directives” (p.6). This has meant that the majority of programs and funding had to be channelled through different platforms to avoid working with the Hamas government; the most important of these platforms were CSOs and UN agencies.

Qarmout and Béland (2012) further explain the purpose and impact of the no-contact policy by emphasizing that “donors used negative conditionality as a punitive measure against the Hamas-led government. Although aid was not fully stopped, the funds provided were strictly designated to emergency relief and humanitarian intervention projects, and implementing agencies were forced to limit their contact with the government” (p.5). A policy similar to the no-contact policy in some aspects but took place in a different context was the sanctions which were imposed on Iraq between 1990 and 2003. The sanctions were

European Union for Foreign Affairs and Security Policy, and the Quartet Representative), as well as at the level of Quartet Special Envoys” (Office of the Quartet Representative, 2015).

⁷ “Hamas relies on popular support and is seeking international legitimacy. However, as a registered terrorist organization in the United States, the European Union (EU), Canada and Japan, many countries have a ‘no-contact’ policy with the organization. Since June 2007, Hamas’ rule over Gaza has also been subject to a blockade by Israel and Egypt, exacerbating an already fragile humanitarian situation. Under such conditions, and despite its concerns about aid agencies, Hamas’ interests have created a willingness to cooperate with aid organizations. UN bodies such as the UN Relief and Works Agency (UNRWA) and NGOs provide a range of assistance to the 1.6 million residents of Gaza, 80% of whom are aid recipients, greatly easing the burden on governing institutions” (Galli, 2013).

imposed by the United Nations General Security Council after the end of the first Gulf War in 1991. In their article “Reforming UN sanctions in the shade of Iraq: Targeting regimes, sparing civilians”, von Sponeck, Ismael, and Langille (2008) explain the purpose and impact of the sanctions on Iraq as follows: “While the alleged target of the UN sanctions regime was the Government of Iraq, the Iraqi civilian population bore the full devastation of the sanctions” (p. 53). They further explain that the “the various humanitarian exemptions implemented by the UN during the years of sanctions were no more than emergency and supply programmes; civilian, health and social institutions (for example, education and training, social services, housing, etc.) were severely neglected” (p.54). The short-sighted focus on emergency and humanitarian assistance and away from development needs seems to be a common factor in both situations.

The 2008 Israeli War on Gaza

In December 2008, Israel launched a large-scale military offensive “Operation Cast Lead” with the stated aim of halting Hamas and other Palestinian armed groups’ rocket attacks on Israel from the Gaza Strip. The offensive continued for 23 days and caused extensive Palestinian casualties (1714 dead and 5380 wounded), displacement, and the destruction of property and infrastructure on a large scale. The effects of the offensive have been compounded by Israel’s economic blockade of Gaza since Hamas took over the Strip. While unilateral ceasefire on January 18, 2009 stopped the offensive, military activities have continued and the blockade has remained in place (UNDP, 2009).

In the aftermath of the Israeli Gaza war in 2008, the international community pledged, at the Sharm El Sheikh Conference in early March 2009, to support reconstruction

and early recovery efforts in the Strip. In response to a needs assessment report prepared by the UN agencies, in collaboration with INGOs and local NGOs working in the GS, and with the Fatah PA participating and the de facto Hamas government absent, the international donors community pledged to support the recovery and reconstruction of Gaza with nearly USD 1.3 billion (UNDP, 2009). After the war, the situation in Gaza was characterized by a great need for recovery and reconstruction and, as a result of the boycott and no-contact policy, a restricted role of the de facto Hamas government, CSOs assumed a large role in the recovery process, acting –to great extent – as a substitute for government. This situation can be described as “governance without government”. In developed and industrialized countries, the discussion on “governance without government” has been going on for some time (Peters & Pierre, 1998). Public-private (state-society) relationships were historically shaped by a variety of interest groups. These interest groups mediated the relationship between the state and society by exercising considerable political influence in every stage of the policy-making process (Peters & Pierre, 1998). For the Gaza-based CSOs, the new situation represented many challenges because: 1) they had to operate in a more difficult environment with new tasks which included the recovery and reconstruction of Gaza; 2) they often lacked specific planning and implementation capacities to deliver programs of large scale; 3) they had to work under the mandates of two rival authorities for the first time since their establishment, one recognized (the Fatah government) and the other boycotted internationally (the Hamas government), and 4) they had to work under the strict financing conditions imposed by international donors.

Objectives and Research Questions

This research examines the role of international donors in policy making in the Gaza Strip after the Hamas takeover of Gaza in 2007. The research takes a closer look at the dynamics and the impact of international donors' financing on the CSOs involved in the reconstruction of the Gaza Strip between the end of the 2008 Israeli Gaza War on January 17, 2009 and October 6, 2014; the end period of the research. My study aims to investigate whether donors' funding has strengthened CSOs' role at the expense of the state, leading to the state being undermined, or whether funding alleviated pressure on the state by providing necessary reconstruction assistance that should have been the responsibility of the state. In fragile and conflict-ridden contexts like the GS, understanding both how international donors influence the local development agenda, especially in the planning and implementation of recovery and reconstruction schemes, and the relationship between the government and donor-funded CSOs is crucial to answering these questions. The impact of international donors' assistance was assessed in terms of its influence on CSOs and, in turn, on government policy; particular attention was given to the effect of the expanded CSOs' presence and role on government performance.

The questions that guided this study are as follows:

1. In the absence of a coordinating role for government, who (if anyone) played the role of prioritizing and addressing recovery needs in a coordinated manner?
2. How did international donors' ideas, resources, and their own decision-making processes impact CSOs in Gaza in the selection and delivery of recovery and reconstruction schemes?

3. What mechanisms did international donors employ to influence CSOs and, in turn, public policy?
4. How can the impact of donor funding be assessed in terms of responding to recovery and reconstruction needs after the 2008 war?
5. In the context of delivering recovery and reconstruction interventions following Israel's 2008 war on the Gaza Strip, what are the main distinctions in terms of aid conditionality/agendas between Western and Arab/Islamic funders?

Overview of the Methodology

The research is based on a qualitative case study research method, with the Palestinian territory of the Gaza Strip as the specific empirical case. The data for the study were collected through documents' review, in-depth and semi-structured interviews, and focus groups. The participants were drawn from groups that reportedly contributed to the policy changes under examination. They include international donors' representatives, CSO representatives, and government representatives. In total, 29 participants took part in this study. Twenty participants were interviewed individually from the three groups. Out of the 20 in-depth interviews, 7 participants represented the government, 6 represented CSOs, and 7 represented donor agencies. Two focus groups were also conducted, one with donors and the other with CSOs. The de facto Hamas government participants preferred the in-depth interview setting and were not comfortable in participating in the focus groups. The donors' focus group included three donor participants, while the CSO focus group had 6 CSO participants.

The main sample frame for the interviews was organizational, but this was complemented by a snowballing sampling strategy, especially when participants were expected to be quite difficult to identify, such as government representatives and international donors. I prepared interview guides for each group (CSOs, international donors, and government). The interview and focus group questions were based on the five research questions identified above. Interviews and focus groups were conducted with the help of a local research coordinator. My social networks and the research coordinator were used to reach participants. The research coordinator had better access to government participants and my networks enabled me to reach the donor and CSO participants.

In-depth interviews and focus groups were audio recorded and transcribed. I conducted the analysis of qualitative data using the NVivo software. I identified themes and sub-themes in the research process. I present the findings for each of the three groups (government, CSOs, and donors) separately in chapter 5; then, I discuss and incorporate the findings from all three groups in Chapter 6.

Analytical Framework

This research analyzes the relationships between international donors, CSOs, and the government and their respective roles in addressing recovery and reconstruction needs in Gaza. This research performs three levels of analyses: (1) the first level employs the Transitional Actors Influence (TAI) to examine how transnational actors (donors) influenced the government's role and policy making in Gaza; (2) the second level uses the Organisation for Economic Co-operation and Development (OECD) Fragile States Principles (FSPs) and People-Centered Liberationist Development (PCLD) approach to

explore the impact of the recovery and reconstruction schemes as a consequence of the choices of international donors, CSOs, and the government in the fragile context of Gaza; (3) the third and final level of analysis examines the effect of “governance without government,” as government’s role was –to some great extent– substituted by the CSOs in Gaza. The research examines to what extent the concepts discussed in the literature on “governance without government” are relevant in a fragile state context.

Using the TAI framework, this research seeks to examine to what extent international donors’ financing empowered CSOs, and possibly granted them near-veto powers at the expense of the state in prioritizing and implementing recovery and reconstruction schemes. It also seeks to identify and examine the mechanisms used to exercise their policy influence and to analyze transnational decision-making process and preferences in that process. The TAI framework builds on the institutionalist work of Tsebelis (2002) on veto players⁸, which suggests that the influence, preferences, and strategies of domestic actors who have a formal veto over policy processes shape and impact policy choices. Orenstein (2008) expands the veto player framework by accounting for the role of non-veto transnational players in influencing domestic policy. Orenstein (2008) argues that actors who lack formal veto power in a country may influence its policy through formulating, diffusing, and supporting concrete policy ideas and proposals. Therefore,

⁸ Tsebelis’s work on the influence on policy stability of the number of veto players, lack of congruence, and the cohesion of policy positions among the constituent units of each veto player is not the focus of this research. This research builds on Ornstein’s work, which draws on Tsebelis’s work in understanding and explaining transnational actors influence. In this research, the focus will be on transnational aid actors.

Orenstein (2008) introduces the concept of “proposal actors” as distinct from veto players but interacting with them and potentially influencing domestic public policy, despite their absence of formal veto power over policy decisions. According to the Transnational Actor Influence framework, transnational actors are considered proposal actors who use different channels and tools to influence domestic policy and the domestic veto players in charge of enacting it. These tools comprise any activity aimed at “convincing domestic veto players to adopt their problem definitions, norms, and proposed solutions” (Orenstein, 2008, p. 57), including (but in no way limited to) loan conditionalities. Finally, the TAI framework sheds light on the outcomes and policy implications of the interventions.

Because Hamas was democratically elected, and it ruled the Gaza strip through legitimate government institutions, any policy change that takes place in Gaza has to be approved or condoned by Hamas. Qarmout and Béland (2012) explain that the political legitimacy for Hamas to govern at this stage was enforced by the UN Special Coordinator for the Middle East Process and Special Envoy to the PLO and the PA Alvaro de Soto who resigned from his position in protest against the UN and Israeli policies in Gaza:

In his resignation, he submitted an end-of-mission report meant for the use of senior UN officials. In the report, while criticizing Fatah and Hamas for their role in the internal Palestinian split, de Soto condemned the Israeli and international boycott of Hamas as short-sighted and a source of devastating consequences for the Palestinian people. He also accused the Quartet of losing track of its role as a negotiating body by imposing sanctions and preconditions for negotiations on a democratically elected government under occupation (p.13).

Hamas, therefore, can effectively veto any policy change in Gaza and can stop it from being enacted. This became evident on a number of occasions, as will be discussed in later chapters, when Hamas used its authority to shut down some donors and CSOs operations and not allow them to work in the Strip. Nevertheless, Hamas recognized its limited economic resources and acted in a way that improved its survival potential by allowing donors and CSOs to provide recovery and reconstruction services. Finally, given that Israel remains an occupation force in the Palestinian territories and is in control of the Gaza Strip borders, I acknowledge its role in the Gaza Strip especially in controlling the flow of goods and materials. Therefore, for the sake of this research, Israel is considered another veto player as it can halt reconstruction efforts by blocking the flow of required goods and materials. However, this research is focused on examining the conduct of aid polices inside the Gaza Strip where Israel has limited control over the actual design and implementation policies of these aid programs.

With the no-contact policy in the Gaza Strip, international donors could not directly work with the elected de facto government (veto player). Yet, to prevent both the escalation of the humanitarian crisis and a total collapse of the peace process, international donors felt obliged to continue to send aid to Gaza. Although the peace process was going nowhere, donors had invested so much in it that they did not want to see it collapse entirely. The 2008 Israeli war on Gaza, which resulted in destruction and large scale loss of human life, required a massive intervention by donors to support recovery and reconstruction efforts. However, the highly isolated and impoverished Strip was under the control of the de facto Hamas government, the formal veto player in Gaza. Thus, donors had to search for other local partners to collaborate with, bypassing this politically untouchable formal veto player.

These were mainly local CSOs, which acted as intermediaries between the Hamas government and international donors.

Adapting the definition of veto player in the TAI framework to the Gaza context provides an opportunity for understanding policy change in fragile contexts where transnational actors (donors) play an important role. The TAI framework offers an opportunity to examine how donors' influence in these fragile contexts essentially weakens the veto power of legitimate, democratically-elected veto players because of the importance and significance of donor funding relative to domestic governmental budgets. The situation in the Gaza Strip challenges some of the assumptions of the TAI framework and calls for an adaptation of this model to account for the specific role of transnational aid actors in conflict-ridden fragile states. By employing the TAI framework and its theoretical implications in fragile contexts, this thesis adds a new perspective on policy making in fragile contexts. The research also explores the impact of recovery and reconstructions schemes as a consequence of the choices of international donors, CSOs, and the government in the fragile context of Gaza. The OECD identifies fragile states as those that embody the "characteristics of weak governance and vulnerability to conflict" (OECD, 2007). These characteristics apply to the Gaza Strip. The OECD has developed the Fragile States Principles (FSPs) to guide engagement. The FSPs can be used "as a point of reference for actors involved in development cooperation as well as peace and state building in fragile states to maximize positive impact and minimize unintended harm throughout the engagement processes" (Qarmout & Béland, 2012). Presumably, international donors who belonged to OECD were expected to abide by the stated principles (ideational tools) of engagement in fragile contexts in their aid policies applied in the recovery and

reconstruction schemes in Gaza after the 2008 Israeli war. These principles, if applied as stated, are conducive to meeting the local policy expectations identified in the “People-Centered Liberationist Development” (PCLD) approach. PCLD could be considered as the Palestinian perspective on liberation and economic and development independence. Thus, by evaluating international donors’ conduct and policies against the framework of OECD principles, the research assesses the impact of donors’ policies in recovery and reconstruction in the Gaza Strip as perceived by interviewed participants from the three sectors.

Finally, this research examines the impact of “governance without government” in a fragile country context. The presumed benefits of “governance without government” are based on the assumption “that the cooperation of societal and public actors generates greater problem-solving capacity” (Börzel, 2010, p. 10). Non-governmental organizations are also expected to be able to help recognize problems and contribute to finding and implementing adequate policy solutions. However, the involvement of the non-governmental sector at the expense of the state was also criticized in the literature as potentially “clientelistic, intransparent, exclusive, and, thus, undemocratic” (Börzel, 2010, p. 11).

Findings

The findings of this research indicate that, first, by adopting the no-contact policy and – to a large extent – bypassing the de facto government, international donors created a parallel operation involving CSOs to plan and implement recovery programs. This has contributed to expanding the role of CSOs at the expense of the government and has possibly granted CSOs quasi-veto powers in prioritizing and implementing recovery and reconstruction

needs; as a result, CSOs have assumed many typically governmental roles. International donors have used their financial and political leverage to coerce the domestic governance institutions into adopting donors' priorities and agendas, to the extent that the de facto Hamas government's role was marginalized and limited in prioritizing, planning, and implementing reconstruction programs. Donors' aid policies in Gaza have negatively affected the capacity of the de facto government to govern and assume its functions towards the people of Gaza by bypassing the government and delivering services directly to the people through intermediary parties, including CSOs and UN agencies. Since the government's role was limited on purpose to undermine Hamas, the sustainability and coherence of aid policies and interventions were compromised. Yet the de facto Hamas government was not made completely irrelevant; it retained some control and power and could have shut down donor or CSOs' operations. However, they chose to compromise and allowed donors and CSOs to deliver much-needed services in the Gaza strip because it did not have the resources to provide these services itself.

In this process of delivering reconstruction and recovery schemes, international donors used different mechanisms of influence that combined ideas and resource leveraging as outlined in the TAI framework. The first mode of influence was "inspiration," whereby international donors led the Sherm El Sheikh Conference, where issues related to recovery and reconstruction were discussed, and used it as a platform for proposing and promoting their ideas. The second mode was "subsidy," where donors provided conditional aid to CSOs. The third mode was "partnership," where donors worked closely with some CSOs to select priorities and provide services. The fourth mode of external influence was "substitution," where donors enforced their preferences and agendas in many cases without

necessarily securing the approval and cooperation of domestic players.

Moreover, the donors' policy of excluding a major player on the ground (the de facto government) by abiding by the no-contact policy has increased the rift between Hamas and Fatah. Because donors' position was far from neutral, the donors' potential power as a potential future broker for national reconciliation between the two sides was weakened, as it was as a peacemaker between Israel and Palestine.

International donors agreed to deliver recovery and reconstruction programs under strict Israeli measures, which affected the outcomes of such programs. Instead of challenging Israeli restrictions so as to foster the necessary conditions for recovery and reconstruction, donors ended up implementing programs that lacked sustainable development components and focused mainly on the provision of basic and humanitarian assistance. By doing so, donors made Israel's occupation less expensive and kept economic conditions fragile in Gaza. The lack of desire of donors to challenge Israeli restrictions, such as access to goods and services and movement restrictions has prevented international donors from implementing much needed recovery and development schemes, which were supposed to promote empowerment and economic independence in Gaza. Despite the significant financial allocations for recovery and reconstruction, this shift has affected the sustainability and purposefulness of these programs, something many participants in this research stressed during interviews and focus groups. In addition, the focus on humanitarian assistance and away from sustainable development has created aid dependency on the part of recipients and CSOs; recipients became dependent on aid while CSOs became dependent on donor money. Finally, donors' interventions changed the role of CSOs in the strip; CSOs became quasi-veto players responsible for planning and implementing projects rather than

holding the government accountable and becoming a force for democratization

Finally, the no-contact policy in Gaza created a situation where CSOs played a very large role in policy-making and service delivery at the expense of government, whose role was severely reduced. I examine the effect of the de facto Hamas government's restricted role and the expansion of the CSOs in policy making and delivery, against the presumed benefits of a limited government role, as according to the literature on new modes of governance. The findings from this research indicate that involving the non-governmental sector is not a solution for weak government. In Gaza, the limited presence and influence of government led to many undesirable outcomes, resulting from poor policy coordination and lack of a comprehensive vision. Ironically, "governance without government" seems to need strong functional government to be effective. The severely limited role of government in the recovery and reconstruction efforts affected the coherence, consistency, and sustainability of policy interventions. It led to short-term, quick-fix solutions rather than policy solutions that would lead to real and sustainable recovery and reconstruction. It also led to waste resulting from redundancy and inadequate coordination among those in charge of designing and implementing policy.

Overview

Chapter 2 provides background information about the modern political developments in Palestine that are relevant to our understanding of the case under investigation, especially for grasping the current positions of the key actors currently involved in the aid business in the GS. I start with a discussion of the pre and post Oslo economic environments under the policies and restrictions of the Israeli occupation. Later, I briefly discuss the collapse of the

Oslo Peace Accords, Hamas's victory in the elections, and key players' reaction to it, including Israel, the US, the EU, and the UN Quartet. At the end, based on the available literature, I discuss the events that led to Hamas controlling Gaza and explain public administration under Hamas. I also examine the factors that helped the movement control the economy and take hold of governing institutions, including education and the judiciary. Thus, for the sake of this research, chapter two provides much needed historical background on relevant political developments and governance under Hamas.

Chapter 3 reviews literatures relevant for this research. The first is the literature on international aid in both its international and Palestinian contexts. The second is the literature on the evolution of CSOs in both the international and Palestinian contexts, as well as CSOs' role in fragile contexts in relation to reconstructing fragile/failed states and bringing peace and security. The third and final literature addresses Early Recovery (ER) in conflict-ridden areas. The chapter begins with a review of the history of international aid and the politics around it. I start with a general review of the role of international aid in stabilizing nations and economies in a variety of contexts. I identify a number of factors that have influenced the conduct of aid policies, including political agenda and conditionality. After that, I focus on fragile contexts and the international principles for engagement in such contexts. Then I review the history of aid in Palestine and its relation to the peace process. In this section, I shed light on the environment of aid in Gaza after the Hamas takeover and the dilemma donors are facing in their aid delivery policies and schemes. The literature on aid policies is followed by a review of the scholarship on the evolution of Civil Society Organizations (CSOs) and their contribution to public policies. I describe the evolution of CSOs as influential and important actors in addressing social issues and as bridges between

the state and its citizens. Subsequently, I discuss the increasing role of CSOs in stabilizing fragile contexts through the delivery of services and in contexts where governments fail to provide necessary services to their citizens. This section includes a thorough discussion of the evaluation of CSOs in Palestine during the occupation period and under the Palestinian Authority, in addition to the transformation of their role before and after Oslo. The last section of the literature discusses ER as a concept, its origins, and its applicability in conflict-ridden countries including the GS. Overall, this chapter covers the most relevant literatures for this study with one exception: the analytical perspective on which the analytical framework discussed is based, which is at the center of the next chapter.

Chapter 4 explains both the analytical framework and the research design used in this study. I start the discussion with Orenstein's Transnational Actor Influence (TAI) framework. This framework is an appropriate analytical tool for understanding the role of donors as transnational aid actors in influencing policy in the Gaza Strip because it acknowledges how transnational aid actors use norms creation and teaching, as well as resources leveraging, to influence domestic policy. Then, I discuss TAI in relationship to the neoliberal reform agenda in the occupied Palestinian territories. This discussion is followed by a section on the OECD Principles of engagement in fragile contexts and on Nakhla's "People-Centered Liberationist Development" framework. Finally, I discuss "governance without government," which is particularly relevant because the situation in Gaza provides a unique opportunity to examine this in action in the context of a fragile state. These three approaches are used alongside TAI as a reference point to examine the conduct of aid policies and their impact on Gazans. Finally, the research design and methodology section discusses the data collection techniques used, the selection of participants, and the analysis.

Chapter 5 discusses the findings regarding Early Recovery and Reconstruction Schemes. These findings are grouped under three sections: (A) government participants, (B) donors agencies, and (C) CSOs participants. In each section, the findings that emerged from the 20 interviews and the two focus groups are organized into different themes. The decision to present the interview and focus group data regarding these three groups of actors separately was made to ensure that the different sides of the story were clearly studied on their own, before being discussed together in the last chapter. Different themes also emerged from interviews and focus groups with the different group of actors.

Providing a concise and coherent conclusion to this thesis, Chapter 6 summarizes the findings, discusses and articulates the connection between the empirical research and the analytical framework, outlines the limitations of this research, and presents both an agenda for future scholarship in the field and a set of relevant policy recommendations.

Chapter 2: Relevant Political Developments in Palestine and Governance under Hamas

In this chapter, I compare the pre and post Oslo economic environment under Israeli occupation policies and restrictions. After, I briefly discuss the events that led to the collapse of Oslo and the Hamas control of Gaza. I dedicate several sections to public administration under Hamas and the factors that helped the movement take control of governing institutes based on the available literature. Understanding the institutional environment in which aid polices where planned and implemented contributes to assessing the impact of such policies on local priorities and governing structures.

The Situation on the Ground Before and after Oslo

The Palestinian Economy before Oslo

Discussing the status of the Palestinian economy is essential for understanding the extent of damage Israel inflicted on the Palestinians. The analysis of Israel's economic and political policies provides readers with a holistic approach to understanding the political impasse between Israel and the PA, and the political and economic environment in which international donors were operating in support of the PA.

Due to the unresolved conflict with Israel, the Palestinian economy has been exposed to several conditions that have limited its activities and restrained its expansion and development. In 1967, the year Israel occupied the West Bank and Gaza Strip; the Palestinian economy lost its independence and came under the full control of Israeli occupation measures. According to Shaban and Diwan (1999), the Palestinian economy after 1967 was affected by several structural weaknesses tied to a long history of

occupation. The structural weaknesses of the Palestinian economy were the outcomes of four key factors that restrained its growth and development. These factors include:

- *Asymmetric market relations with Israel.* The domestic expansion of both agriculture and manufacturing activities was restricted by Israel. In addition, Palestinian goods had limited access to Israeli and other markets in the region as a result of Israel's measures and its control over international borders. However, there were no restrictions for imports from Israel and other countries, and manual laborers had free access to Israeli markets as they were considered a source of cheap labour.
- *Regularity restrictions.* The expansion of the Palestinian private sector was held back by regularity restrictions where Israeli permissions and investment approvals were not granted to Palestinian investors. In addition, the existing environment of political risks and an uncertain legal and tax framework discouraged Palestinians and outsiders from investing in the private sector. Moreover, Israel shut down the formal Palestinian financial system from 1967-1993, thus creating a more restrictive environment for loans and financial transactions.
- *Fiscal compression and institutional under-development.* As a result of low tax receipts and a close-to-balanced budget practice by Israeli authorities in the occupied territories, spending on public goods was limited and under provisioned. Moreover, in contrast to international practices that allow state institutions to borrow from outside sources of funding to finance public projects, public utilities were prevented from borrowing for investment. Simultaneously, around 10 percent of the Palestinian GDP went to the Israeli treasury as tax payments.

- *Restricted access to natural resources:* The loss of land and water resources due to Israeli settlement policies had a devastating impact on the Palestinian agricultural sector. Rich and fertile agriculture lands were confiscated for Israeli settlers' use, and Palestinians' usage of water was limited as they were denied access to water resources and were forbidden from digging new water wells. In addition, Israeli regulations created obstacles for industrial expansion in the occupied territories as a result of the lack of restrictive public land utilization policies.

In addition to the structural weaknesses tied to the long history of occupation, other reasons contributed to the weakening of the Palestinian economy. In her seminal book, *Failing Peace: Gaza and the Palestinian-Israeli Conflict*, Sarah Roy (2007) addresses the main reasons behind the failure of the Israeli-Palestinian peace process while exploring the issue of economic development in the OPTs. Her book highlights a constant pattern in Israel's policy toward the Palestinians. Roy (2007) argues that since the beginning of the Israeli occupation of the West Bank and Gaza in 1967, the Israeli administration adopted a "de-development" economic policy, causing the Palestinians to become fully dependent on Israel for their basic needs. Through integrating specific parts of the Palestinian economy with its own, Israel successfully limited the scope of industrialization in Palestine, which destroyed any hope that Palestinians could survive on their own economically. Roy (2007) convincingly argues that Israel utilized Palestinian land and resources to serve its economy. A segment of the Palestinian population was used to supply Israel with cheap labour while the rest of it remained dispossessed. The Palestinian economy kept operating under such constraints until Palestinians signed the Oslo Peace Agreement with Israel in 1993.

The Palestinian Economy post Oslo

The signing of the Oslo Peace Agreement in 1993 between the PLO and the Israeli Government brought hope to both nations that their decades-long might be coming to an end. Under the Oslo agreement, Palestinians and Israelis were supposed to hold negotiations for a transition period of five years. These negotiations were meant to lead to the signing of a final peace agreement that would lead to the creation of a Palestinian sovereign state in the West Bank and Gaza Strip.

With the blessing of the international community, a new stage of negotiations and resettlement started with the hope of ending the conflict and creating a sovereign Palestinian State. Out of their commitment to push the peace process and provide financial and technical support for the newly established Palestinian National Authority (PNA), the donor countries held a donor conference in October 1993. At this conference, 42 donor countries and international institutions came together to adopt a strategy for providing assistance that would result in empowering the PA and creating a viable Palestinian economy and robust state institutions (PHDR, 2004).

The post-Oslo economic reality, however, shattered such hopes. The post-Oslo Palestinian economy went into crisis mode as a result of Israel's intensification of closure policies it started imposing on the OPTs. On March 30, 1993, Israel imposed a permanent closure of the West Bank and the GS. The imposition of closure policies on the Palestinian territories caused major damage to the already weakened Palestinian economy. Israel imposed strict travel restrictions on Palestinian workers and goods, leaving a large number of Palestinian families with no source of income. Furthermore, Israel, which had long depended on cheap Palestinian labour to build its infrastructure, started welcoming large

numbers of foreign workers to replace Palestinians. In Gaza, the closure policies had dramatic negative effects on the agricultural, fishing, and industrial sectors (Roy, 1996).

Following Oslo, Israel's imposition of strict economic policies on the West Bank and the Gaza Strip eliminated whatever chance the Palestinians had to build an economy independent from Israel's. Instead, Israel was able to further debilitate the economic wellbeing of Palestinians and force them into a state of near-full dependency on Israel for basic needs (Roy, 2007). Israeli governments used Palestinian economic dependency as a method of collective punishment, preventing Palestinians from becoming economically independent. At times, Israel would limit the food supplies going to the Strip. Roy (2007) wrote, "The Palestinian Ministry of Economics estimates that the Gaza strip requires a daily average of 275 tons of flour. In the first 28 days of the heightened closure [of March, 1993] only 111 tons were permitted to enter Gaza daily." Gazans, therefore, had to wait for hours in long lines in front of bakeries; many people returned to their families without bread. As we will see in the next chapter, collective punishment of this sort remained a main feature of Israel's policy towards the Palestinians.

In spite of the massive financial and technical support provided by international donors to the Palestinian Authority⁹, economic conditions have deteriorated rapidly in comparison to pre-Oslo periods. The 1993 Oslo agreement created a constraining framework for Palestinian policymakers. The peace agreements were implemented in a risky and fragile negotiation environment where policies like borders closures, restrained internal and external trade flows, and systematic destruction of basic infrastructure had a negative impact on the peace process (Roy, 2007).

⁹ Detailed amounts can be found in the schedules in Appendix A

Before the Oslo peace agreement, Israel, as an occupying power, was responsible for the well-being of Palestinians living in the West Bank and Gaza Strip. Through that period, Israel had to bear the burden of securing jobs for Palestinians and financing their public expenditures on their behalf and from their tax money (Shaban & Diwan, 1999). The Oslo peace agreement brought limited freedom to Palestinians, since Israel remained the occupying power and maintained control over symbols of Palestinian sovereignty, including borders, land, and natural resources.

The period between signing the Oslo Peace Accords in 1993 and Hamas' 2007 takeover of Gaza witnessed many political and security developments. These developments led to the collapse of the Peace Process. They include: the failed 2000 Camp David Summit; the 2000 Al-Aqsa Intifada (Uprising); the terrorist attacks of September 11, 2001 and the Bush-Sharon Alliance; the insolation of Arafat and his controversial death in 2005; Israel's unilateral withdrawal from the Gaza Strip the same year; the election in January of that year of Mahmoud Abbas as the President of the PA; and, finally, the 2006 Parliamentary elections which led to Hamas' takeover of Gaza and the start of a new political era characterized by an internal Palestinian Split, the lack of any progress on the peace process front, and three large scale military offensives against Gaza in 2008, 2012, and 2014) ("Israel Profile Timeline," 2015). Due to space constraints and considering that the main focus of this dissertation is on international aid, I will not provide details about all of these key developments. Instead, I will start from Hamas' takeover of Gaza and map the main developments which enabled Hamas to administer and govern the Strip.

The 2006 Palestinian Parliamentary Elections and Hamas Victory

In 2005, Israel unilaterally withdrew from the Gaza Strip as part of its disengagement plan. Without a political agreement with the PA, the unilateral withdrawal has made the Israeli occupation of the Strip merely another form of multifaceted military control. While there is no longer a physical Israeli military presence inside the Strip, the 2005 disengagement has introduced new realities for GS residents. The Israeli army troops and settlers have left, but Israel maintains full control of the borders and has turned the Strip into an isolated territory with limited access to goods and people (Petersen, 2007).

The Palestinian people were stunned on January 25, 2006, when long-awaited parliamentary elections took place under the supervision of the international community. Hamas, a terrorist organization in the eyes of the West and Israel, and a resistance movement in the eyes of Palestinians, won a decisive majority of seats in the Palestinian Legislative council (Parliament) elections. This victory ended the domination of its rival party, Fatah, which had dominated the Palestinian political scene since the establishment of the PA in 1994. Hamas' electoral victory has been attributed to a number of factors, including: 1) the failed peace process between the PA and Israel; 2) widespread corruption within PA institutions and among its senior officials; 3) high unemployment and poverty rates among Palestinians and the overall deterioration of the socio-economic conditions in the West Bank and Gaza Strip (WBGS); and, 4) Hamas's success in providing a wide range of social services to poor and marginalized Palestinians in the WBGS, particularly in times of crisis and economic need ("Palestinian parliamentary elections," 2006).

Long before the Oslo peace Accords, and before becoming a political party with a strong military wing at the beginning of the first Palestinian Intifada (Uprising) in 1987,

Hamas was part of the Palestinian Islamist movement that was recognized by its civic activism and involvement in development and community work through a wide social network of Islamic institutions (Roy, 2011). In her book, *Hamas and Civil Society Engagement in Gaza*, Roy (2011) refers to the existence of a strong Islamic social sector long before the creation of Hamas. She explains that the Islamic movement has had over six decades of involvement in civic and social work, and that the movement “is not homogeneous but rather quite diverse, both in its constituency and in its institutional leadership” (Roy, 2011, p.11). More importantly, Roy (2011) refers to the first Intifada as an important junction for Hamas as it enabled it to reinforce its control over the Islamic social sector: “It localized and consolidated Hamas’s control over the Islamic social sector and provided the foundation for the emergence of new social institutions, which the Islamists were better positioned, and some cases uniquely poised, to support” (p.7). Hamas’s control over the Islamic social sector allowed it to have a strong presence at the grassroots level. Hamas’s strong social presence and reputation were crucial for its political survival in difficult times (Roy, 2011). Hamas has had a long tradition of Islamic community work at the grassroots level and, therefore, Hamas had some experience it could draw on when the time came for it to rule the strip.

Although the evolution of Hamas as a political and social movement is not the focus of this research, it is important to briefly highlight these developments as it contributes to explaining Hamas’s ability to rule the Gaza Strip in the 2007 and onwards. Apart from being a political and military party, Hamas’s long presence in the social and economic sectors in the Gaza Strip has been an important factor that has enabled the movement to govern.

The deterioration of the political and socioeconomic conditions in the Palestinian territories became evident years before the 2006 elections. Ismael (2002) comments on such deterioration:

In a survey of public opinion conducted throughout the West bank and in the Winter of 2000 it appeared that Palestinians had lost faith in the peace process and that disenchantment with the PNA and its leadership was running high. Two-thirds of the respondents did not believe it would be possible to reach an acceptable final agreement with Israel. A full 70 percent viewed the PNA and its leadership as corrupt, especially those in the police and security agencies dominated by Fatah. Two-thirds of the respondents also felt that they could not criticize the PNA in a Public forum for fear of retribution, and that corruption would only increase in the future. Only 22 percent of respondents felt that a pluralistic and democratic society, respectful of human rights and freedoms, would develop under the current PNA leadership. This last grouping, respondents who viewed the future as potentially positive, was at its lowest level since polling began in 1996 (p.30).

Hamas' victory triggered a harsh reaction from the main players in the peace process. Israel, the United States (US), the European Union (EU), and the Quartet vowed not to deal with the Hamas-run PA unless it denounced violence and recognized Israel. The EU and the US announced that the massive aid on which the PA relies for survival would be halted if Hamas did not respect these conditions. Hamas could not respect them since these conditions were in conflict with its own charter which does not recognise Israel and calls for military resistance against Israeli occupation. Nevertheless, Hamas was willing to commit to

a long truce with Israel in return for an Israeli commitment to respect such a truce, to stop building settlements, and to free Palestinian prisoners (“Palestinian parliamentary elections,” 2006).

During the following months, the overall political, security, and economic situations continued to deteriorate, mainly due to the simmering conflict between Hamas and Fatah and the cut-off of aid to the Hamas-run PA by the US and the EU. Moreover, in an effort to undermine Hamas, Israel, in collaboration with Egypt, imposed a blockade on the Gaza Strip. The situation reached a point of no return when the Hamas-run security forces managed to overcome the Fatah forces and impose its full control over the Strip on June 15, 2007 (“Hamas takes control,” 2007).

The takeover of the GS by Hamas has turned the territories controlled by the PA into two territorial entities, one in the GS controlled by the Hamas Government, which is boycotted by Israel and Western countries, and the other in the Fatah-controlled West Bank (WB), which is recognized by Israel and the West and considered legitimate by the international community at large. On June 18, 2007, the key international powers, including main donors like the EU and the US, announced that they would support Fatah-run, President Abbas’ PA and resume direct aid to it. By that time, the Hamas-run de facto government in the GS was completely isolated, with most international aid cut-off (except for humanitarian aid delivered through United Nations agencies), and under military and economic blockade from both the Israeli and the Egyptian sides (“Egypt eases blockade,” 2011).

Public Administration under Hamas

As established in 1993, the executive branch of the Palestinian Authority is the cabinet. It includes the prime minister and a maximum of 24 ministers who report to the President. Before taking oath at the office, the ministerial cabinet is subject to parliamentary approval, and it can be dissolved by either parliament's vote of no confidence or an emergency presidential decree (Jerusalem Media and Communication Center, 2009). As a result of the geographical separation between Gaza and the West Bank, the PA executive branch, including ministries and other civil service institutions, had offices in both areas. That is to say, ministries and the Palestinian Legislative Council (PLC), for example, had their own premises and staff in both Gaza and the West Bank. Ministers and parliamentary members had to constantly travel between Gaza and the West Bank, via Israel, to perform their duties. Following its takeover of Gaza in June 2007, the de facto Hamas government succeeded in gradually taking control of the PA governance structures in the Strip. Hamas appointed their own ministers in Gaza and replaced a large part of the senior and mid-level public officials with Hamas affiliated officials. The PA structures in Gaza included security, health, economy, education, judiciary, and the public infrastructure.

According to Saigh (2010), there were a number of reasons that Hamas was able to assume full control of governance. First, as an immediate consequence of the Hamas takeover of Gaza, the internationally recognized government in the West Bank, under the leadership of Prime Minister Fayyad, ordered 70,000 Palestinian Authority employees in the Gaza Strip to stay away from work in an attempt to paralyze and obstruct Hamas from governing Gaza. This was known as the "no-show" policy. The majority of these employees obeyed the instructions in fear of losing their salaries. Saigh (2010) argued that such a

decision paradoxically relieved Hamas from a huge burden as the majority of these employees were loyal to Fatah and they handicapped the short-lived, Hamas-led first government that was established right after the elections by refusing to take orders from the Hamas cabinet. Hamas was relieved from the burden of financing the wages of the 70,000 employees who continued to receive their salaries, which were largely funded by donors. In parallel, the de facto government replaced thousands of these employees in the public sector with Hamas members, sympathizers, and thousands of unemployed fresh graduates from the Gaza universities. In less than six months, the Hamas government replaced the old cadres with its own cadres in government functions and was able to assume full control of PA public institutions. Qarmout and Beland (2012, p. 8) argued that, although the decision to order 70,000 civil servants to refrain from reporting to duty seemed to be a Palestinian one, donors who funded the majority of the PA payroll budget bare equal responsibility for supporting it: “While it was the Palestinian president, a political foe of Hamas, who decided to prohibit civil servants from working for the de facto Hamas government, donors share responsibility for sustaining and financing this misguided decision. The long-term human and financial impacts are yet to be assessed, for example, the human cost of forcibly unemploying 70,000 public servants for years”. They stressed that “If reconciliation efforts succeed and a unity government is in fact established, it is probable that such a government will have to accommodate both the former PA public servants and the new Hamas appointees”.

Second, Saigh (2010) argued that the smooth Hamas takeover of PA institutions in Gaza was due to the fact that Hamas had available governing structures in place supported by regularity and legislative frameworks, administrative apparatus, and complete guidelines

for managerial and technical procedures which could be utilized by its newly appointed cadres. This administrative apparatus had been developed by the Fatah dominated PA since 1994, supported by the large financial and technical assistance of donors. The de facto Hamas government used these available governance structures and administrative apparatus; in addition, it relied on its members and supporters among university professors and graduates to deliver necessary training and skills to build the capacity of its newly appointed cadres. Forbidding the 70,000 PA employees from reporting to duty under the no-show policy did not deter Hamas from solidifying its grip and control over Gaza PA institutions. Instead it led to many Palestinian public servants remaining at home, and increased the challenges for future unity negotiation, which will have to address the ramifications of absorbing Hamas cadres in an already overburdened public administration.

The Economy of Gaza under Hamas

In light of the donors' financial boycott policies and the strict siege imposed by Israel and Egypt on the de facto Hamas government, it relied on three main sources to manage and finance the Gaza economy. According to Saigh (2010), these sources were a) the tunnels economy which relied on smuggling from tunnels dug under the Egypt/Gaza borders; b) the services, programs, and salaries provided by international NGOs and UN agencies, and especially the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA); and c) the salaries paid to public sectors employees who were ordered not to report to duties and other expenses. The Hamas government also had access to other resources, including contributions from the Muslim Brotherhood International (Hamas's mother organization) and countries allied to that movement, such as Syria and Iran. Hamas

decided to avoid taxing civilian commodities coming from the tunnel trade. This contributed to keeping commodity prices at low and affordable prices for most Gazans. Saigh (2010, p. 5) summarizes the impacts of these policies on the ability of the de facto Hamas government to manage its budgetary policies: “These inputs relieve the Hanieh government of a considerable burden, much as a considerably greater scale of foreign aid relieves the Fayyad government. At \$540 million, the Hanieh government’s declared budget for 2010 is a fraction of the \$2.78 billion budget of its West Bank counterpart; but with only 32,000 employees compared to the latter’s 145,000, its costs are far lower”.

The De Facto Hamas Government Islamization Agenda

Developments in the Legal System

Although there were concerns that the Hamas government would start applying Islamic laws in the legislative and judiciary systems, this appeared to be a difficult task for the movement. In his article, titled “Gaza five years on: Hamas settles in”, Brown (2012) explains that Hamas refrained from Islamizing the Palestinian legal order to avoid international condemnation and local resentment in Gaza. Instead, Hamas acted against the expectations of fellow Islamist movements in the region and hired secularly trained judges to replace the ones who refrained from reporting to duties. This included two women judges in Gaza. It also postponed a project to write a new criminal code based on Islamic law. Nevertheless, these developments did not mean that the legal system under Hamas was functioning efficiently and independently. Brown (2012, p. 13) explains, “The system is unmistakably authoritarian. There is no serious mechanism for democratic oversight or even for meaningful consultation with groups outside of Hamas. The government has used the

tools at its disposal—such as the licensing and reporting requirements for NGOs to police dissident voices. And where the legal tools have not existed, it has often acted anyway—to shut down meetings, detain individuals, ban alcohol, harass opponents, and engage in its tit-for-tat contest with Fatah”.

Developments in the Education Sector

Although the Hamas government shows a strong tendency to regulate and police Gazan society according to its conservative Islamic ideology, the political split did not allow it to change the education curriculum in accordance with its ideological leanings. According to Brown (2012), most governments in the Arab world decided to refer to the Fatah-run ministry of education in the West Bank to accept diplomas and degrees issued by the PA. This forced the Hamas ministry of education to coordinate and regulate all its activities with the Fatah-run ministry. In addition, it limited it from introducing any changes to curriculum to avoid being isolated. Apart from the large portion of the education system which is managed by the UNRWA and provides education to Palestinian refugees, and over which Hamas has no control, the remaining portion of the education system that was managed by the PA ministry of education had to be managed in a coordinated manner by the two ministries in Gaza and West Bank. Brown (2012, p. 14) describes the nature of cooperation between the two ministries, “very quietly, the two Ministries of Education manage to work with each other and even consult and coordinate on all but the top political level. After some initial jockeying, the two ministries have jointly drawn up, graded, and released the results of the secondary school examination that is crucial for student evaluation and for university admissions. They have also worked to evaluate the current curriculum and make modest

changes”. These are just a few examples of how Hamas governed the Gaza strip based on the available literature.

Operation Cast Lead

In December 2008, Israel launched “Operation Cast Lead,” a large-scale military offensive with the stated aim of halting Hamas and other Palestinian armed groups’ rocket attacks on Israel from the Gaza Strip. The offensive continued for 23 days and caused extensive Palestinian casualties (1430 dead and 5300 wounded), displacement, and the destruction of property and infrastructure. The effects of the offensive have been compounded by the economic blockade imposed by Israel on Gaza after the Hamas takeover of the Strip. While a unilateral ceasefire in January 18, 2009, ended the offensive, military activities continued and the blockade remained in place (PCHR, 2009).

In the aftermath of the Israeli Gaza war in 2008, at the Sharm El Sheikh Conference of early March 2009, the international community pledged to support reconstruction and early recovery efforts in the Strip. In response to a needs assessment report prepared by the UN agencies, in collaboration with INGOs and local NGOs working in the GS, the international donor community pledged to support the recovery and reconstruction of Gaza with nearly USD 1.3 billion (PNA, 2009). Based on the findings of extensive damage and needs assessments carried on the ground, the 2009-2010 Gaza Early Recovery and Reconstruction Plan outlines much needed interventions in the social, infrastructure, economic, governance, and environment sectors, and aims to tackle immediate needs while preparing the ground for medium- to long-term recovery and development.

The 2008 Gaza War was followed by two other wars: the 2012 Operation Pillar of Defense, which was smaller in scale than the 2008 war; and the 2014 Operation Protective

Edge, which inflicted major damages on infrastructure and resulted in many casualties, especially on the Palestinian side. This research focuses on the recovery and reconstruction schemes initiated in response to the 2008 war.

Conclusion

It is important to acknowledge and understand Israeli occupation policies and the constraints it created for the Palestinian economy. It is clear that the Oslo Peace Accords have failed to improve or even change the socioeconomic environment for Palestinians. Instead Israel kept a tacit control over Palestinian resources and restrained them from utilizing it to build an independent economy. The continuation of Israel's occupation and the later Palestinian split have complicated the current status of the conflict. A viable peace and development process can be only achieved through an inclusive political process that involves all major actors on the ground and eliminates the socioeconomic constraints created by occupation policies. It is also important to understand the governance environment under Hamas in light of the current split and the factors that helped Hamas to solidify its position in Gaza and remain in control of the Strip. This helps to explain the policy choices of Hamas towards donors and CSOs.

Chapter 3: Literature Review

Much literature has discussed the dilemma of foreign aid and conditionality in general, and the negative impact of foreign aid on Palestine in particular. This chapter covers four literatures especially relevant for the topic and the research questions at the center of this dissertation. The first is the literature on governance in both stable and fragile contexts. The discussion on governance will be expanded on in Chapter Four by focusing on the “governance without government” literature, which is part of the theoretical framework. The second is the literature on international aid in both its international and Palestinian contexts. The third is the literature on the evolution of CSOs in both the international and Palestinian contexts, and their role in fragile contexts when it comes to reconstructing fragile/failed states and bringing peace and security. The fourth is the literature on Early Recovery (ER) and the way this approach works in conflict countries. The definitions and objectives of ER will help explain the policy positions and history of interventions of the main actors of this research.

Good Governance in the Global Context

In its attempts to define the term “governance”, the United Nations Development Program (UNDP) brings together a set of overlapping principles that appear in much of the literature and could be recognised universally. These principles are legitimacy and voice, accountability, direction, performance, and fairness. Under the larger umbrella of “governance”, UNDP highlights the importance of public administration, and its vital role in economic development, as an instrument for shaping effective governance and solidifying legitimate state-society relationships. As a global organization, UNDP’s approach to public

administration at the national and sub-national levels aims to support incremental steps for transforming public administration into a representative, responsive, and democratic institution, and an essential bridge between the government and society. In the center of this approach, UNDP stresses the importance of democratic interactions between public administration and its customers in addressing the obstacles to equitable service delivery, and encouraging increased attention to public administration and civil service management (UNDP, 2010).

While UNDP's literature on governance can be considered as an overarching literature that consolidates universal best principles and practices of "good governance", its applicability to all regions of the world, characterized by diversified governance systems, unequal levels of development between states, limited resources, and the sweeping forces of globalization, continues to be challenged. These challenges have enriched ongoing debates on governance and public administration and the relationship between states and non-state actors in addressing societal needs in the most effective and efficient manner. In the context of this research, it is important to explore some of the latest literature on governance, as it will contribute to better understanding the relationship between state and non-state actors in both developed and fragile contexts. According to Wesley (2008), the Keynesian welfare state, which champions the "regulatory state", has influenced many of the state building and governance approaches in both developed and developing countries. In a regulatory state, government controls and administration are restricted in the economy and in many areas of service provision. Hence, the role of the government changed from generating social, political, and economic outcomes to regulating appropriate conditions for non-state actors, such as the private sector, to generate these outcomes (Wesley, 2008).

Governance and State Building in Fragile Countries: Challenges and Constraints

Wesley (2008) emphasizes the fact that there is mounting evidence that state building projects have not been as effective as expected, despite the clarity of their strategies and the investment of billions of dollars over the years. In countries like Iraq and Afghanistan, for example, state-building missions face increasing violence. In East Timor and the Solomon Islands, state building missions also encountered unresolved tensions and social unrest, which led to serious rioting in early 2006. Moreover, Bosnia and Kosovo are still far from having functioning governments and self-administration while the Democratic Republic of Congo remains a fragile country despite state building intervention (Wesley, 2008).

Wesley (2008) argues that political instability remains one of the most important challenges that hinder state building missions despite interventions aimed at building stable systems of public administration. In addition, he points to corruption as another major problem. Both corruption and political instabilities contribute to creating an environment of suspicion and lack of trust between local authorities and state building missions. In this environment, local priorities/policies are ignored and efforts to build transparent and efficient state institutions continue to face challenges (Wesley, 2008).

Furthermore, Wesley (2008) stresses that the fundamental failure in state-building projects is the notion of the state as an independent variable, distinct from the economy, politics, and society. He emphasizes that “It is mistaken to conceive of the state as separate from the political, economic, and social spheres; a legitimate, stable state can only emerge from the dominant understandings, compromises, and categories arising from within these spheres of human activity” (p. 381). He does however, emphasize that an important step to effective state building is to acknowledge that wide variations in state forms already exist

and that new forms will continue to emerge in the coming decades. Also, a bottom-top approach to state building, which necessitates that a stable and effective state can only materialize from the cooperation of all parts of the society, needs to replace the top-bottom approach which declares that a single distinct plan to design the state can be exported and enforced (Wesley, 2008).

The next section addresses foreign aid, the main source for financing the Palestinian economy under Oslo. Foreign aid policies are a sweeping force in shaping the institutional and socio-economic realities of Palestinians in the occupied territories. It is important to understand the nature of these policies and their outcomes on the Palestinian governing structure and socioeconomic conditions. The governance discussion will be continued in greater depth in chapter 4 as part of the analytical framework.

History of Foreign Aid

The history of foreign aid as it is known today is very recent and is considered by most accounts a product of the Cold War. However, earlier forms of foreign aid took place in the form of humanitarian relief assistance in response to famines and natural disasters, much like European and American assistance provided to the USSR in 1921 to battle a widespread famine (Lancaster, 2007). Nonetheless, the predominant discourse before WWII was mostly against using public funds for charity purposes, especially outside of a country's borders. The widespread miseries facing the population of Europe and Asia during WWII forced economically prosperous countries to further provide international relief. However, aid was seen as a temporary intervention aimed at balancing the effects of disasters and retaining a

sense of stability, rather than part of a targeted program aimed at providing long-term sustainable support (Lancaster, 2007).

According to Carol Lancaster (2007, p. 9), foreign aid is a “voluntary transfer of public resources, from a government to another independent government, to an NGO, or to an international organisation, with at least a 25 percent grant element, one goal of which is to better the human condition in the country receiving the foreign aid”. The definition Lancaster (2007) uses is similar to the definition of official development assistance (ODA) used by the Organisation for Economic Cooperation and Development (OECD):

Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries (“bilateral ODA”) and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions (OECD, 2003).

Lancaster's (2007) definition differs from the OECD's because the former also includes assistance used to promote economic and social progress in countries that are not “developing countries” (Israel, for example) and it replaces the highly flexible term “development” with “bettering the human condition,” (p. 10) which asserts the importance of the quality of aid provided over its quantity. This makes it possible to assess the effectiveness of aid rather than focusing exclusively on its monetary side. Focusing on the goal of aid, which is about bettering the human condition in general and not narrowly

focusing on aid disbursements or economic development indicators as the end goal, makes assessing aid effectiveness more useful (Lancaster, 2007).

Foreign aid took a totally different turn following the end of WWII and during the beginning of the Cold War. The United States became concerned, as some of these countries fell under the control of a seemingly ever expanding USSR. Feeling compelled to take action, in 1947 the United States provided Turkey and Greece with economic aid to stabilise their economies and to prevent the countries from falling under Soviet control. This was followed by the \$13 billion Marshal Plan the same year, which aimed at stabilising war-torn Europe (Lancaster, 2007). Over time, American politically motivated financial aid extended beyond Europe as part of a broad attempt to stop the spread of communism around the world. The USSR, and later China, also offered financial aid to socialist and socialist-friendly countries such as Egypt and Syria. By the 1980s, another shift in mainstream thought occurred with regards to regulating how aid should be used for development. Given the debt crises witnessed in many developing countries, the United States, the World Bank (WB), and the International Monetary Fund (IMF) championed a new concept of aid tied to economic reforms, and negotiated economic reform programs including trade liberalisation, deficit reduction, and debt interest rates with developing nations (Lancaster, 2007). Nonetheless, the end of the Cold War in the late 1980s and early 1990s “lessened the diplomatic relevance of aid-giving for some governments but also led to the emergence of new purposes of aid, including supporting economic and political changes in former socialist countries, addressing social problems, promoting democracy, and post conflict rehabilitation” (Lancaster, 2007, p. 44).

Foreign Aid in the Context of Palestine

In his influential book, *The Political Economy of Israel's Occupation: Repression beyond Exploitation*, Shir Hever (2010) explains in detail how the aid Western powers provide continues to sustain the Israeli occupation, thus prolonging the political impasse by making it economically feasible for Israel to retain control over the OPTs. According to Hever (2010), the fact that the suffering Palestinian economy is incapable of supporting the Palestinian population makes humanitarian aid a necessity. However, the large sums of money poured to the PA since its creation also works to “undermine the Palestinians’ political struggle, ‘normalize’ the situation of occupation, and postpone a permanent solution to the Palestinian question” (Hever, 2010, p. 28).

According to Tartir (2012), between 1993 and 2011, international donors to Palestine disbursed around USD 20.4 billion in international aid, averaging US\$ 317 per capita, on an annual basis. From 1993 to 2004, the inflows of aid increased from an annual average of US\$614 million, to over US\$1.7 billion in 2004. Moreover, according to the OECD’s online statistical database, the largest international donors to the Palestinian territories since the establishment of the PA have been the European Community (EC) (including EU and non-EU members), the United States, and Saudi Arabia. By 2004, the total aid allocated by the EC to Palestine alone accounted for 2.2 percent of its total aid worldwide (Taghdisi-Rad, 2015).

Hever (2010, p. 24) differentiates between foreign aid and humanitarian aid, claiming that the two concepts are officially and legally distinct, despite the difficulties of differentiating them on the ground: “foreign aid is usually granted to governments, while humanitarian aid is often distributed to the population through the mediation of NGOs”. In

addition, while foreign aid is considered a political act aimed at providing support to a government or policy, humanitarian aid is seen as apolitical (Lancaster, 2007). Hever (2010) explains that, until the 1990s, the largest shares of humanitarian aid funds to the OPTs are channelled through the United Nations Relief and Work Agency (UNRWA), followed by the World Food Program (WFP) and the World Bank. UNRWA was the biggest and main provider of humanitarian aid to the Palestinian population of refugees since they were expelled from their homes in the aftermath of the 1947-8 Nakba/Israeli Independence war and it remains so to this day (Hever, 2010). The creation of the PA in the OPTs following the signing of the Oslo accords provided a window of opportunity for donors to channel aid money to the PA, which, even though the PA remained under Israeli occupation, was still considered necessary to solidify the Palestinian economy (Hever, 2010). According to Hever (2010), the justification for aid under occupation was to allow Palestinians to create viable self-governing institutions and a self-sufficient economy in preparation for Israeli withdrawal and their long awaited independence. Hever (2010) points out that the flaw in this polished justification lies in the fact that Western foreign donors from the beginning of international foreign aid process to the PA chose (by default or design) to relieve Israel from its legal and moral responsibility to compensate Palestinians for decades of occupation and economic exploitation.

In his book, *Globalized Palestine: The National Sell-Out of a Homeland*, Khalil Nakhleh (2012) presents a systematic analysis of what he terms “the myth of development” in Palestine. The analysis of his case studies leads to the conclusion that what has been done in the OPTs since the beginning of the Oslo peace process in terms of “development” and foreign aid is nothing but deception embraced locally. According to Nakhleh (2012), the

funds that donors are allocating to the West Bank and Gaza were not designed or meant to help lead the Palestinians under occupation towards a free and just society. Instead the aid industry has fortified and reshaped a “tri-partite coalition of: 1) Palestinian capitalist-political elite; 2) Palestinian “developmental NGO; and 3) Transnational aid agencies” that are “impeding, obstructing and negating the process of People-Centred Liberationist Development (PCLD)” (Nakhleh, 2012, p. XVII).

Nakhleh (2012) describes PCLD as:

a process of purposeful intervention whose target is the widening of the utmost of individual and collective choices of the human being, the individual, the average citizen, which is sustainable from one generation to the next. PCLD targets the entire society in order to strengthen and enhance the indigenous resources of the society, by giving a primary focus and eminence to indigenous material and human resources. PCLD development, in this sense aims to liberate people from internal repression, abuse, exploitation, corruption, and privileges and skewed access to sources of power (p. XVII).

In the years following the signing of the Oslo agreement, foreign aid to the PA increased in accordance with the security situation on the ground. The total financial aid provided to the PA doubled in the aftermath of the second intifada in September 2000 and the introduction of Israel’s blockade and its economic strangulation policies against the PA (Taghdisi-Rad, 2015). Interestingly, in this new context, the number of CSOs mushroomed in the OPTs, and many CSOs metamorphosed their organisational structure and nature in order to adapt to the changing Western donor agenda. According to Khalil Nakhleh (2012,

p. 135), these local Palestinian CSOs¹⁰ are essentially “funded to reinterpret, re-package and disseminate the political and anti- developmental messages of their political Western funders, under the guise and claim of national and patriotic concerns of strengthening Palestinian civil society, though, essentially, a well- oiled process of cultural re-engineering of a new crop of depoliticised and managerial NGOs, under the generic term of “capacity building”.

Nakhleh (2012) identifies a number of characteristics of the above-mentioned Palestinian NGOs. Two of these characteristics are especially important for this research project:

1. They emerged mostly over the last 25-30 years, proliferated, and became more visible and assertive, most specifically, since the beginning of the “Oslo peace process”;
2. They transformed themselves, and shifted their approach and methods, through their aid- prescribed relations with Transnational Western NGOs (TNGOs). Thanks to TNGOs’ sustained financial support and training, these developmental NGOs shifted away from their grassroots base and constituencies, their politically left leaning ideologies and connections to become “professionalized,” managerially-run entities proudly following Western standards (p. 133).

¹⁰ Benoit Challand (2009) identifies these organisations in a recent contribution. These organizations are the secular NGOs active in health, agriculture, education, advocacy, and community service, as well as research organisations. They are the most visible organisations for international donors, even though they represent only 14% of all the NGOs at the time of establishment of the PA.

Nakhleh's powerful criticism of the post Oslo Palestinian capitalist elite, as well as foreign donor-dependant CSOs, presents them as obstacles to the initiation of a "People-Centered Liberationist Development" movement, which is essential to fulfill the aspirations of the Palestinian people. A different and rather sympathetic picture of Palestinian CSOs is presented in Sara Roy's (2011) recent book, *Hamas and Civil Society in Gaza: Engaging the Islamist Social Sector*. Her book traces the early history of Islamic CSOs in Gaza and their relationship to Hamas while focusing in particular on the grassroots aspect of these CSOs. Roy (2011) focuses on the period before and during Oslo, stretching from the first Uprising in 1987 till the collapse of the peace talks and the beginning of the second Uprising in 2000. She argues that this period transformed the violence-dominated political environment and Hamas's position within it, thus increasing Hamas' role in, as well as the purpose of, Islamic associations in Gaza and the West Bank. Ultimately, this altered the relationship between Islamist political and social sectors. According to Roy (2011), the first Intifada against Israel "localized and consolidated Hamas's control over the Islamic social sector and provided the foundation for the emergence of new social institutions, which the Islamists were better positioned, and in some cases uniquely poised, to support" (p. 7). For Roy (2011), the expanded Islamic social services sector supported by Hamas strengthened its legitimacy at the grassroots level and further proved crucial to Hamas political revival at a time of extreme repression and weakness.

CSOs and the Policy Making Agenda

Over the last decades, many developing countries have witnessed a significant expansion in the role of civil society organizations in social policy formulation, as well as in social

service provision. In many contexts, rather than a force for democratization, the third sector has become a safety net for states facing welfare provision gaps. The role of foreign aid in the transformation of the purposes and responsibilities of CSOs in the context of conflict-ridden developing countries has not been adequately examined in the literature. Understanding the influence of CSOs' role in the transformation of domestic public policy in this context has also received little attention from scholars in this area.

There is a vast and extensive literature on CSOs, which is impossible to fully review here. One crucial concept at the center of this research project is civil society, which "refers to the arena of un-coerced collective action around shared interests, purposes and values" (LSE, 2011). Another definition introduced by Posner (2004) defines civil society as "the reservoir of formal and informal organizations in society outside state control" (p. 237).

Edward and Hulme (1995) suggest that civil society was viewed as "the magic bullet" to solve welfare state problems (p. 7). However, this view is far from being shared unanimously (Whaites, 1996). Della Porta and Diani (2006) note that social movements often get institutionalized into political parties or interest groups in developed countries. However, the authors did not mention that in many cases, social movements often get institutionalized into non-governmental organizations (NGOs) in developing countries. This is the case for some of the Palestinian CSOs. The type of relationship between state and social movements that Della Porta and Diani (2006) discuss in their book is applicable to understanding state and CSOs interactions. The authors identify how state institutions interact with social movements in different ways, either via conflict or facilitation. Insights from their work can be very useful in understanding the mechanisms of state and CSOs interactions in Palestine.

It is important to note here that many experts have highlighted the strong ties between the rise of civil society actors and the stability and accountability of the central state (Moss, Petterssen, & van de Walle, 2006). The expansion of civil society itself is often connected to a shift in economic status, suggesting that at least in theory a direct correlation exists between good economic practices and state stability (Moss, Petterssen, & van de Walle, 2006). According to John Hall (1995), there are crucial differences between the effects of the gradual and unforced rise of civil society actors in the West and those in developing or conflict torn zones. Whereas Western civil society emerged largely through the actions of a middle class seeking to build a counterweight to the state and its institutions, modest economic growth in many developing countries long challenged the development of an indigenous and autonomous civil society (Hall, 1995). This is particularly important for the discussion of aid negativity and the foreign aid-induced creation of civil society actors in conflict-torn areas. In many cases, continuous aid funding to conflict-torn countries has resulted in the persistence of social and economic problems (Nakleh, 2004; Roy, 1996).

Focusing on aid practices and regime transitions in sub-Saharan Africa, Michael Bratton and Nicolas van de Walle (1997) note that despite the upsurge in the number of non-state actors in the region, the majority of the bigger NGOs remain linked to donors' agendas and not to the needs of the populations they claim to represent. Instead of establishing their own membership, thus creating popular legitimacy and autonomy, most of the NGOs operating in the region limit their actions to help implementing social sector-based donor initiatives (Bratton and van de Walle, 1997). As a result, Moss, Petterssen, and van de Walle (2006) observe that even though development aid in the region has increased sharply, various political and economic dynamics has allowed dictatorial governments to escape

accountability. Moss, Petterssen, and van de Walle (2006) highlights the potentially negative impact of large donor funding flows on institutions through the impact on bureaucratic and policy-making dynamics. CSOs essentially relieved some of the pressure on governments to provide social services, permitting them to divert resources to other areas.

However, as has been the case in many developed and democratic polities, civil society can potentially improve government performance and promote the health, well-being, and economic prosperity of citizens. If civil society is capable of making such improvements, can this power be used in failed states where the government is severely underperforming or failing outright to provide basic necessities to its population? It is often claimed that civil society can be leveraged to rebuild state capacity, especially if we can magnify its positive effects. The next sections address these questions.

CSOs in Fragile/Failed States

A failed or fragile state is a nation where the citizenship has lost faith in the government and the government is unwilling or unable to provide for basic needs (Grieco, 2010). Daniel Posner's book, *Civil Society and the Reconstruction of Failed States* (2004), explores the concept of civil society and how it might be used to aid in the rebuilding of a failed state. Along the way, Posner (2004) identifies a number of factors that could encourage or inhibit the formation and function of civil society, and explores some of the roles that civil organizations can play.

Posner (2004) identifies two mechanisms that civil society actors can use to foster the provision of basic necessities the state is expected to provide. The first mechanism is

advocacy. Under this mechanism, civil organizations act as society's advocate to the government as well as a watchdog for the government activities. This is the most common way civil society actors interact with the state; they lobby government officials to address deficits in the provision of public goods and ensure that the state is held accountable. Advocacy, however, is largely ineffectual in the case of a failed state due to the lack of the state's ability to respond to advocacy efforts. The second mechanism, substitution, has the potential to make up for the state's failure to provide for the populace. This mechanism states that civil society can act to provide public services that the state is unable or unwilling to provide itself. These services can range from security provided by a neighbourhood watch program to a group of citizens filling in potholes in their area. These services frequently occur in parallel with the services the state provides, but can act as a substitute when the state does not provide them. Posner (2004) makes it clear that it is likely in most cases that both of these models act in unison to improve the quality of life in a community and improve government performance.

To begin the discussion about whether these models of action are at play in a failed state, and using Rotberg's model, Posner (2004) first describes three different stages of government in a failed state.

The first stage refers to a "weak state" in which state capacity remains fairly high but is clearly declining. The second stage is when the state has fully collapsed and is non-existent or barely present. The final stage is when reconstruction has begun; while state capacity is still very weak, it is on an upward trajectory.

The role of civil society is different in each of these stages, as are the challenges that they face to their ability to function. The two mechanisms of action that civil society actors

use will also be of more or less use depending on the stage of state collapse. In the case of total state collapse, advocacy will be largely useless as it depends on their being a state body to lobby for change. Similarly, the watchdog function of civil society will be of no use when there is no state to monitor. The substitution mechanism, however, does not depend on the existence of a governing body to function. Indeed, the entire purpose of the substitution function is to provide what the state cannot; in the case of total state collapse, this is anything and everything. Posner (2004) suggests that the substitution role should therefore be the focus if we are looking to understand how civil society could assist in the reconstruction of failed states. His discussion is very important in explaining the shift in the role of Palestinian civil society from holding the quasi-state institution of the PA accountable (advocacy and watchdog) to filling in the gaps caused by the failure of government institutions to provide for the basic needs of citizens due to the fragile context created by ongoing conflict (substitution).

Development programs and practitioners, recognizing the need for tailored approaches when working with fragile nation-states, now focus on basic state-building efforts. One such example is the construction of effective bureaucratic capacity and infrastructure to effectively channel development assistance (Grieco, 2010). These objectives require a multi-sectorial, holistic, and comprehensive approach. The international community is making an effort to coordinate agencies involved in development, diplomacy, security sector reform, institution-building, and peacekeeping. Questions that help focus objectives include: how can international actors work more effectively with local organizations and indigenous groups fractured from a weakened or predatory state; what roles can be satisfied by CSOs/NGOs in different stages of conflict and under different

regimes; how should appropriate roles for CSOs/NGOs be implemented, who should they engage with, and how should aid be allocated; and how can the balance between international and local organizations help safeguard local ownership? These questions are important in understanding the context in which international actors and CSOs work in the OPTs, and I discuss them in the next sections.

CSOs and the New Nation Building Paradigm

The United States Government (USG) and its partners developed a new nation-building paradigm, known as “diplomatic development”, to link various sectors and actors involved in foreign aid to fragile and failed states in order to effectively stabilize and support the reconstruction of conflict-affected states (Grieco, 2010).

The “diplomatic development” paradigm assumes that international agencies should anticipate and adapt to environments in which local and national needs contribute to sustained hostilities. Integrating interventions, which focus on service delivery at the local level and strengthening governance at the national level, are expected to help stabilize conflict-affected countries. However, the empirical literature indicates that past efforts to stabilize conflict-ridden countries have failed due to lack of coordination between involved actors, contention between short-and long-term priorities, and funding mechanisms, which place significant restrictions on budget allocation (Grieco, 2010).

Central to the “diplomatic development” paradigm is the idea that strengthening relationships between local government structures and CSOs is crucial for nation building, nation reconstruction, and regional stabilization after conflict. However, service delivery through non-governmental organizations and CSOs, although prioritized by international

actors, can possibly lead to competition and violence between social groups. In this case, international aid may serve to worsen pre-existing divisions within society, as service provision may be delivered along party lines (Grieco, 2010).

According to Grieco (2010), a unified approach to nation building involves analyzing existing relationships between government and civil society at both national and local levels to determine main actors and “spoilers”. Governments in fragile nations are often incapacitated, leaving civil society to fill in gaps of governance. Often a single clan, party, class, or ethnic group will trump the country’s perception of a national identity. These groups generally form security forces at local and regional levels. Understanding local perceptions and service provision in these environments is crucial for projects in capacity building, governance, and coordination at the ground level which aim to mitigate conflict. Grieco (2010) explains that in post-conflict environments, four forms of relationships between the state and civil society exist: *tenuous*, *hopeful*, *nascent*, and *evolving*.

1. *Tenuous* relationships, often found in post-conflict or highly repressive states, are characterized by decentralization, weakness, and deep-rooted mistrust between civil institutions and local or national governments. Mistrust affects interactions with IAs across all levels of society.
2. *Hopeful* relationships are frequently portrayed by improved civil-state dynamics, a positive civil outlook, and populations willing to put faith in leadership. Unfortunately, in many hopeful relationship cases, citizens tend to place unrealistic expectations on a newly formed or struggling government. Hopeful relationships provide a key opportunity for IAs to implement relevant projects while simultaneously strengthening the civil-state relationship by engaging citizens.

3. *Nascent* relationships occur frequently when authoritarian regimes undergo a transition to democracy. Citizens often have little to no experience in governance, advocacy, and CSOs as a result of lack of a functioning state. Thus, IAs should target decentralization while building up the basic framework of a democratic state.
4. *Evolving* relationships entail citizens negotiating space between the state and other power structures (such as warlords) that are in contention with the state. Evolving relationships typically follow peace settlements, and it is important to understand the reconfiguration of the state to determine how citizens build associations and social networks and the amount of social capital available in civil society.

In the Hamas-run GS, the international community's involvement, via its aid agencies, has been characterized by a politicized aid agenda that has brought about negative economic and social consequences for Palestinians and has led to long-term dependency on foreign aid. The political stand of the main players in the peace process—the US, the EU, and the UN Quartet—has shaped donors' aid policies. Donor countries' positions have politicized the seemingly neutral and objective role of international aid agencies while failing to respond to the recovery needs of Gaza in the aftermath of the 2008 Israeli war (Qarmout & Béland, 2012). One of the consequences of the boycott policies imposed by many of the donors on the de facto Hamas government, and the donors' preference to work with CSOs instead, was the expanded role of local CSOs in Gaza. They filled in the gaps caused by the failure of Hamas-led PA institutions to cover their constituents' basic needs.

According to Grieco (2010), creating parallel service delivery structures in civil society will not simply overcome the absence of state-led service delivery. Although international actors tend to prioritize service delivery through NGOs and CSOs, it is

necessary to take a step back and analyze the environment and relationship between civil society and a weakened government. Without diligent analysis, international aid can worsen pre-existing divisions in society and even generate new ones, creating greater risks that service delivery will occur along party, ethnic, or religious lines.

Delivering Support to CSOs in Fragile Contexts

Posner (2004) believes that for civil society to emerge and thrive in a failed state, it will require outside help. The assistance given must be carefully tailored to the situation however, and there are many potential pitfalls waiting to swallow up funding without having an appreciable impact on society. Posner identifies two methods by which external agencies, governments, and donors can assist civil society.

One method is through direct financial support. Posner points out that international donors must be careful in selecting groups to fund. Those that claim to be dedicated to promoting good governance may not be the best choice for two reasons. First, these groups tend to focus on advocacy, which tends to be of little use when the state has failed or is in the process of failing. The other reason to avoid funding such groups is that they can sometimes be set up by “political entrepreneurs”, individuals who know that donor groups are often very interested in good governance and democracy. They may in fact simply be telling donors what they want to hear in order to secure a source of financial security for themselves and their close associates without intending to actually improve conditions in their country. This is not to say that there are not worthy organizations that deserve donor assistance, simply that funding such groups may be risky because it is very difficult to discern a “fake” group from the real thing. Posner instead suggests that it may be more

useful to fund non-governance oriented groups for two reasons. First, they are more likely to be “real” in that they have a need that they intend to meet, and, second, they are more likely to sustain themselves after donor funding has ceased because they were originally created to promote interests independent from donor agendas. This is important because rebuilding a failed state is a long term process and many donors may not be “in it for the long haul” but the organizations that they can help form are.

The second method Posner (2004) suggests for outside groups looking to help rebuild failed states is to foster an environment that is conducive to the emergence of civil society groups. There are two objectives as part of this method. The first objective is to reduce the costs of social interaction by reducing the costs of communication. A strong communication network allows for the free flow of information and for people to more easily coordinate activities. The second objective is to incapacitate forces that would seek to undermine civil society groups that are supportive of state reconstruction. This may require putting pressure on governments to allow community organizations the freedom that they need to operate. The greatest obstacle here is not the government, however, but warlords and militia organizations that act to prevent the emergence of organizations that seek to rebuild the state. To counteract these negative forces, it may be necessary to assist the state with maintaining law and order by funding the military and police services.

Posner (2004) leaves us with the thought that for all the good that civil society can do, it may not be the “cure all” that it is often claimed to be. He believes that it may be a case of confusing correlation with causation, that a strong civil society may be the product of a strong, well-functioning state rather than the source of it. This may be particularly true

when the starting point is that of a failed state, an institutional environment that has fallen into chaos.

In fragile and conflict-ridden contexts like the GS, understanding how donors influence the local development agenda and the relationship between the state and donor-funded CSOs is crucial to answering these questions. The next sections shed light on the evaluation of CSOs in Palestine. I will discuss the evaluation of CSOs in Palestine during the occupation period and under the PA, in addition to the transformation of their role before and after the Oslo Peace Accords.

The Evolution of CSOs in Palestine

Given the lack of a Palestinian state or quasi-state structures, it is possible to argue that the existence of a Palestinian civil society can only be traced back as far as the creation of the PA in 1994. According to Hilal (2011), this view is ever present in the existing research on Palestinian civil society that focuses solely on CSOs existing in areas in Gaza and the West Bank after 1994. However, such a view is problematic because it neglects a long history of active CSOs working amidst members of the Palestinian Diaspora and in Palestinian centers inside Israel, Gaza, and the West Bank. These activities were not limited to charity and development, but also included mobilization against the occupying state in an attempt to achieve collective goals such as respect for human rights and self-determination (Hilal, 2011).

According to Sullivan (1996), the emergence of CSOs in Palestine can be traced to the 1920s, when most were classified as charitable and welfare organizations. During the 1920s, Palestine was under the British mandate, and Palestinians were subjected to British

colonial rules while, at the same time, witnessing the encroachment of land by the Zionist movement that aimed at establishing a Jewish state in Palestine. Since it is not clear whether the emergence of Palestinian CSOs at the time was directly linked to the advancement of the Zionist movement and the British role, one may argue that the absence of a state that provides basic public goods and services to the Palestinian community could be a major factor behind the emergence of local CSOs.

CSOs and Activism against Occupation in Palestine

The establishment of Israel in 1948 and the Israeli occupation of the rest of Palestine (the West Bank and Gaza Strip) in 1967 created various forms of resistance which were carried out by CSOs. These CSOs were sponsored by Palestinian communities in the diaspora, as well as by the PLO and its various political factions. These CSOs took the form of worker, student, women, and journalist associations, in addition to political parties. Their main mandate was to mobilize Palestinians in the national struggle against settler-colonial occupation. This mobilization led to the first Intifada against the Israeli occupation in 1987 (Hilal, 2011).

The different civil society actors created a range of resistance methods against the Israeli occupation, including various forms of social and cultural revival and the establishment of several voluntary youth movements. Such youth movements were established during the 1970s and 1980s and were mostly linked to universities. In addition, the 1970s also witnessed the emergence of a movement dedicated to adult education. This movement managed to mobilize hundreds of university students to travel through many Palestinian localities in the West Bank and Gaza to set up makeshift classes (Hilal, 2011).

Roy (2007) provides a strong analysis of the long-lasting effects of the Israeli occupation on civil society institutions in Gaza and the West Bank. She notes that Palestinian civil society institutions developed throughout Gaza and the West Bank during the period of direct Israeli occupation. However, given the harsh life conditions in the Occupied Palestinian Territories, the majority of Palestinian civil society institutions were charity-based (Roy, 2007). The oppressive nature of Israeli rule and its denationalization agenda obstructed the creation of institutional spaces where nationalism and cultural identity could be expressed safely. As a result, civil society institutions became competition grounds for Palestinian political factions (Roy, 2007). In essence, Palestinians' geopolitical reality helped transform the traditional role of civil society institutions from promoting democracy within a state to promoting national resistance against an occupying power. Roy (2007) argues that competition between national political factions affected civil society institutions. The fragmentation of the national movement along ideological lines divided civil society organizations and affected their work in a negative way (Roy, 2007).

Hilal (2011) explains that grassroots organizations, including students, workers, women, and others, were established by political parties¹¹ under the umbrella of the PLO in

¹¹ "The Palestine Liberation Organization (PLO) was founded in 1964. Since 1974 the UN and over a 100 states consider the PLO to be the sole legitimate representative of the Palestinian people, including diaspora-Palestinians. The PLO is an umbrella organization composed of many individual groups. The Fatah party has always dominated, but many others with widely differing political philosophies are also members. Most of their members are refugees whose main demand for decades has been to return to their homes and lands in Palestine. PLO members include: Fatah, the Popular Front for the Liberation of Palestine (PFLP); the Democratic Front for the Liberation of Palestine (DFLP); the Palestine Liberation Front (PLF); Al Saiqa Organization; the Arab Liberation Front (ALF); the Palestinian Democratic Union (Fida); and the Palestinian

the late 1970s and early 1980s. These organizations formed the popular base for the first Intifada. One of the major achievements of civil society activism in the West Bank and Gaza Strip (WBGS) during the first Intifada (1987-1993) was different political factions of the PLO's formation of popular (neighbourhood) committees. These committees had to work underground and in secret as they were outlawed by Israeli authorities throughout the WBGS. The main mandate of these committees was to provide for the needs of local communities. Israeli authorities would usually use force to crush these committees once they had discovered them. The ones that survived the repression became, post Oslo, organized CSOs in the forms of cooperatives, women's associations, trade unions, and student unions. (Hilal, 2011).

Adel Sahfi (2004) explains that "CSOs – during the eighties and until the signing of the Oslo Accords – did not reflect the traditional role of acting as "a buffer between the state and the citizen, mediating societal and political cleavages and protecting the citizen from state control". Instead, CSOs aimed to "replace the institutional infrastructure of the occupation and adopt a 'state' role in the absence of a nation state. They were the negation of the "occupation state" and not the buffer between it and the citizen" (p.8). He also stresses that during this period, leaders of CSOs in the occupied Palestinian territories viewed the PLO in Diaspora as a quasi-government.

CSOs and the Transformation Agenda

According to Hilal (2011), in the early 1990s, left wing Palestinian parties that had been a

People's Party (PPP). Some of these groups also have representatives in the legislative body of the Palestinian National Authority (PNA)" (Palestine Link, 2015).

major force behind establishing, developing, and financing many of the existing CSOs started losing their influence as a result of major political developments, including the collapse of the Soviet Union. As a result, and in order to attract funds from Western funding agencies and donors, many CSOs began to develop more autonomous and professional structures. The process gained momentum as a result of the increasing societal needs which emerged during the Intifada, and the increasing sympathy and interest of many Western donors to provide support to the Palestinian people under occupation. Hilal's (2011) argument on this is that civil society in Palestine has developed different connotations and meanings based on the geo-political context it operated in, and that its existence goes back to before the establishment of the PA.

After the signing of the 1993 Oslo Peace Accords, and within the context of the newly established Palestinian Authority, Palestinian CSOs started playing the additional role of holding nascent Palestinian quasi-government institutions accountable, a role seen by most scholars as a first clear indicator of the existence of a notion of a functioning Palestinian civil society serving as a buffer zone between citizens and quasi-state mechanisms (Hilal, 2011). According to Sahfi (2004), the political system established after Oslo represented in the PA institutions contained elements of both authoritarianism and liberal democracy. Under this system, a number of factors influenced the PA's relations with other actors, including CSOs and political parties who were opposed to the Oslo agreement. These factors included the "nature of the interim period and the political agreements signed with Israel, the political structures and culture of the PLO bureaucracy that were brought in and their 'clash' with a different political culture that prevailed in the occupied territories, and the complexity of the Palestinian agenda (state-building and the

quest for full independence and sovereignty)” (p. 9). Sahfi (2004) also explains that the newly emerging PA viewed civil society’s role as purely functional: they were supposed to assist the PA in developing the weakened socioeconomic infrastructure inherited from the occupation through the provision of socioeconomic services. Shafi (2004) sheds light on the conflicting interests the PA and CSOs faced after Oslo. He claims that the first years of the Oslo era witnessed a front on collision between CSOs and the PA. This was largely a result of the political culture of the returning PA leadership, who would not tolerate the pluralism civil society symbolized. He claims that the PA wanted to bring CSOs under its control and supervision and limit their role to providing services. Shafi (2004) stresses that beyond this role, “the political system would not allow civil society to act as a vehicle for pluralism, to widen popular choice and enhance citizens’ participation” (p. 9).

Hilal (2011) provides similar insights on the relationship between the PA and CSOs following Oslo:

The PA, despite its limited powers to define policy in West Bank and the Gaza Strip, was bound to be met with resistance from certain sectors of CSOs which sought to remain autonomous. The fact that the PA laboured under the aim of becoming an independent Palestinian state opened up opportunities for many CSOs to influence processes of national reconstruction and development. Others (especially political parties opposed to Oslo) started to lobby against the PA and its policies. The “donor invasion” heralded by Oslo accords also had a mixed reception; some NGOs were marginalized as donors rushed to fund the newly emergent PA, while other NGOs were able to take advantage of donor

interest in their specific area of specialization which put them in conflict with the newly formed PA (p. 36).

However, given the limitations of the Oslo Accords, which lacked an agreement on final status solutions or provision for any real PA control over the utilization of Palestinian resources, Palestinian CSOs in OPTs continued, and further expanded, their role in providing social services (including health care, education, and poverty reduction) and many other services. These were now subsidized by foreign aid instead of by the de facto occupying power, Israel (Hilal, 2011). Given CSOs' critical role in the Palestinian context, donors and international organizations have sought to support CSOs in performing their expanded role through pledging vast amounts of financial and technical support, mainly relief and humanitarian assistance. In addition, since the signing of the Oslo peace accords in 1993, and even before, large sums have been spent on building and developing the capacity of CSOs while supporting their service delivery activities (Nakhleh, 2004). Given the very important and substantial role that civil society plays in the OPTs, funding CSOs has become the subject of political struggles between foreign donors and local and international political stakeholders, as well as private local stakeholders.

Islamic/Hamas Affiliated CSOs Post Oslo

The post-Oslo reality weakened the political and military capacity of Hamas. The targeting of Hamas activists by the Israeli military and Arafat's security forces undermined Hamas' military wing and pushed the movement's political leadership to adopt a different approach to defy Israel and the PA. Namely, the movement returned to the old Muslim Brotherhood

method, which emphasized the Islamization of Palestinian society as part of a gradual liberation program (Roy, 2011).

Hamas relied on an extensive network of civil society institutions to provide much needed social and economic services to the Palestinian people. This time, however, Hamas departed from the old separatist style of the Muslim Brotherhood. Instead, the movement engaged fully with the mainstream social welfare system, supplementing PA institutions. For example, Hamas's schools, which in 2003 constituted more than 65 percent of Gaza's educational institutions at the secondary level, taught a standardized curriculum approved by the PA's Ministry of Education (Roy, 2011). More generally, Hamas built hospitals, clinics, and educational institutions that provided essential services to all sectors of the Palestinian society. Hamas' engagement in the highly organized and effective public provision of services program earned the movement a positive public reputation that helped bring about its electoral victory in 2006 (Roy, 2011).

According to Gunning (2008), a number of factors ensured Hamas' political success. First, the continuation of critical economic conditions in the OPTs after the signing of the peace accords increased Palestinians' dependency on public services. Second, the PA's autocratic rule had a negative impact on pre-existing civil society institutions, leaving an operational vacuum for Hamas' institutions. The establishment of the PA in the OPTs meant that the majority of nationalist civil society organizations, which had operated at the grassroots level during the first Intifada, had fallen under the direct control of Yasser Arafat's PA. Arafat, however, was not interested in developing a democratic state where civil society institutions were allowed to operate free from state control. Gunning (2008) notes that the inauspicious economic and political premises of the Oslo process were

inherently conducive to the establishment of a despotic regime like the PA. The PA embodied authoritarian elements in its structure which did not favour creating an enabling environment for civil society:

The logic of the peace process demanded that, in the absence of an immediately visible economic “peace dividend”, the PA be both sufficiently strong and sufficiently independent from popular support, to control its own population. International aid was the instrument by which the PA could lessen its dependence on grassroots support, creating (quasi-) “rentier state.” The security forces were the instrument by which it could maintain control. By the late 1990’s, an estimated 60,000 personnel were employed by over ten security services, providing a “police” to population ratio of a staggering 1:150. Despite its emphasis on elections, therefore, the peace process required an autocratic rather than a genuinely democratic regime, a dynamic which was reinforced by Arafat’s autocratic leadership style and the absence of genuine competitors (p. 44).

Soon after taking power, Arafat demanded that all money donated to civil society organizations from abroad be channelled through PA bureaucracy. The consequences of this decision were catastrophic, as writer Julia Pitner (2000) pointed out in her article, “NGOs’ Dilemmas.” Not only did this decision limit funding for civil society organizations, but it also left them vulnerable to manipulation by the Palestinian Authority.

As a result of the PA’s conditions on the money channelling to NGOs, new internationalized “professional NGO actors” emerged. However, these NGO actors reflected only the pro-peace agendas of Western donors and, much like the PA, were not supported

by grassroots organizations opposite to the CSOs which had been established before Oslo, received a mandate from the public, and served a large number of constituents. Furthermore, a large number of donors and international NGOs received registration and tax exemptions under Arafat's rule. AMAN, a Palestinian coalition for transparency and accountability, revealed that only 146 organizations (40% of the total number of foreign organizations, including donors and INGOs, operating in the Palestinian territories) are legally registered and reporting to the PA (Artir, Bahour, & Abdelnour, 2012). This implies that exempted organizations are not obliged to submit budgets to, or be subject to oversight by, the Palestinian Authority. The exemption included USAID institutions, branches, bodies, and organizations. The PA also granted many USAID branches registration permits as non-profit companies, without requiring the submission of any official documents. Apart from USAID, exempted organizations included Konrad Adenauer Stiftung, Friedrich Ebert Stiftung, the Ford Foundation, Handicap International, and Diakonia. Moreover, a study conducted in 2013 revealed that many Palestinian NGOs, including some of the largest ones, are following suit and refuse to publicly disclose their general assemblies, board members, staff members, funders, financial reports, bylaws, or even the names of their landlords, arguing such data is too sensitive. The AMAN study recommended that all foreign and local NGOs should be accountable to the PA and that their operations should also be taxed (Artir, Bahour, & Abdelnour, 2012).

Under these circumstances, Islamic charities and institutions played a vital role in maintaining the Palestinian social fabric. As grassroots organizations, they provided an alternative safe space for the economically drained and politically sceptical Palestinians of Gaza and the West Bank (Roy, 2011). Unlike nationalist civil society groups, Arafat could

not close Islamic charities could not be closed permanently because of their religious symbolism and the large numbers of Palestinians they served. Ironically, to maintain the status quo, Arafat depended on Hamas and other Islamic charities to provide basic services the PA failed to deliver (Roy, 2011).

The Collapse of the Peace Talks and the Expansion Role of CSOs

The continuation of violence and political instability, especially following the beginning of the second Palestinian Intifada in late September 2000, has forced Palestinian CSOs to assume a more expansive role in the face of the collapse of the Oslo peace process, the continuation of the Israeli settlement projects in OPTs, and systematic Israeli attacks on the PA institutions in Gaza and the West Bank. Once again, the inability of donor-dependent PA institutions to sufficiently provide for basic needs to an ever impoverished population in the West Bank and Gaza forced CSOs to assume their pre-Oslo relief role, although now lacking direct confrontation with the clearly defined institutions of the Israeli occupation. This was indicated vividly in the findings of the Palestinian Economic Policy Research Institute (MAS), which conducted two surveys of the number of NGOs operating in Gaza and the West Bank. They found that the number of NGOs in the area increased by 36.5%, from 926 in 2000 to 1495 in 2006 (Nakhleh, 2012). In other words, as stated above, the role of civil society shifted from holding the quasi-state institution of the PA accountable for filling in the gaps caused by the failure of government institutions to cover their constituents' basic needs, to becoming an important partner in the recovery process following the 2008 war.

In the GS, the shift in CSOs' role became most evident in the period following the Palestinian Parliamentary elections in late 2006 because the outcome of these elections –the surprising electoral victory of the Islamic Resistance Movement (Hamas) – led to the imposition of heavy economic sanctions on the PA. This situation essentially led to the takeover of the Gaza Strip by Hamas, while its more secular opponent, Fatah, took control of the West Bank's Palestinian centers.

Following the Hamas take-over in Gaza, the international community lifted the sanctions on the now-Fatah controlled West Bank, while continuing to impose political and economic sanctions on the “ Hamas” government in the Gaza Strip. The United Nations, donors, and the international community have opted for a no-contact policy with the Hamas-run government; this has meant that the majority of their programs and funding had to be channelled through different platforms, the most important of which were CSOs. For Gaza-based CSOs, the new situation represented many challenges because: 1) they had to operate in a deteriorated socio-economic environment with new tasks to fulfill, including the recovery and reconstruction of Gaza following the 2008 war; 2) they lacked the specific planning and implementation capacities necessary to deliver large recovery and reconstruction programs; and 3) for the first time since their establishment, they had to work under the mandates of two rival authorities (one recognized and the other boycotted internationally), and under strict financing conditions imposed by donors.

Early Recovery: Overview of the Concept

Immediately after the end of the 2008 Israel war and the of the ceasefire, the United Nations Resident Coordinator in the Palestinian territories set up the Early Recovery (ER) Cluster

and Network, with the UNDP as the designated cluster lead. The main objective of the ER cluster is to streamline early recovery activities based on the needs assessments in four main sectors: governance, livelihood, utilities, and environment (UNDP, 2009).

The concept of ER in conflict settings has gained impetus in policy circles and among researchers. The concept has triggered debates and different views on what precisely it is, and how it is different from other approaches to promoting peace and recovery, such as peace-building and stabilization. In a study developed by the London based Overseas Development Institute (ODI), published in 2009, ER was referred to as “a recent addition to the terminology on international assistance, and there is considerable confusion around what it entails” (HPG, 2010). The ODI study also focuses on a number of long-standing debates on three important questions. When combined, these questions and their answers contribute to defining and conceptualizing ER. The questions relate to: 1) how to design programs of assistance in conflict ridden and transitional environments where there are obvious strains and tensions between humanitarian, development, and security-oriented needs; 2) how to tackle global terrorism and strengthen international engagement in fragile contexts through integrating aid and security for the purpose of ending conflicts, building peace, and building states; and 3) how UN missions, aid agencies, and donors can restructure their interventions in the most effective way to work toward peace building.

ER with its political, development, and security dimensions, has been defined as “early efforts to secure stability; establish peace; resuscitate markets, livelihoods and services and the state capacities to foster them; and build core state capacity to manage political, security and development processes” (HPG, 2010). Hence, understanding early recovery is related to the idea of “transitions” from post conflict stage to recovery and

reconstruction. Here, improving international responses and the aid architecture to effectively and flexibly respond to shifting priorities in conflict and transitional settings remains the main focus (HPG, 2010).

Based on the existing literature and indicators of progress in the Gaza Strip, it is not clear to what extent ER schemes have achieved their stated goal of stabilizing Gaza. The fact that the no-contact and boycott policy was in place made it difficult to create the necessary conditions involving all players to lead and implement an effective one. Thus, this research assesses the performance of ER in the post-2008 context and analyzes its actual impact.

Working Under the “No-Contact Policy” in Gaza

The international community remains heavily involved in the political and socioeconomic lives of Palestinians (Qarmout & Béland, 2012). In the Hamas-run Gaza Strip, such involvement has been characterized by a politicized aid agenda that has brought about negative economic and social consequences for Palestinians. The political standing of the main players in the peace process—the US, the EU, and the Quartet—has shaped donors’ aid policies. Besides donors’ policies’ failure to challenge the Israeli blockade on Gaza, the application of aid assistance, under the boycott policies of the de facto Hamas government, has been used to fuel the internal Palestinian conflict. Donors’ aid policies have also politicized the seemingly neutral and objective role of international aid agencies while failing to respond to Gaza’s recovery needs in the aftermath of the 2008 Israeli war, or, as Qarmout and Béland (2012) explain, “donors’ policies in the Hamas-run Gaza Strip have been shaped by the political stand of the international community and bodies such as the

Quartet toward Hamas. These policies have not been neutral and have not played a constructive role in resolving the Palestine-Israel conflict” (p. 13).

Such policies have put many of the aid agencies in a difficult position and at odds with their own mandate of preserving neutrality and adhering to the OECD (2006) “do no harm” principle. Qarmout and Béland (2012) reflected on the work of the UNDP in Gaza under such conditions. The program’s focus is to foster democratic governance through programs implemented with partner PA institutions and local CSOs. However, for UNDP, working under the no-contact policy and excluding the Hamas government and its affiliated CSOs from funding while trying to promote democratic governance places UNDP in contradiction with its own mandate that advocates for good governance, rule of law, and democratic elections. Yet, under the no-contact and boycott policies, UNDP and other UN agencies and international NGOs had little choice but to comply (Qarmout and Béland, 2012).

Others pointed to the fact that the no-contact policy with Hamas has meant that very little is known about local recovery intervention, though this constraint is hardly specific to early recovery. There is concern that approaches to recovery and reconstruction in Gaza will not be built on a full understanding of local capacities and initiatives. In the words of one UN official, the danger is that such an approach may “overshadow what good is happening on the ground” (quoted in ODI, 2009, p. 18).

This situation was further exacerbated following Israel’s war on Gaza in December 2008, which killed and injured many civilians while causing large-scale destruction to homes, schools, and infrastructure. International donors supported relief projects across the territory in an attempt to alleviate the humanitarian crisis while, at the same time,

maintaining no contact with Hamas. Surveying this environment is vital in understanding the context in which CSOs were operating.

Conclusion

It is important to acknowledge the context and conditions under which the PA has been operating since its establishment. The politically motivated financing conditions imposed on PA institutes and on a large number of international organizations and CSOs have largely contributed to creating a complex reality for Palestinians. While the peace process kept collapsing, a fractured and fragile political and security reality was in the making on the ground.

For Gaza-based CSOs, the new situation created many challenges because: 1) they had to operate in a new worsened environment with new tasks which included the recovery and reconstruction of Gaza; 2) they often lacked specific planning and implementation capacities to deliver recovery and reconstruction programs of a large scale; and 3) for the first time since their establishment, they had to work under the mandates of two rival authorities, one recognized (Fatah government) and the other boycotted internationally (Hamas government), and under strict financing conditions imposed by donors.

Chapter 4: Analytical framework and Research Design

This research aims to examine the dynamics and the impact of international donors' financing on local CSOs in the Gaza Strip for the six years that followed the takeover of Hamas under the boycott and no-contact policies. To date, it is not clear whether donor funding has strengthened CSOs' role at the expense of the state, leading to the undermining of the state, or if it alleviated pressure on the state instead by providing social services that should have been the responsibility of the state. Understanding how donors influence the local development agenda and the relationship between the state and donor-funded CSOs is crucial to answering these questions. The impact of donors' assistance is assessed in terms of its influence on CSOs and, in turn, on government policy; particular attention is given to the effect of the expanded CSOs' presence and role in government performance. This research tackles the above questions using the following analytical framework, which is derived from a critical discussion of Mitchell Orenstein's approach to the impact of translational actors on domestic policy.

The Transnational Actor Influence Model and the Neoliberal Agenda in the OPTs

The PLO came into existence in the 1960s as an anti-colonial movement aiming to liberate historical Palestine. As it became apparent that the goal of liberating historical Palestine was not attainable, the PLO abandoned the armed struggle and turned to negotiations as the route to liberate a limited part of historical Palestine (Gaza and the West Bank). Even though negotiations and diplomacy proved to be an equally unsuccessful route to liberation, the creation, in 1994, of the Palestinian Authority (PA) as an interim body which would govern

Gaza and the West Bank marked the beginning of a new reality for Palestinians (Khalidi & Samour, 2011).

Since its creation, the PA has been heavily dependent on donor funding and, hence, is strongly influenced by aid agencies, which are a particular type of transnational aid actors. This research examines the role of international donors in influencing policy using Orenstein's Transnational Actor Influence (TAI) model. This model challenges the traditional view that transnational actors have a limited role in influencing domestic policy because they do not have formal veto power on such policy, and the view that transnational actors influence domestic policy mainly through the use of coercive power such as aid conditionality (Orenstein, 2008).

The TAI framework builds on the institutionalist work of Tsebelis (2002) on veto players, which suggests that the influence, preferences, and strategies of domestic actors who have a formal veto over policy processes shape and impact policy choices. Orenstein (2008) expands on the veto player framework and accounts for the role of transnational non-veto players in influencing domestic policy. Orenstein (2008) argues that actors who lack formal veto power in a country may influence its policy by formulating, diffusing, and supporting concrete policy ideas and proposals. Orenstein (2008), therefore, introduces the concept of "proposal actors" as distinct from veto players but interacting with them. "Proposal actors" have the potential to influence domestic public policy despite lacking formal veto power. According to the TAI framework, transnational actors are considered proposal actors who use different channels and tools to influence domestic policy and the domestic veto players in charge of enacting it. These tools comprise any activity aimed at "convincing domestic veto players to adopt their problem definitions, norms, and proposed

solutions” (Orenstein 2008, p. 57). This includes, (but is in no way limited to, loan conditionalities.

Béland and Orenstein (2009) emphasize the role of transnational entities as proposal actors. They argue that “ideational processes constitute a key aspect of the influence of transnational actors on country-level policy development” (Béland & Orenstein, 2009, p. 1). They propose that transnational actors act as global think tanks and policy entrepreneurs, and that it is primarily through this role that they influence domestic policy, not just through financial loans and material interests.

The PA’s adoption of neoliberal economic reforms supports this view of transnational aid actors, and in this particular case, international donors. The PA’s neoliberal economic reform agenda has generally been associated with Prime Minister Salam Fayyad. The reforms began in 2007, the year in which the Fatah and Hamas split occurred and a caretaker government was established in the West Bank under Fayyad’s leadership. That year, Prime Minister Fayyad announced the launch of a statehood plan, as well as the 2008 Palestinian Reform and Development Plan (PRDP). According to Khalidi and Samour (2011), the neoliberal agenda was “inspired by a model of neoliberal governance increasingly widespread in the region, indeed in neo-colonial states around the world, but which socially, culturally, and politically remains an alien creation of the Washington-based international financial institutions” (p. 9). In addition, both the Statehood plan and the PRDP “reflect the economic policy agenda set forth in the so-called ‘Post-Washington Consensus’ (PWC) orthodoxy advanced by the Bretton Griecos Institutions (BWI), the World Bank Group, and the International Monetary Fund (IMF), since the late 1990s” (Khalidi and Samour, 2011, p. 9). Khalidi and Samour (2011) showed that, even though neoliberal

reforms have not achieved the promised economic benefits for most countries that carried them out, the PA embraced the economic neoliberal agenda heavily promoted by donors. The PA adopted the notion that this pro-market economic framework is the superior policy alternative (Khalidi and Samour, 2011).

The TAI framework offers insights into understanding why and how the PA embraced neoliberal reform agenda; it is unlikely and implausible that the PA adopted the neoliberal reform agenda as a direct result of donor conditionality. Many examples on the ground seem to support this claim. For instance, the first 2008 Palestine Investment Conference (PIC) and the second one in 2010 were held under the PA's "Palestine is open for business" banner to attract foreign direct investment and open up the Palestinian market. Both conferences involved USAID and DFID as partners, and the Arabic Islamic Bank and Agence Française de Développement (AFD) as sponsors (Palestine Investment Conference 2008, 2011). Additionally, many public assets and enterprises have been consolidated in the Palestinian Investment Fund (PIF), in accordance with 2003 IMF-designed budget and fiscal transparency reforms (Khalidi and Samour, 2011).

The TAI framework divides the policy process into three distinct stages: policy development, policy transfer, and implementation. In the first stage, which involves the three streams John W. Kingdon (1997) analyzed, new problem definitions and new policy proposals are formulated. The second stage, policy transfer, is about the dissemination of these new problem definitions and solutions and is sometimes referred to as "norm teaching". The third stage is policy implementation, which is about the concrete application of these policy solutions on the ground. Transnational actors involve themselves in all stages of the policy process as proposal actors so as to influence the preferences and strategies of

domestic players who have formal veto power at each stage of the policy process (Orenstein, 2008). Examples of the mechanisms that transnational actors use to influence the policy development stage are conferences, publications, and working groups. Transnational actors' involvement in the policy transfer stage includes activities such as training seminars, technical assistance, and loans. Transnational actors can also participate in the implementation stage through such things as supplementing domestic agency funds or providing technical assistance for implementation. There is clear evidence of donor involvement in all stages of the policy process in the OPTs, with countless study tours, conferences, and training sessions for PA officials. Considerable funding is available for these events.

To further explore transnational influence, Jacoby (2008) offers a very important classification of transnational mechanisms. He proposes that there are four modes of external influence: inspiration, subsidy, partnership, and substitution. These modes merge the "norms teaching and resource leveraging" (Orenstein 2008, p. 66) perspectives. Orenstein (2008) argues that transnational actors use inspiration, subsidy, and partnership to influence policy change in many countries. The modes of external influence in OPTs possibly include all four modes Jacoby (2008) identified.

The TAI framework also takes into account the fact that transnational actors themselves do not necessarily have constant preferences over time, and so considers the internal ideas and behaviour of these actors. Orenstein (2008) proposes that transnational actors' interventions are driven by three factors: their ideas, their resources, and their own decision-making processes. He claims that the ideas of transnational actors matter in terms of their role in influencing domestic policy (Orenstein, 2008).

Regarding Palestine, Khalidi and Samour (2011) argue that the neoliberal economic framework is promoted and supported by transnational actors such as USAID in an effort to “integrate Israel in the wider region, and manage (not resolve) the conflict” (p. 12). Khalidi and Smaour (2011) suggest that managing the conflict often translates to the pursuit of “economic peace” through the adoption of the neoliberal economic reform agenda (p. 16).

The view that the goal of the neoliberal reforms in OPTs is to promote “economic peace” is not new. Khalidi and Samour (2011) noted that both “Moshe Dayan’s policy of open bridges and cooptation of traditional elites in the 1970s and Menahem Milson’s Israeli Civil Administration and Palestinian Village Leagues in the 1980s” are earlier examples of the economic peace policy (p. 7). PA officials condemn Israel’s attempts to substitute economic peace for real (diplomatic and political) peace. However, Palestinian cohabitation with occupation and economic engagement with Israel on its terms as an occupying power is effectively equivalent to the PA’s implicit acceptance the notion of “economic peace” (Khalidi & Samour, 2011).

However, regardless of the costs and benefits of the neoliberal economic agenda, the main question is why the PA and donors continue to pursue policies they know, because Israel controls most of the critical economic decisions, are futile? This control is manifested in “countless hours spent negotiating with Israel to obtain the occupying power’s approval to build roads, import equipment, establish industrial zones, speed commercial clearance at borders, reduce transaction costs, and so on” (Khalidi & Samour, 2011, p. 10). The PA and donors are fully aware of the fact that the former does not have the necessary control over economic resources needed to implement the neoliberal economic reform agenda or, for that matter, any other structured economic agenda. This awareness of the potential limited ability

of the PA to implement neoliberal economic reforms under the current circumstances raises unanswered questions about transnational actors' own preferences and changes in those preferences over time.

This research examines the role of international donors in influencing policy in the Gaza Strip after Hamas' takeover after the 2006 elections. The analysis employs and adapts Orenstein's (2008) TAI framework (Orenstein, 2008). This model offers an appropriate analytical framework for understanding the role of donors as transnational actors in influencing policy in the Gaza Strip because it acknowledges how transnational actors use norms creation, teaching, and resources leveraging to influence domestic policy. The model also highlights policy crises in particular as a window of opportunity for both policy change and transnational influence (Orenstein, 2008).

It is important to note that employing the TAI model to explain transnational actors' influence on domestic policy poses different questions in the specific political contexts of Gaza and the West Bank. On the one hand, donors have adopted a no-contact policy with the Hamas government in Gaza. On the other hand, the West Bank has experienced high levels of economic growth since then which are considered to be the fruits of the PA neoliberal economic reform. Khalidi and Samour (2011) question the type of economic activities resulting in this growth and they conclude that it represents an "economic peace bubble". Whether the economic growth in the West Bank is an economic bubble or genuine and sustainable growth remains to be seen.

According to Palestinian law, donors are obliged to coordinate all their aid programs with relevant state institutions, the most important of which is the Ministry of Planning and Administrative Development. The ministry's main mandate is summarised as follows:

To lead the cross-sector planning, to develop comprehensive development policies with the participation of all relevant Palestinian institutions, and to coordinate and support sector planning in the concerned ministries and institutions so as to ensure their consistency with the comprehensive cross-sector approaches and plans. In this context, the Ministry develops different plans and programs and introduces them along with their policy foundations to the Cabinet for deliberation and approval; then referred to the legislative council for ratification (Quoted in Ministry of Planning, 2015).

As for managing and coordinating international aid, the ministry has a special directorate which is charged with:

Explore the future financing situation and its tendencies, and to establish dialogue with donors according to the Palestinian financing needs. In addition, the directorate presents and promotes for Palestinian development programs through different coordination channels. It also promotes, mobilizes and manages the support needed for different projects and programs in coordination with Palestinian ministries and institutions, in addition to following up their specific financing issues and coordinating between them and the concerned financing agencies with a view to defining finance developments and address their associated problems. Moreover, the directorate gets involved in drawing up donors' strategies related to Palestine, and prepares bilateral agreements with donors (Quoted in Ministry of Planning, 2015).

The situation in the Gaza Strip, therefore, challenges some of the assumptions of the TAI model and calls for an adaptation of this model to account for the specific role of

transnational aid actors in conflict-ridden fragile states. If civil society is playing a major role in providing social services, acting as a substitute for government on many occasions, should civil society actors be regarded as veto players in a conflict-ridden area like the Gaza Strip? How does funding civil society affect formal government veto players? What modes of actions and mechanisms do donors use in the three stages of the policy process identified above? What are transnational aid actors' own preferences and aid agendas in Gaza after the Hamas takeover of the Strip? And what were the outcomes of their interventions?

With the no-contact policy in the Gaza Strip, international donors could not directly work with the elected de facto government (veto players). At the same time, international donors were obliged to continue their aid to prevent both a new humanitarian crisis from escalating and a total collapse of the peace process.

The 2008 Israeli war required massive intervention by donors to support recovery and reconstruction efforts. However, the highly isolated and impoverished Strip was under the control of the Hamas government. Thus, donors had to search for other local partners with whom to collaborate, bypassing this politically untouchable formal veto player. These were mainly local CSOs, which acted as intermediaries between the Hamas government and international donors.

Using the TAI model, this research seeks to examine to what extent donors' financing has empowered CSOs and possibly granted them veto powers at the expense of the state. This will be examined through understanding the roles and relations of all parties (government, donors, and CSOs) in prioritizing and implementing recovery and reconstruction schemes. The research also seeks to identify and examine the tools employed to influence policy and to understand transnational aid actors' decision-making process and

preferences. Finally, it aims to shed light on some of the outcomes and implications of the policy interventions.

International Aid: Assessing Aid Effectiveness

Once policy development and related forms of transnational influence have been analysed through the Transnational Actor Influence (TAI) framework, this research explores the impact of aid and the related policies implemented at the local level, as a consequences of the choices of both transnational and local actors. A good starting point to discuss the actual impact of transnational aid and the policies stemming from it is the work of the OECD on international development. In its efforts to improve aid policies worldwide, OECD has developed vast literature concerning aid in fragile contexts. The OECD identifies fragile states as “those that embody the characteristics of weak governance and vulnerability to conflict, together with differentiated constraints and opportunities in situations of: 1) prolonged crisis or impasse; 2) post- conflict or political transition; 3) gradual improvement; and 4) deteriorating governance” (OECD, 2007).

The OECD has also developed the Fragile States Principles (FSPs) for engagement. These principles are: “1) Take the local context as a starting point; 2) Do no harm; 3) Align with local priorities in different ways in different contexts; and, 4) Avoid pockets of exclusion within each context” (OECD, 2007).

The complexities and interconnectivity of elements affecting the relationship between foreign aid and civil society in the context of multifaceted domestic, colonial, and international power structures makes it very difficult to use a single theoretical model throughout this research.

Given the vast number of CSO organisations and their diversity in the Gaza Strip, my study focuses on those CSOs involved mainly in implementing programs related to reconstruction efforts following the 2008 war. I chose recovery and reconstruction schemes because these schemes have been one of the biggest recipients of donor funding from both Western and Arab/Islamic donors and also because investigating these schemes provides key insights into how to improve the effectiveness of aid. I assess donor compliance with OECD's principles of engagement in fragile states in order to examine the conduct of aid policies in funding such programs and determine if it is consistent with meeting recovery and reconstruction needs in Gaza.

I also employ Khalil Nakhleh's (2012) concept of "People-Centered Liberationist Development" (PCLD), outlined in his latest book, to examine the conduct of CSOs and assess whether they were motivated by meeting the needs of the people of Gaza or by other agendas. Nakhleh (2012) defines PCLD as "A process of purposeful intervention whose target is the widening to the utmost of individual and collective choices of the human being, the individual, the average citizen, which is sustainable from one generation to the next" (p. XVII). According to Nakhleh, the approach's ultimate objective is to create a resilient and solid "social fabric" in Palestinian society and allow for political self-determination and liberation against foreign occupation, colonialism, hegemony, and (political, economic, and social) inequalities.

The following are some of the main objectives of PCLD (Nakhleh, 2012):

1. Empowering Palestinian individuals, local communities and the society at large, through the provision of necessary qualitative resources, skills, awareness of their legitimacy, resilience, trust and confidence;

2. Improving people's living conditions, qualitatively and sustainably;
3. Protecting people's basic human, social, cultural, economic and historical rights;
4. Providing the required conditions and expertise to help the people realize these basic rights, primarily the right to be free from occupation and exploitation, to self-determine their future, to have access to non-exploitative productive work, to develop the society so as to respond to people's basic humanitarian needs, and to sustain it for future generations;
5. Setting- up relevant mechanisms to actively apply the gained information, skills, and the revived awareness (p. XVIII-XIX).

By employing the PCLD and the OECD's FSPs for engagement in analysing the impact of international donors' financing on local CSOs in Gaza under the no-contact policy, this research complements the broader analysis of transnational influence described in the previous section while contributing to our understanding the concrete, more specific impact of donors' financing on the livelihoods' of Palestinians in the Gaza Strip.

The TAI provides the overarching analytical framework that I employed for my analysis. According to this framework, it is important to understand transnational aid actors' decision-making process and preferences. In this thesis, I would like to assess to what extent donors' preferences and actions were affected by the OECD's FSPs in their engagement in recovery and reconstruction schemes in Gaza after 2008. Donors are OECD members and, therefore, they would be expected to abide by these principles. However, it is not clear what influence these principles had on donor actions, if any. The "People-Centered Liberationist Development" also provides important information on what constitutes productive and

helpful conduct in this fragile Palestinian setting and therefore will help in assessing donor interventions' impact.

Governance without Government

New Modes of Governance

The situation in Gaza after 2008 was characterized by a great need for recovery and reconstruction and a restricted role of the de facto Hamas government as a result of the boycott and no-contact policy. CSOs assumed a large role in the recovery process substituting –to some great extent– government. This situation could be described as “governance without government” (Peters & Pierre, 1998). In developed and industrialized countries, as Peters and Pierre (2008) explain, the discussion on “governance without government” has been going on for a long time. Public-private (state-society) relationships were historically influenced by interest groups. These interest groups bridged the divide between state and society by exercising political influence at every stage of the policy-making process. In this context, governance institutions have been faced with the challenge of including organized interests groups with influential societal actors in the implementation of public policies (Peters & Pierre, 1998).

There is increasing evidence that national governments¹² are no longer considered the main actors in public policy. According to Peters and Pierre (1998), this is primarily because the forces of globalization can strain a nation's economy beyond the ability of a

¹² The literature discussing “Governance without Government” employs the US sense of the word “government” (the state) while elsewhere in the thesis, I use “government” in the Canadian-European sense of the term as an elected body distinct from the state as a bureaucratic apparatus.

national government to resolve or manage those pressures (Peters & Pierre, 1998). This movement towards a less powerful and less governing government is termed “government without governance” (Peters & Pierre, 1998). From a developing country’s perspective, another factor that potentially limits –or at least interferes with– the power and capacity of a national government, and which Peters and Pierre (1998) do not discuss, is international development assistance.

Peters and Pierre (1998) explain that the government without governance debate emerged from Europe but has since spread well beyond this region. It is based on the fact that, although government has the supreme role in social and public policy, interest groups are very influential. There is, as a result, a powerful social network that can influence government decisions and occasionally replace government in its role as the central allocator of values and resources in society. Interest groups, formed by the unstructured collection of private social actors, therefore play an important role in policy-making. These groups or networks have enough resources and resiliency to self-organize, oppose, and evade the control of the government if faced with unfavourable policies and decisions. They have control over information and implementation structures, and may also be more efficient than government in executing welfare duties (Peters & Pierre, 1998).

Weale (2011) discusses some of the emerging new modes of governance by referring to public policy-making that takes place outside legislative action and with limited administrative procedures. Weale (2011) argues that, unlike political legislative systems that are characterized by joint decision-making and multiple veto actors, new modes of governance are likely to allow problems to be solved more quickly.

Nevertheless, Weale (2011) emphasizes that the government (state) is not completely inactive in this situation; it retains the capacity to influence decisions. He explains that relevant private networks often consult with government for joint decision-making. This results in the merging of both public and private sector resources and the subsequent creation of formal partnerships between actors in both sectors. These partnerships are mutually beneficial and allow both groups to access resources and benefits that otherwise would not have been accessible (Weale, 2011).

The important characteristic of these new modes of governance is that decision-making is not directly under the control of democratically elected representatives. Also, important policy decisions are made through voluntary agreement and may not require legislation. However, where legislation is required, the terms of that legislation may be set by negotiating processes among the government's variety of social actors (Weale, 2011). Overall, new modes of governance have evolved in the direction that the state in developed polities is moving towards delegating power and authority to non-state actors (Weale, 2011). This points to a shift in the role of the state and leads us to the next section, which addresses an equally important and relevant development related to a new approach to public administration. This approach is known as New Public Management and, in the next section, I discuss its relevance to the governance discussion in both developed and developing countries.

New Public Management

According to Peters and Pierre (1998), a parallel debate to the governance one started about a new approach to public Management, namely New Public Management (NPM). Peters &

Pierre (1998) explain that the debate about forms of governance occurred at nearly the same time as the dissemination of NPM in many democratic Western societies.

The United Nations Research Institute for Social Development (UNRISD) acknowledges that NPM has been increasingly seen as a global phenomenon in public sector reforms. As a management approach drawn from the practices and experiences of the private sector, NPM has played an important role in launching reform agendas that shift the emphasis from traditional public administration to new public management (UNRISD, 2015). NPM advocates for decentralizations within public services. This includes various forms of decentralization, such as the creation of autonomous agencies, the devolution of budgets and financial control, and increased reliance on markets and competitions in the provision of public services (UNRISD, 2015).

In the context of developed welfare states, many of these countries adopted NPM in their quest for efficiency and to reduce the cost of delivering public services. In developing countries, NPM reforms in public administration were mostly driven by external pressures in the context of the WB's and IMF's structural adjustment programs and their increasing emphasis on good governance (UNRISD, 2015). Therefore, in addition to developed countries, NPM techniques and practices have been applied in transnational economies and crisis states. These practices include the decentralization of public services, downsizing, performance contracting, contracting out, and user fees. Nevertheless, the implementation of NPM in crisis countries has been constrained by institutional and capacity constraints. These constrains included limited capacity to manage a network of contracts, lack of monitoring and reporting systems, and constrains emerging from the difficult governance and institutional environment which exists in these countries (UNRISD, 2015).

The PA has been heavily dependent on donor funding, and as discussed earlier, embraced the economic neoliberal agenda and modern forms of governance and public administration promoted by donors in Prime Minister Salam Fayyad's statehood program. The notion that neoliberal economic reform and governance models are the best policy approach, promoted by aid agencies, was fully adopted by the PA.

In terms of political accountability, H ritier and Lehmkuhl (2011) contrasted new modes of governance with conventional decision-making in democratic states. They argued that the issue of political accountability is primarily institutional and stressed that it is imperative to define the institutional setting. Weale (2011), on the other hand, argues that the problem of political accountability is not just institutional but conceptual and that conceiving accountability in terms of elections only ignores other aspects of political accountability. Therefore, the authority given to actors in policy networks should be considered delegated authority for which they are accountable (Weale, 2011).

Limitations of New Modes of Governance

Weale (2011) argues that new modes of governance are considered participatory in nature since selected actors make decisions through negotiation and persuasion. Nevertheless, he argues that there is always a risk that new modes of governance may end up being exclusionary if the actors who are making decisions are not representative but only a sub-set of relevant interests. In such a situation, biased outcomes, which are not reflective of the social values and competing interests of the relevant actors, may be generated. There is, therefore, a risk that the transparency of the process may be compromised, thereby endangering the democratic processes (Weale, 2011). From a different perspective, H ritier

and Lehmkuhl (2011) argue that the questions of political legitimacy and decision making raised by the application of new modes of governance are actually problems of political accountability. They stress that new modes of governance may still improve administrative efficiency by allowing those with expertise to make policies and devise solutions (Héritier & Lehmkuhl, 2011).

The literature on new modes of governance and NPM indicate that there are presumed benefits and limitations to these approaches. The situation in the Gaza Strip with the severely limited role of government, as a result of the no-contact policy, provides an opportunity to examine to what extent these presumed benefits and limitations are real in a fragile country context. It is important to note that the factor that limits the government's role in Gaza is different from factors outlined for developed countries. The government's role in Gaza was limited as a result of transnational actors' influence. The reason that the government's role was limited in Gaza was imposed from outside, which is an important distinction from what happens in developed countries where the government's role changes in a more organic development over time. It is also important to highlight the fact that the situation in Gaza is extreme: the de facto Hamas government was deliberately excluded so the government's role was drastically limited.

The presumed benefits of "governance without government" are based on the assumption that "that the cooperation of societal and public actors generates greater problem-solving capacity" (Börzel, 2010, p. 10). Including non-governmental actors in policy-making and the delivery of social services gives these organizations access to resources and is supposed to ensure more effective implementation (Héritier, 2003). Non-governmental organizations are also expected to be able to help recognize problems and

contribute to finding and implementing adequate policy solutions. In addition, involving non-governmental organizations means that more of the actors who will be affected by a policy have a say in policy formulation. Making the decision-making process closer to clients is also likely to lead to more effective policy implementation (Börzel, 2010).

There are, however, limitations, as discussed earlier. While civil society organizations and companies can provide governments with much needed resources to formulate public policies or even provide social services, “it is unclear whether the mutual resource dependency of governmental and non-governmental actors actually leads to a net increase in the problem solving capacity of governance” (Börzel, 2010, p. 10). In the case of fragile states and weak governments, if governments have to share authority with civil society organizations because they are not capable of assuming the responsibility on their own, this can result in problem shifting or agency capture (Hellman, Geraint, & Kaufmann, 2000). Moreover, weak governments are not likely to be able to reassume responsibility in cases of non-governmental organizations’ failure. The most dangerous problem is that weak governments “may not be able to resist the pressure of private actors to adopt policies that are not serving the public interest or, worse, are not able to judge what policies may be in the public interest since they lack the necessary information and expertise” (Börzel, 2010, p. 10). Finally, the involvement of non-state actors can as be criticized as “clientelistic, intransparent, exclusive, and, thus, undemocratic” (Börzel, 2010, p. 11).

Börzel (2010) argues that even though weak states may be most in need of the non-governmental sector to address their resources limitations, “governance without government” is not likely to lead to the benefits it is presumed to create. The author’s work emphasizes the importance of the “shadow of hierarchy cast by government” to make

“governance without government” work (p. 15). I will analyze interview responses from the three sectors (government, CSOs, and donors) to examine what the interviewees’ perceptions and views are about CSOs largely substituting for government in planning and delivering recovery and reconstruction in the post-war period. I will reflect on the “governance without government” literature to investigate how it applies to the Gazan context in particular and to the fragile state context more generally. The presumed benefits and limitations of new modes of government have been discussed both theoretically and empirically in the literature, but pertain more to a developed country context. I will examine these presumed benefits and limitations empirically in the Gazan context in the hope of understanding what this shift in the government’s role could mean in reality, especially in the case of weak governments.

Methodology and Research Design

In this study, I combine TAI, PCLP, FSPs, and the “governance without government” literature and examine the role of international donors and CSOs involved in recovery and reconstruction efforts of the Gaza Strip. Given the specificity of the Palestinian context and high levels of aid dependency, my work focuses on the services provided by CSOs in reconstruction efforts. Given the nature of my research, I rely on qualitative research methods for collecting and analysing data about transnational influence, policy development, and policy impact. The research methods used here include document review, focus groups, and in-depth interviews.

Documents Review

Document review is important for this project because it provides an in-depth understanding of the nature, focus, and scale of interventions implemented in the Gaza Strip since Hamas' takeover. It is also useful for identifying the main sectors and beneficiaries that were the target of such interventions, the CSOs that carried out these interventions, and the conditions applied to such interventions from the donors' side.

Given that the majority of countries donating to Palestine belong to the OECD, I perform an extensive review of documents and reports focusing on aid in OPTs. Further, I use key websites, such as that of the Palestinian Non-Government Organizations (PNGO), which lists most registered CSOs working in the Gaza Strip, to obtain information on the activities of CSOs in the Strip, their mandates, and the sectors in which they are involved. I also use these websites to initiate contact for potential participation in my research.

Focus Groups

The interviews and focus groups were conducted in Arabic with the help of a local research coordinator/facilitator; it was impossible for me to travel to the Gaza Strip because of the closure of the border and deteriorated security conditions during the time of my field work, from October to December 2014. I used both the research coordinator and my own social networks to reach the participants. The research coordinator was instrumental in arranging interviews and focus groups with the participants, especially those with the de facto Hamas government. Without the research coordinator's help, it would have been very difficult to contact government officials. I used my networks to reach participants from both the CSO and donor sectors. In addition, as a result of constant electricity and Internet connectivity

cuts, I trained the research coordinator to conduct the interviews. Given the technological limitations of the environment, it was the only feasible option. It was neither logical nor practical to reschedule interviews or focus groups every time the Internet connection was lost because it happened quite often. Because of this, the research coordinator was instrumental in conducting the interviews and focus groups. All interviews and focus groups were audio-recorded. The research coordinator and I had numerous discussions over Skype about every interview and focus group to ensure quality, in-depth understanding, and clarity of interpretation.

I employed snowballing techniques using web contacts as the starting point to recruit participants in the focus groups. The focus groups were based on voluntary participation and they included mainly open-ended questions. All the participants in each focus group were informed about the research and its potential policy relevance. The research questions and main elements of this project were shared with them and they were able to reflect on the validity, relevance, and nature of research questions at an early stage of their participation to allow for the inclusion of new ideas and approaches.

Two focus groups were conducted. The first one was with representatives of CSOs in the Gaza Strip, while the second one was with representatives of donor agencies. Six representatives from CSOs participated in the first focus group, and three donor representatives participated in the second group. I was unable to organize a focus group for government representatives because the majority of the Hamas government participants preferred to participate in individual interviews, instead of sharing their views in a focus group context. This is unfortunate because group processes help participants to explore their

views and perceptions in ways that would be less accessible in a one-on-one interview (Morgan, 1996).

For representatives from CSOs, the focus group discussions were guided by questions such as:

- Did you have previous experience in delivering programmes related to early recovery and reconstruction efforts post conflicts? If yes, describe your preparedness to embark on such programmes at the time?
- Who are your main donors? And how did you receive funding from them?
- Did you have the chance to discuss and agree on the nature and scope of funding with your donors? Please elaborate.
- What process did you followed to select what projects to work on? Would you have selected the same project if you had your own funding?

For donors, the focus group discussions were guided by questions such as:

- Can you please describe your mandate and the objectives of your mission in the Gaza Strip?
- Did you participate in financing recovery and reconstruction programs after the 2008 war? If yes, please describe the scope and nature of such efforts and programs and who your main partners were in the planning and implementation processes.
- As a donor, what was your strategy in identifying priority interventions under the no-contact policy imposed by the international community on the Hamas government?
- Have you coordinated any of your programs with the government?
- To what extent did you rely on local CSOs in implementing projects?
- Can you please describe the cooperation framework with local CSOs?

For representatives from the Ministries involved in reconstruction, the focus group discussions were guided by questions such as:

- Did you have a coordinated plan to identify and prioritise recovery and reconstruction needs in Gaza after the 2008 war? If yes, how was this plan prepared?
- As the de facto government, please describe your efforts in reaching out to the international community and donors to assist you in the recovery and reconstruction efforts?
- Were these efforts successful? Please explain.
- What was your relation with the international organizations and donors working in Gaza?
- Were there any coordination mechanisms in place to jointly identify and coordinate recovery and reconstruction efforts?
- Can you explain the purpose of the no-contact policy when it comes to working with donors and international organizations? When did it start and is it still in place?
- Did all donors abide by the no-contact policy? Please elaborate.

In-depth Interviews

In total, twenty-nine participants took part in this study: twenty took part in in-depth interviews and nine participated in the two focus groups. Seven of the participants in the in-depth interviews represented the government, six represented the CSOs, and seven represented donor agencies. All of those interviewed were involved in the recovery and reconstruction schemes which took place following the 2008 war. I used purposive sampling to select participants to ensure good representation from all three sectors and different levels

of management. It is important to understand the view of senior management in government, CSO sector and donors. Interviews with staff members that represent middle management and frontline workers were also conducted in order to have an understanding of their different perspectives on the issues. I believe that the input from the in-depth interviews complements the information obtained through the focus groups.

Heads of staff and staff members working in local CSOs involved in reconstruction and recovery efforts were identified and interviewed. The identification process was based on the extent of involvement of each CSO in one of the following sectors in table 1, below, which summarizes reconstruction and recovery needs in the Gaza Strip. The table was presented in the “One Year after Report” prepared by the United Nations Development Programme to assess the recovery efforts in Gaza. The idea here was to select representatives from CSOs working in each sector. The selected CSOs represent large, medium, and small operations CSOs and reflect the diversity of CSOs in Gaza.

Key donors were identified using the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) database. UNOCHA has played a major role in coordinating donor interventions and has published a database (map) of key donors involved in the reconstruction efforts. The database was used to identify and contact key donors for interviewing. As for the government, I interviewed key staff from ministries involved in coordinating recovery and reconstruction efforts with the help of the research assistant. Most of the Hamas government representatives interviewed held a General Director position in their respective ministries. The themes of the interviews were based on feedback and findings from the focus groups and documents review. The interview questions were both

open-ended and closed-ended. The open-ended questions enabled follow-up with additional questions that arose during the interviewing process.

Table 1: Summary of Reconstruction and Recovery Interventions (UNDP, 2010)

Rehabilitation and Repairs			
PNERRP Sub-Sector	Interventions (USD)	Remaining Needs (USD)	% of Coverage
Health ²	5,792,458	214,095	96.4%
Education	5,630,340	26,509,182	17.5%
Water and Sanitation	4,693,300	1,310,000	78.2%
Housing	51,133,370	184,341,829	21.7%
Energy	5,772,500	4,640,000	55.4%
Transportation	-	15,847,673	0.0%
Telecommunications	1,583,941	-	100.0%
Agriculture	33,282,511	101,053,300	24.8%
Private sector (non-agri)	56,601,650	83,155,510	40.5%
Public governance	-	81,991,832	0.0%
Civil society and CBOs	138,510	5,748,285	0.2%
Water quality	-	15,400,000	0.0%
Land and Soil	-	330,000	0.0%
Rubble removal and UXOs	8,800,000	-	100.0%
Solid Waste Management	-	7,000,000	0.0%
Total	173,303,921	527,212,036	24.7%

Assessing Validity

By examining the literature on development aid and aid effectiveness, I was able to acquire an understanding of the main challenges for both donors and recipient countries. This enabled me to better formulate the research questions I posed to the participants in the focus group, while also allowing me to better incorporating their suggestions and concerns in the discourse of conducting the focus groups discussions.

Using the focus group approach with the two categories of participants (donors and CSOs) allowed me to incorporate the professional opinions and feedback from the main constituents involved in the research. The three constituents represent three sides with

different and occasionally conflicting agendas. Therefore, this approach provides a wider and more in-depth perspective on the dynamics of aid assistance. To ensure the representativeness of the study, the participant CSOs were identified and selected from the roster of CSOs registered with PNGO, representing all the main economic and social sectors. The participant donors were identified from the records and data of the Ministry of Planning and categorised based on their level of support to local CSOs. Using this approach, I was able to uncover the main elements that influence and affect aid interventions and their impacts on the residents of the Gaza Strip.

Ethical Consideration

For this research, I obtain informed consent from the participants to ensure an ethical conduct for the research study. All participants were approached with a request for an informed written consent prior to their participation. Since this research addresses a public policy issue, participants were provided with the opportunity to either disclose or keep their names and identities confidential in the final write up of the research.

All participants from the government and CSOs agreed to disclose their name and believed that their views represented their organizations' views. Three participants from donor organizations only agreed to participate under the condition that I make it clear that their views do not represent the views of the organizations in which they are currently working or have worked; they requested that I note in the thesis that the views they represent are their own. Thus they are mentioned by name in the research and not as representatives of any particular donor or organization. The rest of the participants from the donor community agreed to represent their organizations. Finally, I explained to all

participants that they could feel free at any time to withdraw from the research if they did not feel comfortable about the process. None of the participants requested to withdraw from the study, however.

Data Analysis

With the help of the research coordinator, I started conducting interviews in October 2014 and ended the process in late December of the same year. After conducting the interviews, I used NVivo to organize my data and generate themes. I also used NVivo to analyze the findings of each groups separately. After analyzing the interviews with representatives from the three groups, several themes emerged regarding CSOs, donors, and government involvement in the early recovery and reconstruction schemes after the war on Gaza. These will be discussed in the next chapter.

Chapter 5: Findings

Introduction

Several findings regarding Early Recovery and Reconstruction Schemes emerged from my research. In this chapter, my findings are grouped into three parts: (A) government participants, (B) donors agencies, and (C) CSOs' participants. The list of participants, including their names, titles, and the organizations they present, is available in Appendix C. The findings that emerged from the interviews and focus groups with each group are organized into different themes. The decision to present the interview and focus group data regarding these three groups of actors separately was made to insure that the different sides of the story would be clearly studied on their own, before they are discussed together in the last chapter. The guiding research questions outlined in Chapter 1 were used to develop three detailed interview guides for the three groups of actors. The interview guides for each group are available in Appendix B. Different themes also emerged from each group of actors' interviews and from the two focus groups. Finally, due to the large number of participants, organizing the findings in such a manner also improved the clarity of presentation of the findings.

After analyzing data from the two focus groups and the twenty interviews with representatives from these three groups, several themes emerged regarding CSOs, international donors, and the government's involvement in the Early Recovery and Reconstruction Schemes after the 2008 war. These themes are discussed thoroughly in the following sections. For the sake of clarity, it is important to acknowledge that the majority of donors in the Gaza Strip do not have a physical presence there because of the security situation and Hamas' control of the Gaza Strip. Most of donors' missions are located in

Jerusalem and the West Bank. Donors, including a majority of United Nations agencies and INGOs, operate in the Strip through their agents/partners. These organizations receive funding from donors and implement projects in partnership with local CSOs, according to donors' funding policies and conditions. For example, if USAID signs an agreement with UNDP or an INGO such as (Cooperative Housing Foundation [CHF]), these organizations will represent the donors on the planning and implementation fronts. The common partnership modality for these organizations is to grant sub contracts to local CSOs based in Gaza. So in some occasions, an INGO can be receiving fund from a donor and sign a grant with a local NGO at the same time. In this case, the INGO will be considered the donor in the eyes of the local NGO. Adding to this complicated situation, the research coordinator was unable to travel from Gaza to the West Bank and Israel as a result of Israeli movement restrictions imposed on Gazans.

Government Participants Findings

Government Preparedness to Plan and Launch Early Recovery and Reconstruction Schemes

The government officials (formal veto players) who participated in this study stated that the Gaza government had strong planning and implementation capacities. They expressed confidence in the government's ability to lead the recovery and reconstruction efforts after the war and provided numerous examples from different ministries of comprehensive strategies and plans already in place. The participants also noted the difficult environment in which they are used to operate, as a result of continued conflict with Israel.

When asked about their preparedness to identify, plan, and prioritize recovery and reconstruction needs, most government representatives responded that they were prepared.

This included capacities to conduct damage and needs assessments, coordinate with other government departments, and design concrete plans for recovery and reconstruction.

Many schools were destroyed as a result of the 2008 war. The Ministry of Education participant was asked about how ready his Ministry was to lead the construction efforts and whether it had the capacity to do this work. The participant confirmed that such planning capacity existed and that it had already led to the development of a concrete plan for Early Recovery and Reconstruction schemes. He explained: “The plan was to reconstruct the damaged facilities starting from minor to severe damage in order to operate the largest number of schools as soon as possible. The plan was prepared by the ministry alone, specifically the general directorate for school buildings”.

The economy of the Gaza Strip was also in shambles after the war and it was important to know whether the de facto government had any vision or plan for how to address the damage to people’s livelihood as a result of the war. The participant from the Ministry of Economy seemed very confident that the government did indeed have a plan. “We prepared a development plan for 2008-2009,” he said, “which contained four segments: the production sector, social sector, infrastructure and good governance”. In addition, the Ministry had prepared a “reconstruction and emergency plan after the war”. This indicates that planning capabilities within the Ministry of Economy existed before and after the war.

The Ministry of Awkaf and Religious Affairs also had a strategy for post 2008 reconstruction. The Ministry’s representative stated: “The plan was to support quick urgent relief directly after the war through the Zakat (religious charity) fund. We corresponded with a lot of stakeholders in order to provide what was needed to those who had their homes demolished and provided in kind and cash assistance”. The perception among government

participants was that the government was more than capable of leading the reconstruction efforts. However, this proposition has never been tested because the government was never able to carry out its role in leading the recovery and reconstruction efforts.

The interviews with government representatives described the government operating and responding to the recovery priorities and needs that emerged after the war in a very dynamic environment. For example, the participant from the Ministry of Public Works and Housing noted, “The ministry was re-organized immediately after the war”. He explained that before the war, the focus of the ministry was on issues related to housing policies, slums, and cooperative housing, which represented the strategic and priority sectors for his ministry. However, after the war all these priorities were changed to focus on reconstruction and recovery instead. Here, the representative highlighted his ministry’s ability to shift its priorities and focus on the new emerging ones. He also referred to his ministry’s ability to make the necessary management and institutional changes to restructure and create specialized units in charge of the reconstruction file: “We have restructured the ministry and divided it into units. There is a unit that is responsible for the structural assessment and consolidation file, and a unit that is responsible for removing debris, and another unit that is responsible for bids and tenders”.

The Ministry of Social Affairs confirmed both the idea that government was ready and able to work in a difficult environment and to respond adequately and promptly to change. The participant made a remark about the difficulty of planning in the Gaza Strip as a result of the continuous conflict with Israel: “All Gazans suffer, often from new events every two or three months which compels us to modify our plans”. In spite of the participants’ confidence in the government’s capacity for planning and implementation, they

indicated that, as a result of the political division between the Gaza and West Bank governments and of donor countries' boycott, it was difficult for government agencies to actually take a lead role in recovery and reconstruction. The Ministry of the Interior stated that the Ministry had attempted to coordinate donor, CSO, and government agencies, but it was not clear from the interviews how successful it was in doing so.

Since government agencies knew that they did not have the resources to carry out recovery and reconstruction efforts without donor support the government seemed to have accepted the reduction of its role. Instead, they opted for letting international donors play a major role in addressing the needs of the Gazan population after the war. The participants indicated that the alternative would have been not meeting the people's urgent needs. As a result, formal veto players essentially lost much of their effective veto power. Even though formal veto players believed that they were capable of leading policy design and implementation, they were largely excluded from the policy process. They had to make a choice between retaining their role as formal veto players with the risk of halting or hampering the reconstruction operation, or giving up much of their formal veto power. Participants from all government agencies indicated that they opted for the latter.

The participants highlighted some major obstacles the government faced and which hindered attempts to initiate recovery projects. One of these obstacles was the refusal of local banks and the private sector to deal with Hamas-run ministries, lest the Fatah government and/or the international community take punitive action against them. One of the mechanisms that international donors, as transnational aid actors, employed to reduce the power of formal veto players (government agencies), was to restrict their access to

much-needed funds. Transnational aid actors achieved this by delegitimizing the de facto Hamas government, making it impossible for most international banks to deal with it.

The representative of the Ministry of Public Works noted that “Banks do not recognize the government in Gaza...The political split was still in the beginnings and consulting engineering offices and contractors refrained from dealing with the government for a period of two or three months...They dealt cautiously with the government. Things became a bit simpler after the 2012 war. Another major obstacle was the political division between Fatah and Hamas. The representative of the Ministry of the Interior noted, “We tried to prepare a plan before 2008 but it was not coordinated because we were coming out of the state of political division. After 2008, a plan was made”.

Overall, all government representatives who were interviewed claimed that their ministries had the planning and implementation capacities necessary to take a lead role in early recovery and reconstruction after the 2008 war. However, as a result of the political division between the Gaza and West Bank governments and the donors’ boycott of Hamas, it was not possible for these agencies to actually lead and coordinate reconstruction efforts. Therefore, I conclude that formal veto players were prepared and had the capacity to fulfill their traditional role in the policy process, but that they had to give up much of their formal veto power and allow international donors and CSOs to take on these traditional roles. Formal veto players opted for this option because it was the only way for much-needed recovery and reconstruction efforts to continue. It is clear that, the government’s role in Gaza did not shift gradually as a result of the increasing role of interest groups and non-state actors leading to a “governance with/without government” situation. Government participants in this study indicate that the government was deliberately and purposefully

excluded by donors, who empowered CSOs instead. The government participants had the desire and certainly believed that they had the capacity to lead the national policy agenda. This is an important distinction because the government adopted this approach under external pressure and to allow for the much needed recovery needs to take place.

The No-contact Policy in Practice

The international community imposed a no-contact policy on the de facto Hamas government mainly because of its refusal to recognize Israel and because most Western countries consider Hamas to be a terrorist organization, even though it came to power through fair and internationally recognized elections. The no-contact policy has neither a formal definition nor clear directives. The government participants provided their own interpretations of the policy according to their understandings and experiences, most of which reveal similarities in the definition and purpose of the policy.

All government representatives thought that the no-contact policy was an unfair policy that essentially circumvented the will of the Palestinian people. To use the language of the TAI framework, government participants' views indicate that the no-contact policy aimed to strip formal veto players of their veto powers. The representative of the Ministry of the Interior describes his view of the no-contact policy as follows: "The purpose of the policy was not to deal with the government elected by the Palestinian people. Instead, the policy supports the occupier's (Israel) will, and its allies in the region...The international community has no intention of bringing change to this policy, and they still look at the Palestinian society as a society outside the framework of legality". In addition to questioning the real purpose of the no-contact policy, government representatives noted the

policy's ambiguity. The Ministry of Public Works and Housing participant described the way some foreign donors dealt with Gaza after the Hamas take-over as if it is a "Black Box", where donors "pretended not to know who the Hamas government is and what the situation is in particular after the war".

Even though the central theme of the no-contact policy is that international donors (transnational aid actors), do not work or cooperate with the Hamas government (veto players), the question remains how the policy was implemented in practice and if there was indeed "no contact" between transnational aid actors and formal veto players? Government participants acknowledged the existence of the no-contact policy and the constraints it created for cooperation and coordination with donors. They noted that donors contacted them in informal ways. The participant from the Ministry of Social Affairs referred to the fact that a number of foreign donors visited the Ministry and told him that they would like to work with the Ministry, but in "an informal way". For example, the British Foreign Office was conducting some studies on cash assistance programs, which the ministry provides. A researcher, hired by the British Foreign Office approached him and informed him that he wanted to talk with ministry officials, but indirectly because of the no-contact policy. As the participant put it: "They want to deal with us as individuals, and not as high ranking government officials because of our job titles in the Gaza Strip...At the official level, there was no cooperation and it was difficult. They are ready to talk to me as Muhammad Nassar but they are not ready to sit down with the Deputy Minister of the Ministry of Social Affairs". The participant from the Ministry of Education explained, "They deal with us but in a limited and timid way...They contact us but not in the natural way it is supposed to

happen”. Based on these views, it is possible to conclude that there was indirect and limited contact between formal veto players and transnational aid actors.

In addition to contacting and meeting government officials in an informal way, the government participants referred to many situations where CSOs and some UN agencies would act as intermediaries between the government and donors. They could act as intermediaries because they had fewer restrictions when it came to contacting the Hamas government. These organizations were also partners in implementation. Donors would sign agreements with them and transfer money to their accounts; the government’s role remained limited and it did not intervene in the management and actual implementation of the programs.

The participant from the Ministry of Education explained all of this as follows: “Each donor refused to deal directly with the Ministry of Education in Gaza, and they cooperated with the ministry through an intermediary. They completely refuse to meet with governmental officials and refuse to transfer money to the ministry”. When asked to provide examples, the Ministry of Education participant referred to an ongoing project, funded by the Islamic Development Bank, to rehabilitate and reconstruct schools. He mentioned that the bank does not communicate directly with the ministry, but rather through an intermediary such as Islamic Relief, the Qatar Charity Foundation, or the Palestinian Economic Council for Development and Reconstruction (PECDAR). Except for PECDAR, which is a Palestinian CSO, these are all international CSOs operating in Gaza.

The participant from the Ministry of Public Works and Housing acknowledged that some “informal” meetings took place, but “without any declarations or noise” and often through a third “intermediary” party. This intermediary party would most likely be a United

Nations agency receiving funding from a donor and coordinating with the Ministry's "technical staff" about the nature and scope of a particular program. He mentioned the Islamic Development Bank as an example. The bank refused to directly deal with the Ministry and instead gave all the funds to UNRWA; the Ministry only provided technical support.

The role of these CSO intermediaries often exceeded simply facilitating communication between donors and the government. In many cases, they ended up being partners in the implementation of many projects and received funds that would have otherwise been directed to the government. The participant from the Ministry of Awkaf and Religious Affairs described a situation where some donors absolutely refused to deal with the Ministry, and the Ministry had to search for intermediary CSOs in order to receive donor money. The money was transferred to the accounts of these CSOs then used for the reconstruction of mosques and other houses of worship. Here, international donors as transactional aid actors relied on third-party intermediaries to facilitate communication with the formal veto players of the Hamas government. Transnational aid actors needed intermediaries because they had to ensure a minimum level of communication with formal veto players. Thus, even though the no-contact policy severely weakened formal veto players, they retained some power because recovery and reconstruction projects could not be carried out without them. Nevertheless, the reliance on CSOs as intermediaries and the channelling of funds through them, granted CSOs and UN organizations an important role in the recovery and reconstruction process at the expense of formal veto players.

Abiding with the No-contact Policy: Differences among International Donors

The government participants explained that international donors differed in how strictly they abided by the no-contact policy. Here, it is important to acknowledge that the UN agencies in Gaza had a special status and were treated by the Hamas government as diplomatic missions with protection and immunity. Nevertheless, UN agencies in Gaza were not considered as donors. They had a mostly intermediary role similar to CSOs, since their programmatic and operational budgets largely depended on donors' contributions, and were affected by donors' decisions and preferences in the planning and implementation of social programs. However, in the eyes of the public and the government, UN agencies were ambassadors for donors because they acted on their behalf in Gaza in terms of prioritizing, planning, and implementing social programs. Also UN agencies were directly involved in planning and implementing social services in partnership with local actors, including the Hamas government and CSOs. When representatives from ministries were asked whether all donors abided by the no-contact policy, most of them responded positively, with a few exceptions. Some participants raised the issue that some Islamic and Arabic donors were less strict in abiding with the policy than Western donors. Turkey and Qatar in particular were highlighted as the most cooperative donors.

There were wide variations among international donors in their willingness to cooperate with formal veto players; donors responded differently to government outreach activities. According to the participant from the Ministry of Economy, "Turks, the Islamic development Bank, and the Kuwait Fund for development" helped a lot and deserved credit for their efforts, and the ministry acknowledged their great efforts in standing by the Hamas government after the end of the war. At the end, he accused what he called the "relatives"

(Fatah Authorities in Ramallah) and the “Westerns” of creating this no-contact policy and being behind the blockade. The representative of Ministry of Awkaf and Religious Affairs confirmed that because of the no-contact policy, donors were divided. He claimed that a few of them had no problem working in “broad daylight” with the Ministry and that the rest avoiding communication and direct contact. Here, he confirmed that his Ministry was put in a situation where it was “forced to look for alternatives in order to find ways to contact those donors who abided by the no-contact policy indirectly”.

Other government participants confirmed this. The participant from the Ministry of Social Affairs indicated that some organizations had no problem talking with the Ministry. He used the United Nations World Food Program (UNWFP) as an example. However, he stressed that the UNWFP would discuss and agree on the details of their programs with the Ministry in Gaza, but that only the Ministry in Ramallah was authorized to sign the agreement. He also indicated that the “Turks” and “Qataris” had no problems in directly working with his Ministry. According to some participants, the donors’ divided stance on the no-contact policy seemed to have been based on whether they are Western or Islamic/Arab donors. “The Western parties,” the Ministry of Economy participant explained, and “especially the American friends adhere to this policy...The no-contact policy was issued from the European Union...Turkey, Malaysia and Qatar did not abide by the no-contact policy”. As another participant stated, “The Turks, the Qataris, the Malaysians, the Islamic Development Bank, and the Kuwait Fund for Development were very helpful and no one can deny their efforts in standing with the de facto government at the end of the 2008 war...They did not apply the no-contact policy as strictly as Western donors” (Ministry of Economy participant). Similarly, the representative of the National

Planning Committee confirmed that the only donors who did not have a problem working directly with the Hamas government were the Islamic Development Bank, the Turks, the Qataris, Islamic institutions, and some Arab institutions, which he did not specify by name. On the other hand, the participants from the Ministry of Public Works and Housing, the Ministry of Awkaf and Religious Affairs, and the Ministry of Education confirmed that all the donors they dealt with abided by the no-contact policy, including the Islamic ones. Nevertheless, the participant from the Ministry of Public Works and Housing explained that, though Islamic donors like the IDB did still communicate directly with his ministry, it was on a technical level and they preferred implementing projects through a third party.

As indicated above, there was strong evidence in most interviews with government representatives that most donors abided by the no-contact policy, but to varying degrees. As well, even when donors did abide by the policy, their level of cooperation varied. Even though the participant from the Ministry of Public Works noted that all donors abided by the no-contact policy, he explained that the level of cooperation with Arab and Islamic institutions was still better than with Western donors. Communication was more direct and easier to handle. However, he explained that despite the cooperative nature of Arab and Muslim donors on addressing the priorities of the Ministry, when it came to direct implementation, they would still contract larger UN operations to implement projects. He referred to a particular example where the Islamic Development Bank reconstructed between 3,000 and 3,500 destroyed houses through UNRWA and UNDP.

Even though western donors generally adhered more strictly to the no-contact policy than Islamic/Arab donors, they did not all abide by it to the same level. Many participants singled out USAID as particularly difficult and uncooperative. When asked to explain the

government relationship with some donors, the Ministry of the Interior representative explained that American aid agencies generally reject communication because they are subject to the laws in their country, which prevents communication with the de facto government. Therefore, American institutions have been trying to reduce the degree of coordination to the lowest possible level. He declared that: “USAID is ‘arrogant’ to all local communities and it considers itself ‘above the law’”. The participant claimed that USAID sees itself as an organization that is not subject to any authority or law in both Gaza and the West Bank, and that it does not comply with the audit and inspection requirements of the Palestinian Authority. “As for the Canadian institutions,” he added, “they were even more stringent than the American and Australian institutions when it comes to dealing with the de facto Government...Only the European organizations were more cooperative and flexible and willing to respect the coordination requirements and cooperation framework proposed by the government” (Ministry of Interior participant).

The discussion regarding compliance with the no-contact policy indicates that there was variation among donors as transnational aid actors. The interviews with formal veto players from the government indicated that, from their perspective, not all transnational aid actors are equal. Government participants noted variations in how transnational actors worked with them. The extent to which transnational aid actors abided by the no-contact policy depended largely on the political position of their countries towards the Israeli-Palestinian conflict. Nevertheless, all transnational aid actors adopted the no-contact policy and operated within that framework, further marginalizing and isolating the Hamas government.

Outreach to Donors and Fundraising Strategies

Despite the constrained environment created by the no-contact policy, government participants made an effort to contact and reach out to donors and international organizations in the Gaza Strip and abroad. The participants provided numerous examples of various forms of outreach and funding strategies and activities. The participants also noted the difficult environment in which they to operate as a result of continued political split with the Fatah-run PA.

The participants refer to a very “limiting” environment in which to contact international donors and foreign governments, especially since the de facto government had no contact with Palestinian embassies and so could not use official diplomatic channels to reach out to governments for assistance. Instead, the Hamas government relied more on their networks of “acquaintances” and Palestinians in the diaspora to approach the EU governments, the US, and wherever else the Palestinian diaspora resided to seek help and support. Nevertheless, they stressed that the help they received through these channels was very limited and, indeed, was almost insignificant. The National Planning Committee participant emphasized that the committee prepared a good plan but that it had not been implemented due to the blockade and the lack of contact with international donors. The government did not have the funds for reconstruction and most donors did not respond to the government’s outreach activities. He stressed that, after developing the reconstruction plan, the ministry “received little cooperation and responses from donors”. Here, as a result of the boycott policies and the split with the Fatah-PA, government agencies as veto players were isolated, and their attempts to directly engage with transnational aid actors were insignificant.

In spite of the limited success of government outreach activities, the government tried very hard to have coordinated and effective communication with international institutions. The Ministry of the Interior representative noted that they tried to communicate with civil society organizations and international donors specifically but, that unfortunately, the no-contact policy created many restrictions for them. In his opinion, “the result was zero” when the first communication was initiated. He stressed that there was an international policy to boycott the government, particularly the Ministry of the Interior. He claimed that his ministry “provided all the necessary ground for coordination, cooperation, and facilitation”; despite the lack of results, however, he claimed that there was a minimum level of coordination between his ministry and these entities.

Government representatives noted that they used all means possible to reach out to donors, including personal connections. The government seems to have also tried to employ all available communication channels to reach out to donors. The participant from the Ministry of Awkaf and Religious Affairs explained that most of the communication with donors was conducted via “the internet, or over the telephone, and the travel of some brothers abroad to market these projects”. The representative of the Ministry of Public Works and Housing provided a detailed account of his ministry’s outreach and fundraising strategy. He started by stressing that most of the crew working in international organizations operating in the Gaza Strip were local staff (i.e., Gazans): “They are our colleagues and we know them personally”. He explained that personal relationships helped a great deal in overcoming some of the obstacles the Hamas government, which was a positive feature of the “technical” cooperation.

In other cases, there was no policy agreement on funding a certain project. For instance, the Ministry of Public Works and Housing representative brought an example of UNRWA's refusal to finance reconstructing and building new houses for Palestinians whose houses were "targeted" in the war because of political involvement. At the end, he described the nature of cooperation between his Ministry and donors as: "I can say that we made a compromise. We decided to deal with international institutions in spite of some of their restrictive policies...This was considered acceptable at the time".

Overall, the government participants believed that the government had exerted maximum efforts to contact international donors and that ministries were prepared with plans and proposals for recovery and reconstruction schemes. Nevertheless, the results of these outreach efforts were limited because most transnational aid actors were committed to boycott policies and dealing with formal veto players within the frame of the no-contact policy. Again, Western and Islamic donors responded differently to government outreach activities. Some Islamic/Arabic donors responded positively to the government's outreach strategies, while the United Nations agencies acted as an intermediary between the government and donors and kept a limited level of cooperation with the government to facilitate the funding of recovery programs. Even when the government managed to establish communication channels with some donors, it did not have sufficient power and influence to set the agenda for recovery and reconstruction. The Ministry of Social Affairs participant described this situation as follows: "They present their ideas and we also present ours, but mostly the ideas of the donors play a major role in funding and recovery plans". The government's contribution, therefore, was limited to sometimes having a voice in the process or simply staying informed about the programs being carried out. Donors as

transnational aid actors had the upper hand. Government participants indicated that they have tried to be partners in governance with CSOs. In the unusual situation of Gaza and as a result of the no-contact policy, their efforts were not successful and the government role was quite limited by design.

Impact of the No-contact Policy

The situation created by the no-contact policy has proved to be very difficult and challenging for the Hamas government. As previously discussed, all government participants talked about international donors' refusal to work directly with government officials, meet with Ministers or high-ranking government officials, and coordinate their programs with the government. They described an environment of constrained cooperation; indeed, the limited coordination that did take place was only on the "technical" level. They also referred to relying on intermediates for communication with donors (mainly CSOs), which were instrumental in this process because of the transnational aid actors' positions. As a result of this constraining environment, participants discussed the negative impact of the policy, and the way it affected the work relationship of the government with donors and CSOs, extensively. They all stressed that the no-contact policy definitely had a negative impact the progress of the recovery and reconstructions efforts.

The disruption of communication channels between the government and international donors resulted in poor coordination and a situation in which "donors and CSOs were operating separately from government" (Ministry of Social Affairs participant). In fact, the representative of the National Planning Committee described an environment where donors implemented their projects without referring to the government. The

participant stressed that “the main reason for the lack of communication with donors is their fear of not abiding by the policy... Even after the latest 2014 war, they still implement this policy”. The participant from the Ministry of Economy added that, “This policy destroys any cooperation framework between the government and the donors”.

Some participants did note that the government could have stopped donors from working in the Strip and not allowed them to operate, but that the government did allow donors and CSOs to work because of the urgent needs of the Gazan population after 2008. The participant from the National Planning Committee stressed that the government mostly allowed international institutions to implement projects without interference because of the government's desire to see progress in reconstruction and recovery.

Overall, the consequences and impacts of the no-contact policy can be summarized as follows. First, the policy forced government agencies (formal veto players) to look for alternative coordination and communication channels with transnational aid actors, through “intermediaries”, mainly CSOs and some UN agencies. Second, most government ministries’ representatives accused donors of operating independently, rather than partnering with the government. Third, the no-contact policy increased tensions between the Gaza and Ramallah governments because many donors, right after the war, only accepted coordinating with the Ramallah government on projects implemented in Gaza. Finally, although the de facto Hamas government had a limited role in deciding the priorities and nature of the majority of the early recovery programs, its desire to see progress on this front forced it to accept the recovery schemes proposed and implemented by donors. This situation later created tensions in the work relationship between donors and the government; the tension was y reduced with some improvement in coordination mechanisms.

De facto Government Working Relationship with CSOs

Most government participants referred to a challenging and constraining relationship with local and international CSOs right after the war. Their relationship can be characterized by a lack of cooperation, mainly because of the political division between Hamas and Fatah, donor conditionality, and the no-contact policy. Many CSOs refused to deal with the de facto government fearing that such cooperation would trigger punitive measures by their donors and by the internationally recognized Fatah-led PA, who was in charge of registering both local and international CSOs who are based in Gaza and the West Bank. A few participants referred to an evolving improvement over time in the level of cooperation and coordination, but constraints continued to hamper the relationship. Also, because of the no-policy, some CSOs played a central role as intermediaries between donors and the government and in project implementation, thereby assuming some of the responsibilities that would normally fall into the mandate of veto players.

The relationship between CSOs and the government seemed to depend largely on who funded the CSOs. The Ministry of Public Works and Housing participant provided two examples of working relationships: one with a local Palestinian NGO (the Palestinian Housing Council) and the other with an international NGO (Cooperative Housing Foundation [CHF]) which received funding from USAID. He explained that they had effective communication with the Palestinian Housing Council, but that in his opinion, CHF neglected the Ministry. CHF worked independently and distributed aid to their lists of beneficiaries without sharing the list with the Government, making it difficult to prevent the duplication of beneficiaries. The Ministry of the Interior had to intervene with CHF. The

Ministry informed them, “If they wanted to work on this project, at least they should have sent the names of those who received the aid in order to avoid duplication in providing aid from different bodies to ensure the maximum optimization of limited funding”.

The participant from the Ministry of Public Works and Housing indicated that the Ministry put the interests of the people above political divisions; the Ministry, therefore, attempted to coordinate with many different CSOs. “We try as much as possible to put aside any political problems and work with each other on a technical level...For example, when we prepared the Housing Sector plan, we held a workshop attended by most of the workers in the Housing Sector...We have invited representatives from international institutions as individuals not as officials. There is evidence from most interviews with government participants that the relationship between CSOs and the government has evolved over time. The Ministry of Economy participant explained that cooperation with CSOs was limited and restricted after the 2008 war. Nevertheless, he referred to an improved cooperation over time. The representative of the Ministry of Social Affairs also noted that in 2008 and 2009, there were problems in the work relations with CSOs. Later on, however, the relationship began to evolve and there was better cooperation and communication between the two sides, including, in some cases, the joint planning of projects. Similarly, the representative of the Ministry of Education considered that his Ministry has good cooperation with CSOs in planning needs and even joint control and implementation of some projects.

The participant from the Ministry of the Interior provided further evidence of the improvement of the relationship between the government and CSOs. He stated that, at the beginning, and as a result of the no-contact policy, working relationships were difficult with international CSOs. Even coordination at the technical level was difficult: “The relationship

with foreign CSOs began with conflict and sharpness because they did not want to commit to the policies of the government but there was one common ground to start improving the working relationship: we disagree on the means, but we have one goal and one purpose”.

Over time, and as a result of a three-year program (2009-2012) launched by the Ministry of the Interior to legalize and regulate the work of foreign CSOs, working relationship with local institutions became more effective. The participant noted that relations with local CSOs in 2007 and 2008 were confusing, largely as a result of the political circumstances that prevailed. However, after 2008 the relationship began developing positively until it reached a “genuine” partnership. He explained that cooperation and partnership grew through the development of Program of Performance Indicators for local institutions and charities, launched in 2013 in full partnership with representative bodies of civil society, the Palestinian NGOs Network, the General Union of Cultural Centers, and the Network of Civil Organizations.

Overall, the relationship between the de facto government and CSOs gradually has become a cooperative one. Local CSOs finally agreed to cooperate with the government and abide by its roles and regulations. International CSOs also cooperated but at a lower level. That said, international CSOs who received funding from strict donors like USAID still faced more obstacles in implementing programs because of their unwillingness to cooperate with the government.

Impacts of Recovery and Reconstruction Schemes on Addressing Local Priorities

While most de facto government participants acknowledged that recovery programs helped Gaza residents to restore some of their losses and get back on their feet, they still argued that

the scope and nature of recovery and reconstruction schemes deviated from local priorities. The Ministry of the Interior representative explained that international donors' plans were implemented with minimal coordination with the government. For example, USAID had its own ideas when putting the early recovery project plan; it did not share a common vision with the government. As the interviewees stated, donors' plans did not identify or respond to true community needs identified by government ministries. The participant from the Ministry of Awkaf and Religious Affairs noted that "Some donors were honest and sincere in the way they delivered their assistance. However, other donors delivered aid assistance with minimal coordination with the government and without consideration for local priorities and actual community needs. They were not concerned about the assistance reaching those who deserve it".

Overall, transnational aid actors' policies contributed to the marginalization of the role of formal veto players by not including them in the planning of recovery and reconstruction process. This situation created an environment characterized by suspicion and a lack of trust between the two sides. Transnational aid actors did not abide by two basic principles of engagement in fragile countries: 1) aligning their priorities with the local ones; 2) and avoiding pockets of exclusion within this context by pushing aside the local government as a veto player.

Most government participants did, in fact, question donors' intentions and agendas. The participant from the Ministry of Economy acknowledged that the services provided by donors to support the community were beneficial. However, he claimed that this was not a free service and donors served their own interests in the end. The representative of the National Planning Committee concurred. He stated, "The international organizations

implemented many projects in many areas, especially in the infrastructure sector. Although these projects helped Gazans, there are some cases where there are other hidden goals for funding these projects, such as studies and researches with intelligence purposes”. A few representatives of other ministries went too far as to openly accused donors of having a secret agenda that worked against development and the political interests of Palestinians.

The issue of development is important and government participants stressed that the reconstruction and recovery programs lacked a “development” component”. This, they believe, should have been included in the design of Early Recovery programs so as to empower and contribute to the economic independence of beneficiaries. The representative of the Ministry of Social Affairs, for example, claimed that donors’ programs helped people to recover from the impacts of the 2008 war, but it did not help poor families to get above the poverty line. He stressed that people must receive development based assistance, rather than only relief assistance to get them out of poverty. He stated that large donor institutions provide mostly relief assistance, while smaller donors, such as the Agricultural Relief, Qatar, and some Turkish CSOs, implement development programs. He said: “Large institutions such as the World Food Program and the European Union want us to stay below the poverty line. People's needs are growing and the situation is getting worse. In short, the majority of the programs were relief”.

Yet even if they preferred to promote development projects, government agencies were in no position to refuse donor assistance so they accept the support even though it came with limitations. The participant from the Ministry of Public Works and Housing comments on the limitations connected to donor assistance in the housing sector. These include donors’ refusal to re-construct houses according to the criteria set by the Ministry of

Awkaf and Religious Affairs Ministry. The Ministry, however, could not reject such assistance even if it did not comply with all their requirements because it desperately needed the help. In other cases, however, as the representative of the Minister of Education declared, the scope and nature of donors' programs has served the local agenda and both Western and Non-Western donors worked with the ministry in a very serious manner.

To summarize, most government participants acknowledged that donor programs helped the Gazan population after the 2008 war. However, they were also unsatisfied about the impact of the recovery efforts implemented in Gaza. Most government participants thought that donors did not respond to community needs and did not coordinate with government agencies. Some participants accused donors of following their own agendas to achieve their own interests, rather than address the population's actual needs. Some government representatives were even suspicious of some of the programs that donors undertook in Gaza. There was also a concern that recovery efforts lacked a "development" component that could have had a long-term impact; rather, they were mostly restricted to humanitarian type interventions. From the point of view identified in the People-Centered Liberationist Development (PCLD) approach, and the principles of engagement in fragile countries, government participants' views indicate that these principles did not have much influence on aid policies during the recovery and of Gaza after 2008. These principles did not seem to influence donors' preferences and choices or how donors as transnational aid actors impacted domestic policy.

According to the literature on "governance without government", including non-governmental actors in policy-making and the delivery of social services gives access to these organizations' resources and is supposed to ensure more effective implementation

(Héritier, 2003). The interviews with government participants indicated that the involvement of CSOs allowed for access to resources which were not available to the government. However, government participants did not believe that this led to more effective implementation. On the contrary, they believed that poor coordination with government led to redundancy and a focus on the short-term solution rather than fostering sustainable policy solutions. Because they are closer to clients, non-governmental organizations are expected to be able to help recognize problems and contribute to finding and implementing adequate policy solutions. Government participants in this study indicated that not all the problems CSOs identified were considered priority problems by the government. Government participants also indicated that even when the government thought that donor and CSOs policies were not serving the public interest, they were only minimally able to resist or oppose those policies because they needed donors' resources. The government could not seriously oppose these projects because of its inability to offer an alternative. Because it was weak and disempowered, the government could not provide what Börzel (2010) refers to as "shadow of hierarchy" which is needed to ensure effective policy making and implementation in a "governance without government" context.

CSOs Participants Findings

CSOs' Preparedness to Engage in Recovery and Reconstruction Schemes

Participants from CSOs stated that their organizations had strong planning and implementation capacities. They expressed confidence in their ability to become implementation partners in recovery and reconstruction efforts after the 2008 war. Most of them explained that this was mainly due to their previous involvement in similar efforts in

response to previous Israeli military incursions, which had also caused damage and losses, though on a smaller scale. Several of the CSOs' participants clearly referred to the existing planning and implementation capacities of their organizations, which prepared them to get immediately involved in a larger scale recovery and reconstruction program. The participant from the Palestinian Non-Governmental Organization Network (PNGO), for example, noted that the organization developed a strategic plan, which covered six sectors related to Early Recovery.

Before 2008, the continuous Israeli military incursions into the Gaza Strip, accompanied by blockades and the unavailability of materials needed for reconstruction, kept many local CSOs in a mode of alertness and readiness. CSOs were equipped with the necessary knowledge and tools to carry out rapid assessments and deal with different scenarios, including large scale destruction, and were prepared to deliver programs in times of war and under the severe conditions created by the blockade. The head of the Palestinian Hydrology Group (PHG), which focuses on rehabilitating damaged agricultural facilities, referred to his organization's preparedness by saying: "We had developed scenarios...We had strong indications that there would be escalation. We cooperated with other CSOs who worked in the agriculture sector to respond to a variety of scenarios concerning possible destruction of infrastructure in the agriculture sector". Similarly, the participant from Islamic Relief (IR), an international CSO operating in Gaza, explained his organization's readiness to respond to recovery needs: "The process began with a needs assessment phase enumerating damaged houses and schools as well as hospitals and primary care centers affiliated with the Ministry of Health". The participant from the Islamic University (IU), which was implementing the Irada-Willpower project to rehabilitate and train disabled and

injured individuals, referred to a high level of preparedness. He also mentioned previous experience acquired from involvement in carrying out similar projects with injured and disabled people in Iraq.

For the CSOs that lacked some capacity to carry out reconstruction programs, larger and more experienced organizations offered training courses. The participant from PNGO stated that they had offered capacity training to other partner CSOs who lacked it in order to make them better prepared to plan and deliver their programs: “We have capacity building programs and a long-term program that aimed at building and developing the capacity of civil society organizations on the basis of transparency and integrity, as well as cooperation and good governance”.

Some CSOs responded quickly to post 2008 needs and changing the focus and activities of their programs. Before the war, the Youth Development Association (YDA) was focused on providing farmers with training on how to increase their income and best practices in land reclamation; after the war, their intervention was focused on relief projects. The participant from the Al-Salah Society, which represents a key part of Hamas’ charitable network, stated that the 2008 war had greatly affected the development agenda of many CSOs working in Gaza. They were forced to shift their focus away from development to focus on delivering relief programs aimed at ending the suffering of people affected by the war. He explained that his organization developed a strategic plan for relief and reconstruction programs and that it employs 550 staff members with extensive experience in those areas in nine branches located around the Gaza Strip.

As prepared as CSOs were to carry out rapid assessments, provide emergency help, prepare recovery plans, and work with donors and other relevant authorities before the war,

the complex situation that emerged after the war further increased their preparedness. Many of these CSOs had strong relations with their constituents in different geographical areas of the Strip and had mobile teams on the ground to report damages and assist in carrying out rapid assessment. The participant from PHG explained: “We had teams in the organization assigned to different geographical areas...This gave us an opportunity to assist people even during the war as there was coordination with UN agencies to bring in some materials, such as drinking water and some emergency supplies”. Most of the other CSOs surveyed also referred to existing coordination and cooperation mechanisms with partner CSOs, donors, and the government to identify and address recovery needs. The participant from IR referred to a process of participatory planning, where institutions such as the UNDP, CHF, and the Ministry of Public Works and Housing cooperated to identify and plan recovery interventions.

CSOs were also clear about their mandates and the objectives of their early recovery programs. The participant from PNGO spoke about the advocacy role it undertook to influence involved actors in early recovery: “Our role as a Palestinian NGO Network is to influence public policy...We have experience in influencing the agenda of the funders, the government, and the different societal sectors... We also have experience in defending the rights of vulnerable and marginalized groups, especially those groups who became vulnerable after the Israeli attacks, and who became unable to defend their rights and obtain these rights”.

Overall, most of the CSOs surveyed indicated that they had experience and established capacities to deliver early recovery programs. Such capacities included carrying out rapid assessments; developing strategic plans and programs related to ER; joint planning

and cooperation with other CSOs, donors, and international organizations; and the ability to shift priorities to respond to emerging needs. Such experience and preparedness mainly emerged from dealing with recovery needs resulting from previous Israeli incursions and through working in a changing environment characterized by instability and continuous Israeli blockades. However, although CSOs were familiar with ER needs, they acknowledged that the scale of destruction after the 2008 war was unprecedented. Nevertheless, as a result of donors' unwillingness to directly work with formal veto players, CSOs were best positioned to be partners for transnational aid actors and to plan and implement ER schemes. CSOs had physical access, experience, and the contextual knowledge and skills that enabled them to conduct needs assessments and identify areas and people in need of support. As discussed in the "governance without government" literature, non-state actors can extend capacity and available resources to make and implement policy solutions. CSO participants indicate that this was the case in Gaza. CSOs, through their collaboration with donors, brought much needed resources to the Strip. These resources went beyond material resources to include technical assistance in identifying, planning and implementing ER schemes.

The No-contact Policy and its Impacts on CSOs' Relationship with the de facto Government

Most CSO participants referred to a constrained relationship with the government (veto players) after the war, characterized by limited cooperation mainly, largely due to international donors' conditionality and the no-contact policy. The no-contact policy cast a shadow over and complicated the relationship between the de facto government and CSOs (transnational aid actors' partners). Overwhelmed by the constraining environment that

emerged after the Palestinian split, with most donors acting within the framework of the no-contact policy and the government requiring CSOs to report to it and coordinate its activities, CSOs were caught in the middle.

The no-contact policy complicated the CSOs' relationship with the government. The PNGO's participant commented that "The government tried to impose certain conditions to contain/control civil society because it wanted to retain some control on the ground... This was rejected and we succeeded to some extent in ensuring the independence of civil society but not to the required degree". Though there were no clear rules that defined CSOs' relationship with the government, most CSOs coordinated with the government on a technical level. CSOs funded by Islamic donors, such as Turkey or Qatar, worked more closely with the government and coordinated on all levels.

The participant from Oxfam Italy (OI), an international CSO operating in Gaza, shared his own understanding of the no-contact policy. He explained that "Oxfam can work with the government but not with officials such as the minister, but dealing on a technical level... Frankly, there are no formal agreements between us and the ministries". The participant from IR indicated that they coordinated with ministries at the technical level. On the other hand, the manager of the Irada project, which is hosted by the Islamic University in Gaza and is funded by the Turkish government, described the relation as "a friendly relationship... government officials visited us and welcomed the activities that we carry out". The participant from the Al-Salah Islamic Society provided a similar account on their relationship with the government, claiming it was a "caring" work relationship characterized by a high level of coordination and communication. Here, it is worth noting that these two

CSOs are affiliated with Hamas and belong to its network of charity and education institutions, and the funding they received was from Islamic donors.

In general, CSO participants thought that the no-contact policy was unfair, and essentially divided the Palestinian people, and complicated the planning and implementation of much needed recovery programs. The participant from IU described it as follows: “The no-contact policy caused a rift in Palestinian society, between individuals and between brothers... This has negatively impacted the community”. Referring to the position of the Fatah-run PA, he added that “The no-contact policy was supposed to be rejected from the top of the pyramid (PA), but unfortunately they adopted it”.

Most CSO participants thought the no-contact policy had a negative impact on the Palestinian people. The PHG participant elaborated, declaring, “The policy had a very big impact, especially with regard to meeting the needs of beneficiaries and the needs of very large segments of the agricultural sector. Many of the requirements for the implementation of projects would collide with the no-contact policy”. ADA’s participant stated that “Javier Solana¹³ threatened that if Hamas wins the election, they will not work with the government... Hamas won and formed the government and now we are under siege. Since many projects were funded by country members of the Quartet, the result was that the siege was tightened during the first two years [of the Hamas administration]”.

Some local Islamic CSOs operating in Gaza and which belonged to the Hamas network of charity organizations criticized the no-contact policy and the financial ban the EU and other Western donors imposed on the government and the CSOs affiliated to it

¹³ At that time Javier Solana served as the High Representative of the European Union for Foreign Affairs and Security Policy.

harshly. The participant from the Al-Salah Islamic Society explained: “The European Union and Western donors’ policy affected Islamic CSOs and prevented support from reaching them...In addition; it placed these institutions on a list of organizations related to terrorism and froze their bank accounts”. He also claimed that this policy included preventing money transfers to these institutions from abroad. Some participants viewed this policy as one consistent with occupation. Al-Salah Islamic Society participant stated that “All those procedures are consistent with occupation...The European Union was supposed to deal in a professional and transparent manner with all CSOs regardless of their affiliations when it comes to funding”.

Even though the aim of the no-contact policy was that international donors would not work or cooperate with the Hamas government, the question remained how the policy affected CSOs who received funds from donors but also had to plan and coordinate their activities with the Hamas government. In such a controversial and constrained environment, CSOs have had to come up with creative ways to continue serving the communities in which they worked and, at the same time, fulfilling the minimum requirements imposed by both the donors and the government. Here, CSOs’ provided different accounts of the nature of their work relation with the government under the no-contact policy. The participant from PNGO described it as follows: “We seek to have a cooperative relationship between us and the de facto government. We started an early dialogue with the government about adopting policies ...We have good relations with certain ministries, but no relationships with other ministries. The basis of our work is to defend the right to form associations and also to influence the agenda and public policy”.

In some cases, donors were clear about having CSOs interact with government ministries on their behalf, making CSOs the intermediary agents in this process. Put differently and in light of the no-contact policy, transnational aid actors empowered local CSOs and relied on them to act as intermediaries between these actors and formal veto players. The participant from OI described a situation in which his organization received funding from Switzerland, but was asked to “Deal directly with the local authorities, mainly the Ministry of Agriculture and the Ministry of Economy in the implementation of the projects”. He reiterated that OI is always in communication with the government and that there were always opportunities and constraints in the work relationship. The participant from PHG provided similar account. “The relationship stems from the need for coordination,” adding that “We have been working in coordination with some donor institutions to conduct meetings on their behalf with government in the Gaza Strip”. When asked to provide an example of such coordination, the head of PHG said, “One of the demands was the presence of a focal point to cross-check the names of beneficiaries in order to avoid duplication in providing the service...So there would be no duplication of the benefits”.

In its attempts to regulate the many programs and projects carried out in the Strip, the government had to intervene with CSOs to ensure that their programs responded to its own Nation Recovery Plan developed after the war. The participant from ADA explained that the government instructed his organization to plan projects that are consistent and in harmony with the strategy of the Ministry of Agriculture, and that the beneficiaries' list should be sent to the Ministry of Agriculture for approval. He, however, reiterated that such interference took place in a “professional and polite manner”. The participant from the Al-

Salah Islamic Society also provided a similar account of sharing the lists of beneficiaries. He explained that the lists of beneficiaries would be sent to concerned ministries and the ministries would delete some names and replace them with others, providing certificates that those beneficiaries were eligible to receive compensation for damages. Here, it is worth mentioning that identifying and agreeing on who would receive compensation was a source of conflict between donors and the de facto government. Western donors were keen not to provide any compensation to Hamas affiliates who have lost their houses as a result of the anti-terrorism act.

Under the no-contact and boycott policies, CSOs' relationship with the Hamas government was highly dependent on their political affiliation and the financing policies of donors. The CSOs who were more independent and had various donors, including Western ones, were more careful and adopted a balanced work relationship with the government. Balanced work relationship implied that communication channels were open and cooperation took place mostly at the technical level, so as to abide by their donors' conditions. CSOs which were affiliated with Hamas or which receiving funding mostly from Islamic donors, on the other hand, had a fully cooperative work relationship with the Government.

While the Hamas government acknowledged the limitations and conditions of donors' positions, it maintained a balanced relationship with CSOs to allow them to implement much needed recovery programs in the Gaza Strip. However, it kept CSOs under scrutiny and obliged them to share reports and coordinate projects with relevant ministries. This was not an ideal position for a government trying to maintain its control and authority and that feels threatened by Western sanctions and donors' conditionality. However, it was

important for the government to keep donors' funding coming through CSOs and international organizations like the UN. The participant from the Palestinian Builders for Community Development Society (PBCDS) provided his opinion on this situation: "The government's policy as well as the policy of the Hamas movement is to allow donors' to carry out their programs through NGOs and civil society...It allowed CSOs to work in the Gaza Strip and provided them with the flexibility they needed to serve the people".

CSOs-Donors Work Relationship

Participatory Planning and Agreement on Addressing Recovery Priorities

Despite the constrained environment created by the no-contact policy and the equally constrained relationship with the de facto government, participants were slightly more positive when it came to the nature of their work relationship with donors and the extent to which donors agreed on funding recovery projects proposed by CSOs. When asked whether they had a chance to discuss the nature and scope of their funding with donors and whether they participated in discussions to agree on recovery needs and priorities, the majority of CSO participants provided numerous examples of various forms of participatory planning and cooperation where donors paid attention to the CSOs' priorities and propositions for recovery. However, some CSO participants noted that, there was, in some cases, a clash of agendas between donors and CSOs and that those donors imposed their agendas and priorities on CSOs in the end.

CSOs realized from an early stage that many of their donors had a limited presence in Gaza because of the Hamas takeover, the boycott, and no-contact policies, and that donors would be relying on them for identifying and implementing recovery related

projects. Most participants from CSOs indicated that they were always prepared with solid assessments, plans, project ideas, and proposals that reflected their mandates and visions. The participant from PHG provided his understanding of the situation as follows: “Our role as institutions of civil society is to direct and guide this discussion regarding priorities and needs...many donors struggle to do this work because of their lack of presence in the Gaza Strip after the 2008 war”. Many CSOs took on the responsibility of identifying these needs and became planning and implementation partners in the process. Donors realized that CSOs could help them deliver recovery projects without financing or dealing with the de facto government directly.

With a mutual desire to cooperate and work together to address recovery needs, CSOs came prepared to discuss recovery plans with donors. The PHG participant explained that his organization would first assess and discuss needs with beneficiaries and then identify priorities stemming from the mandate and vision of his organization. He explained that they would then discuss these priorities and projects in partnership with donors. This process provided his organization with more flexibility to alter priorities as per beneficiaries’ evolving needs. The participant from the Palestinian Center for Development (PCD) provided a similar account of this process. He emphasized that, before obtaining funding and before sending proposals to donors, his organization would determine the needs of the beneficiaries in the targeted area.

In other cases, the cooperation modality would involve more direct and precise fundraising arrangements to respond to CSOs’ ideas/needs in a dynamic manner. Instead of investing time and resources in developing full-fledged project proposals with no guarantees of funding, some CSOs would only develop short project concepts. Once they had received

the green light from donors on a particular concept, they would turn it into a complete proposal. The participant from the IU explained the process: “The nature of the funding that we received was based on our needs and not based on imposed conditions. We proposed our ideas to the donor and upon approval of the concept paper, we submitted a full proposal”.

In terms of the nature of debates and discussions with donors, most participants claimed that they took place in a democratic and constructive manner. Donors paid attention to their ideas and participatory engagement and planning processes were in play. The participant from IR provided his own account about his organization’s discussions with donors: “There was flexibility, understanding and mutual trust, and there was also high transparency in the process”. The participant from PBCDS shared a similar account about his experience with donors: “The discussion was democratic. The discussion was based on our ideas and according to the organization's vision and mission”. The participants from PHG, IDS, and ADA described these discussions as constructive, interactive, and democratic. Similarly, the participant from OI claimed that “Democracy was the nature of debates with donors”.

Some CSOs were very satisfied with participatory planning and the level of agreement on addressing recovery and reconstruction priorities. Reflecting on his satisfaction with donors’ decisions on reconstruction and recovery needs, the participant from the Agricultural Development Association (ADA) claimed that his organization would have chosen the same projects if they had their own, independent funding sources. The participant from OI claimed that his organization submitted project proposals to donors based on studies and surveys conducted in the areas in which they operate, and that no project was imposed on the organization by donors. The participant from the IU made a

similar point, stressing that, to a large extent, the same projects would have been chosen if the organization had its own independent funding because population needs were discussed thoroughly and there was a clear methodology for approaching the work. Overall, as transnational aid actors, donors impacted domestic policy less through influencing formal veto players in identifying, planning, and implementing ER schemes and more so through empowering CSOs and turning them into near-veto players on the ground. Here, formal veto players were made somewhat irrelevant and replaced by CSOs as quasi veto players.

Some CSOs, however, disagreed. They noted that not all donors were participatory and understanding in their discussions with CSOs. Some donors tied conditions to their funding and were biased in selecting their priorities. The participant from ADA referred to situations when some of his organization's proposed projects were rejected because they did not correspond with donors' interests. Some donors, to be sure, already had a negative image because of their agenda and conditions. USAID has been singled out in particular. "In my experience working with USAID for nine years, the donor [USAID] imposes the agenda and objectives, but in the Irada Project [funded by the Turkish Government], we formulate goals for funding", stated the participant from the Islamic University (IU). The participant from the Al-Salah Islamic Society claimed that his organization does not accept any project funding from donors unless it serves the interests of the Palestinian people. He also referred to the government's new Development Strategy for 2014-2016 and explained that he wished that donors benefited from this plan and took it seriously rather than implementing their own agendas.

Some CSO participants added that, even in situations in which donor-CSO discussions took place in a positive and interactive manner, they still had doubts about

whether donors took all their views into account. CSO participants also indicated that there was sometimes a clash in agendas between donors and CSOs when it came to agreeing on certain recovery projects/priorities. The participant from PNGO described his organization's interaction with donors: "The discussion usually takes the form of democratic and interactive debate but the question remains as to what extent the ideas of civil society are taken into account in these discussions?" Some CSOs acknowledged that they disagreed with donors' agendas and experienced difficulties agreeing on specific priorities. In these situations, CSOs would compromise in order to benefit from the funding and serve the Palestinian citizens, as ADA representative explained. Here, some transnational aid actors imposed strict conditions and their own preferences on their partner CSOs.

Western vs. Arab/Muslim Donors' Funding Strategies: Conditionality and Management Styles

International donors did not always share the same strategies and approaches when it comes to prioritizing and financing recovery needs. CSOs participants explained that Western and Arab/Islamic donors differed in their funding conditions, priorities, and the way they managed the implementation of recovery schemes. Reflecting on this situation, the participant from the Palestinian Housing Center explained that right after the 2008 war, only Arab and Islamic funding was available in Gaza, and that it was not politicized. The long-term engagement of many donors in the Palestinian territories and the politicized nature of their funding has become a topic of debate and advocacy for some organizations. For example, as a PNGOs participant explained: "We, as an NGO Network, have a clear position against any political conditions whether they are imposed by USAID or any other donor. Conditions related to the political orientation of the CSO are unacceptable". When

asked if he would accept conditional funding from some donors, he claimed that his organization would refuse to sign such funding agreements and deal with conditional donors.

However, this was not the case for most CSOs, which did accept donor conditions. Funding of recovery projects was much needed and CSOs had to accept some of the conditions of transnational aid actors to be able to serve their constituents. However, the question remained how different donors were in their funding conditions and agendas, and how such differences were seen by participant CSOs. When asked whether Western/international donors prioritized and financed different recovery compared to Arab/Islamic donors, most participants acknowledged that there were differences in terms of the conditions applied by each donor when it comes to abiding by the no-contact policy and selecting beneficiaries, and the management arrangements of these projects. The participant from Al Salah Islamic Society emphasized that European and international institutions imposed conditions and sometimes prevented funding for political reasons. He claimed that this behaviour hindered the development process and the provision of assistance to affected people in the Gaza Strip. Western donors' also intervened in the selection process of beneficiaries in some projects, as hinted at above. Beneficiaries who were affiliated with Hamas were denied assistance, which indicated that some donors cross-checked the names with Israeli Authorities to verify beneficiaries' political affiliation.

Interestingly, many participants pointed to the existence of a hidden agenda and goals in relation to Western donors' funding decisions. The participant from ADA, for example, stated that he was suspicious of some Western-financed projects. He explained,

“We feel that there are other hidden goals to these projects. However, we try to serve Palestinian development objectives”.

The majority of Arab and Muslim donors, on the other hand, were perceived as more understanding, cooperative, and less strict with their funding conditions. Generally speaking, Arab and Muslim donors abided less by the no-contact policy and the Quartet’s boycott of Hamas. This could be attributed to many things, the most important of which was the inability of Arab/Muslim states to protect Palestinians and use their political influence to end the occupation. Thus, Arab and Muslim states decided, through their aid agencies, that they could at least help ease the suffering of Palestinians and enhance their resilience in the face of Israel. This flexible and less conditional assistance was much appreciated by Palestinians. CSOs’ participants provided many accounts of the different funding approaches of Western and Arab/Muslim donors. The participant from the Islamic University claimed that, based on his experience in managing the Irada project, Islamic funding was unconditional, unlike Western funding. He added that he considered the Saudi Bank, the Islamic Development Bank, and the Turks to be among these Islamic donors.

In the day to day management of the recovery projects, donors had different styles in managing the process with their CSO partners. CSO participants indicated that Arab/Muslim donors gave control and authority to partner CSOs in the implementation process, while Western donors are more involved in operational details, from the initiation stage of the project until completion. This implies that Arab/Muslim donors had more confidence in partner CSOs, in addition to empowering them to take control over the recovery programs’ scope and direction. The participant from the Palestinian Housing Center referred to a mechanism applied by Arab/Muslim donors, where they would establish a local steering

committee to supervise the implementation of their programs and ask the committee to take care of all details: “We are the source of information and we are almost the donor’s decision maker. We commend the Islamic Development Bank's way of management, where the authorization of projects is left to us as a steering committee”.

One participant, however, had a different opinion about the way Arab/Islamic donors conducted their business. The participant of PNGO claimed that his organization had not received any funding from Arab/Islamic donors and accused them of acting alone in the Gaza Strip:

Unfortunately, those Arabic institutions began after 2008 and they carried out their projects through establishing their own branches...The fund of the Islamic Development Bank (IDB) and the Gulf countries offered for the reconstruction of the Gaza Strip was carried out through the existing Islamic and Arab institutions in the Gaza Strip, and not through the institutions of civil society. We were hoping and expecting that they would empower the Palestinian civil institutions through these programs, but they did not.

In conclusion, all participants acknowledged that donors imposed conditions on funding to varying degrees and had different management. Western and Arab/Islamic transnational aid actors differed in the degree to which they adhered to the no-contact policy, the conditions they attached to funding, and the agenda for reconstruction and recovery programs. Arab/Islamic donors were less strict than Western donors in terms of the conditions attached to their funding. Moreover, whereas Western donors were often quite involved in the prioritization, planning, and implementation of recovery projects and sometimes intervened to ensure that their conditions were being adhered to, Arab/Islamic

donors helped in empowering local CSOs by providing them with more control over these processes.

Impacts of Recovery and Reconstruction Schemes

The Israeli military blockade and closed border policy has turned the Gaza Strip into a secluded and heavily guarded area. With the continued blockade policies, Gaza residents relied mostly on assistance provided by a large number of UN agencies and CSOs which rely on donor funding to cover their basic needs as much as to initiate post-war recovery projects. The 2008 war made the already dire conditions in Gaza worse because of the extent of destruction and loss of life. With Israeli blockade policies still in place, Gazans had no alternative but to continue to rely on programs and assistance offered by donors through the UN agencies, and on CSOs to initiate recovery and reconstruction processes.

The focus of the majority of the donor-funded programs CSOs implemented was on relief and emergency assistance rather than sustainable development. Even though relief projects were much needed and helpful in the immediate aftermath of the Israeli war, the very limited attention that longer-term development assistance type project received resulted in creating dependency on aid and undermined hope for real recovery. Israel's blockade severely restricted the entrance of construction materials and other goods into Gaza and hence slowed down and harmed recovery efforts. For instance, the participant from the Al-Salah Islamic Society explained that the main obstacles to reconstruction and recovery were occupation policies, international policies about the implementation of projects, the closure of border crossings, and the renewal of the blockade on the Gaza Strip, as well as the successive wars aimed at the destruction of the Palestinian economy in the Gaza Strip. This

can be seen in the participant from PBCDS' comment that the main obstacle was the lack of materials due to the blockade which prevented the import of construction materials. The participant from Islamic Relief further elaborated on this situation: "The basic materials for reconstruction are cement, iron, and gravel...Everything is stopped because of the on-going blockade and the closed border crossings and there is a lack of access to these materials".

For most CSOs, the issue was not funding, but the lack of construction materials and equipment. "There was funding for building a school, but because of the lack of construction materials we did not build it, but we still have the funding", explained the participant from the Palestinian Housing Center. The Israelis would only allow limited and calculated quantities of material to enter Gaza, and only through UN channels. To make things worse, this situation was always accompanied by delays from the Israeli side. This reality has hampered CSOs' projects and forced them to rely on other alternatives to get the materials, without paying attention to the quality of such materials. One major alternative source of low-quality construction material involved illegal smuggling through tunnels with Egypt. As a participant from PHG explained,

The besieged Gaza Strip and its closure for a very long time had an impact on the quality of projects implemented, especially since some of the materials needed to carry out the projects were not present...We were looking for alternatives in that period where supplies were not present except for the ones coming through the tunnels...Relining on smuggled materials made us reduce the quality of projects we implemented.

With the continued shortage of materials, and the inability of UN agencies and international donors to pressure Israel to allow more materials to enter Gaza, or even

expedite the process, some CSOs have had to rely on local and alternative methods of construction. These include the usage of mud, which was proven to be dangerous. The participant from the Palestinian Housing Center elaborated on this situation:

There was a real crisis in building materials and construction tools. The reconstruction process started in mid-2010 while Gaza was under siege and there was a lack of construction materials. We started the reconstruction process and the price of the ton of gravel reached 300 Shekels (USD 78.65)...With regards to building with mud, technically it does not work...because if a light earthquake occurred it will fall on people's heads. The buildings that were recently built after the war were not stable; the walls already had cracks and I have a picture of cracks occurring after a month of completion.

Beyond this specific issue, it is important to note that post war recovery and reconstruction schemes included a component of both relief and development. The relief component was characterized by short-term emergency aid. In the case under investigation, emergency aid kicked in during and immediately after the war to provide affected populations with basic goods and services, including food items, sanitation, and temporary shelter. As for the development component, it is characterized by medium and long-term recovery schemes leading towards fully recovering previous livelihoods, infrastructure, economy, and basic services provided by the state and the market in a sustainable manner. Despite the blockade and lack of construction materials, most participants acknowledged that recovery programs helped residents restore some of their losses and get back on their feet to some extent. However, they claimed that, beyond short-term relief aid, the scope and

nature of the recovery and reconstruction schemes remained limited and lacked a long-term developmental component aimed at eventually leading to full recovery. Here, from the perspective of PCLP, because of donors' inability to challenge Israeli restrictions and create a healthy environment for delivering development-based programs, they have not been successful in providing the above mentioned conditions to help Gaza reach full recovery, achieve their developmental goals, and become economically independent. The participants view this issue in different ways. The participant from PNGO claimed that recovery projects had a somewhat positive influence and contributed to enhancing the resilience of the people. However, he pointed that dependency on aid remained a major problem:

Unfortunately, there is dependency. There are some programs implemented by many United Nations organizations and international organizations with a humanitarian dimension...These programs strengthened dependency on aid. This is dangerous for us. We had a meeting with the United Nations organizations...Our demands were clear and explicit and that is to achieve sustainable developmental programs or to achieve a form of development that is compatible with the needs of the Gaza Strip.

The participant from ADA claimed that most programs have contributed to improving the living conditions of the beneficiaries. He explained that these programs had a positive effect, but that some of the projects had also created dependency and reliance on aid; he declared, "Unfortunately dependency was created deliberately and politically".

Transnational aid actors were in a difficult position. They could neither negotiate nor challenge many of Israel's measures so as to facilitate the implementation of recovery programs but, at the same time, they had to preserve their image and interests in the Gaza

Strip by keeping their operations running. Many donors coped by shifting their focus to delivering humanitarian assistance, and away from much needed recovery and development based projects. In the view of partner CSOs, this shift has affected the sustainability and purposefulness of these programs. Thus, according to the PCLP, transnational aid actors were not successful in “empowering individuals, local communities and the society at large, through the provision of necessary qualitative resources, skills, awareness of their legitimacy, resilience, trust and confidence” (Naklah, 2012, p. XVIII).

CSOs’ participants distinguished between relief and emergency projects, on one hand, and recovery/development projects, on the other hand. The participants from IR commented on this: “Unfortunately, many projects, including projects related to the distribution of food or cash for work projects are on the negative side when talking about sustainability...When talking about the reconstruction for hospitals, schools and other projects, I think these are projects for the future”. The participant from PHG stated, “The nature of the projects was divided between development and relief....Relief projects responded to the emergency conditions the Gaza Strip was experiencing which were vast ...There were some development projects, especially with regard to infrastructure which is considered sustainable as they met community development needs”. Likewise, the participant from the Palestinian Housing Center explained that investing in rebuilding infrastructure projects was considered sustainable and that, in the long run, they would bring greater benefits to the community than relief projects. However, he also noted that these reconstruction projects were Israel’s favourite targets during military campaigns: “Israel systematically targeted these projects, which were usually funded by the same donors”.

Overall, the inability of donors and in turn CSOs to carry out a full-scale reconstruction operation has made most of donors' assistance to the Gaza Strip unsustainable, in addition to creating high dependency on aid. Based on the OECD's principles of engagement in fragile contexts, transnational aid actors failed to take the local context as their starting point. Donors have, to a great extent, helped ease the suffering of Gazans through emergency and humanitarian assistance. However, by agreeing to deliver aid under the conditions Israel and the international community have imposed, they have not been successful in creating an environment conducive to empower Gazans and transforming their lives and the economy. Aided by CSOs, donors relieved Israel of its responsibility towards the Gaza Strip. At the same time, they agreed to operate under Israel's blockade conditions and were unable to initiate projects for full reconstruction and recovery. From a PCLP perspective, donors have had limited success in providing the required conditions and expertise to help Gazans realize their basic rights, primarily the right to be free from occupation and exploitation, to self-determination, to have access to non-exploitative productive work, to develop society so as to respond to people's basic humanitarian needs, and to sustain it for future generations.

Interviews with CSOs confirm that involving the non-governmental sector provided access to valuable resources at a critical time in Gaza. They extended what the government on its own could do, as the discussion on "governance without government" indicates. However, as a result of the no-contact policy, CSOs played an intermediary role between donors and the government and so wasted resources and effort playing a much-needed coordinating role that the government should have assumed. In this difficult situation, participants admitted to feeling caught in the middle.

Donors' Participants

International Donors' Positioning and Nature of Engagement in post 2008 Early Recovery Schemes

Approaching international donors for interviews was a challenging process. The majority of donors in the Gaza Strip do not have a physical presence there because of the security situation and because of Hamas' control of the Gaza Strip. Most donors' missions are located in Jerusalem and the West Bank, but the research coordinator was unable to travel from Gaza to either the West Bank or Israel as a result of restrictions on Gazans' movements. That said, donors do operate in the Strip through their agents/partners, including a majority of United Nations agencies and INGOs. These organizations receive funding from donors and implement projects in partnership with local CSOs, according to donors' funding policies and conditions. For example, if USAID signs an agreement with UNDP, or an INGO such as CHF, these organizations will represent donors on the planning and implementation fronts.

In this research, nine donors' representatives were identified and approached. This includes the representative of Qatar in the Gaza Strip, participants from three major UN agencies (UNDP, UNRWA, FAO) that received funds from donors and implemented recovery programs in partnership with CSOs, and participants from two INGOs who received funding from western donors in the Gaza Strip. Three participants from donor organizations are experts with many years of experience working with many western donors, but they indicated that the views they presented are only their own, and not those of the organizations they currently work for.

Most donors' representatives who took part in this study stated that they have participated in recovery and reconstruction programs, and provided various accounts of the scope and nature of their efforts. The recovery needs of Gaza span humanitarian to large infrastructure projects. The nature and scope of funding depended largely on donors' agenda and preferences.

The dire situation in the aftermath of the 2008 Israel war has only worsened living conditions in the Gaza Strip, a region which had been impoverished and isolated since 2000, when the Al-Aqsa (Second) Intifada began. After the Second Intifada, donors operating inside the Strip were confronted with increased emergency, humanitarian, and recovery needs. Participants noted that these conditions led donors to focus their assistance programs on humanitarian and emergency programs.

Hana' Abu Eadah, a development expert who worked for multiple donors, explained that, as a result of the blockade and Israeli invasions, donors' policies shifted from funding development based projects to relief and emergency ones. These projects were only focused on maintaining the status quo and from preventing a further deterioration of the socioeconomic situation in Gaza. Projects included cash-for-work projects and temporary employment generation programs, as well as the distribution of cash and in-kind assistance and other similar initiatives. Hana' Abu Eadah provided an example of a USAID funded project called the Re-Housing Fund, where USAID financed minor repairs to damaged houses by providing doors and windows, fixed broken walls, etc. She explained that these types of projects were necessary after every Israeli attack. This was an example of USAID's willingness to unconditionally continue to pay for Israel's attacks on civilian targets.

According to Ms. Abu Eadah, after 2008, there were only a few development projects. Most of the institutions she has worked with moved away from implementing developmental projects and shifted their focus to relief and recovery. She indicated that, in the absence of any signs of the blockade easing, and with the economy strangled under the blockade, donors had no option but to keep implementing emergency response programs. Development based programs were out of reach. Yet donors had to keep operating to prevent any further deterioration of Gaza's socioeconomic conditions.

Many donors' representatives elaborated on the nature and focus of their programs during the period that followed the start of the 2008 war. Mohammed El Sherif, a development expert representing himself who worked with many western donors, explained that the goal of the institutions he worked with can be summarized as "the provision of emergency humanitarian aid, followed by planning and implementing early recovery and reconstruction types of projects." His example of an emergency response program was the distribution of food and other in-kind items for people affected by the war. As for early recovery type projects, he referred to projects related to agricultural development and the installation of doors, windows, and glass for civilians whose houses were partially damaged. Development expert Mr. Hashim El-Hussaini expressed views that are his own and not those of the organizations he previously worked for, including the Canadian International Development Agency (CIDA) and Associates in Rural Development (ARD), a contractor for USAID in the Strip. He explained that the focus of ARD was funding early recovery projects in partnership with other CSOs that worked in delivering emergency and humanitarian aid.

UN organizations played an important role in planning and implementing ER programs. Most of these organizations had long been present in the Gaza Strip and had worked on different mandates before the war. After the war, most of these organizations included ER in their mandates. For instance, the participant from the United Nations' Food and Agriculture Organization (FAO) explained that its basic mission in the post war period was to keep food and animal production at a sustainable level by supporting farmers and animals' cattle's' breeders.

UNDP has also been a significant player in reconstruction efforts. The Program was established in 1978 to help Palestinians in the West Bank, Gaza Strip, and Jerusalem. Since then, the Program's main mandate has focused on achieving sustainable development through implementing programs focused on good governance, poverty reduction, environment, gender equality, and the development of public infrastructure. The participant from the UNDP explained that the organization shifted its focus away to implementing ER projects instead of development ones as a result of the series of Israeli invasions between 2000 and 2008. Israel's military siege was tightened following 2008. He elaborated that these events led to a severe degradation of the economic and social infrastructure. Thus, UNDP played an important role in reconstructing what has been destroyed. He explained that throughout this process, Community Based Organizations (CBOs), NGOs, and INGOs participated in a planning and implementation of programs that, because of the Quartet's conditions, excluded the Hamas government. In this context, coordination meetings were held with the related miniseries, though only on a technical level.

Similarly, the participant from UNRWA explained that the agency's mission in Gaza was to provide Palestinians with basic needs, including education, health, shelter,

reconstruction of damaged infrastructure, and psychological support. He elaborated that UNRWA is an implementing partner for many donors. As for UNRWA's involvement in reconstruction, the participant explained that UNRWA has conducted fundraising through appealing to Arab and Western donors for reconstruction programs. Such programs have included providing relocation fees for families lacking shelter and repairing houses partially and completely damaged Israeli operations.

Overall, most international donors' representatives emphasized that they were well-positioned to carry out various forms of interventions to assist Gazans, including recovery and reconstruction. Transnational aid actors have been involved in the delivering humanitarian and development assistance in Gaza before the 2008 war, as a result of the dire situation created by the 2000 Intifada and the continuation of Israeli military blockade and incursions.

The No-contact Policy and Its Impacts on Cooperation with the de facto Government and CSOs

The purpose of the no-contact policy was to prohibit international donors from working or cooperating with the Hamas government. As indicated before, the no-contact policy has no formal definition and is not a clear set of directives. Participants representing donors, therefore, provided their own interpretation of the policy, based on their own understanding of the policy and on the political position of the countries/organizations they represent. Donors, therefore, complied with the no-contact policy to varying degrees. The no-contact policy definitely limited and hampered communication between donors and the Hamas government. However, CSOs and some UN agencies played an instrumental role as

intermediaries between the government and donors. The extent to which CSOs were involved and the exact role each CSO played depended on the CSO and the situation. The role of CSOs varied; some were true planning and implementation partners for donors, while other simply collected information on behalf of donors. The mechanisms CSOs and UN agencies employed also varied a great deal. One such mechanism that is worth noting is the cluster mechanism. UN agencies took a lead role in creating shelter, food, and satiation clusters for example. These clusters acted as forums that include representatives from all parties, including the government, and which provided somewhat indirect channels for communication between all parties.

In the focus groups, donors' representatives acknowledged the existence of the no-contact policy and the constraints it created for cooperation and coordination with the de facto government. They also acknowledged that the policy complicated their working relationship with the government, especially when it came to preserving the government's political autonomy. Most participants indicated that there was coordination at the technical level but not at the political level. "Our work in the Qatari Committee is at the technical level and we do not interfere in politics...The relationship between us and the ministries is on the technical level only", explained the representative of Qatar. Similarly, the UNDP participant explained, "What we are interested in is cooperation at the technical level where there is no need to have contact at the political level with the government". The same point was emphasized again by the UNRWA participant, who indicated that "It is not permitted to communicate with ministers on a political level, but it is allowed at an operational and technical level...We talk with them because, in the end, we are interested in the unification of concepts and standards, and overall, we do not have any problems with them".

Although most donors' representatives explained that they cooperated with the relevant ministries at the technical level, on some occasions, this was not enough to resolve specific problems. In those cases, the involvement of those at a higher political level was necessary. The participant from FAO provided an example from his work of the confusing situation created by the no-contact policy and the way it negatively affected the work of FAO. He explained that the procedures for communicating with the government about technical matters were clear and easy to follow. However, sometimes problems could not be solved that way. Instead, a "political decision" made by an official with a higher level of political authority was necessary. If the situation reached that stage, there would be delays and donors could not use regular communication channels to reach that official. Some donors were stricter in their adherence to the no-contact policy than others. For example, American organizations were prohibited from paying any tax (such as registration taxes) to the government because Hamas was on their country's terrorism list. This caused much tension between the Hamas government and these organizations in terms of reporting and tax requirements. As Mohamed El-Sherif explained: "This is something that has always been a matter of sensitivity and made things worse... A foreign organization that works in a country that does not speak with its government...This is something provocative from the point of view of local government...It is like having a stranger working in your backyard without your permission...The de facto government was there and it had to be dealt with whether donors liked it or not". El-Sherif further elaborated that this issue had more to do with imposing the political sovereignty of the government, whereby donors and foreign organizations, especially the American ones, had to comply with requirements of the Hamas

government when it came to issues such as registration and activity reports, which always proved challenging.

In other cases, as a result of strict adherence with the non-contact policy and the refusal to respond to the Hamas government's reporting requirements, some organizations faced the closure of their offices in Gaza. As a participant from Mercy Crops put it, "We do not have any contacts or coordination with the government.... So when the government requests something and we refuse to provide them with the information, they tell us to submit the documents or they will close the organization. Therefore, sometimes we had to close the organization for three or four days till this issue is resolved, and this hampers our programs".

In addition to the restricted, technical-level communication between donors and the de facto government, key consequences of the no-contact policy and the lack of dialogue between these actors included movement limitations imposed by the government on donors' staff, as well as delays in passing construction and other materials through the border and customs. Al-Husseni explained that the no-contact policy implied that they were prohibited from dealing with the government in general, except when they needed entry permits for staff movement and materials; then, there would be communication, but only at the lowest technical level. Even so, this low level, technical communication was always limited, which also increased tensions. He gave an example where donors wanted to bring aid materials into Gaza but refused to properly address the Customs department at the Gaza government's Ministry of Economy and did not follow the necessary protocols for addressing officials with the proper names and titles. This situation led to additional problems and delays.

With the no-contact policy in place, donors and their implementing partners (UN, INGOS, etc.) relied on local CSOs as intermediaries to facilitate communication between their organizations and the government. Hana' Abu Eadah explained that local CSOs played an important role in this and acted as problem solvers, helping to overcome obstacles that arose from the no-contact policy. As she explained, “From my perspective, there were no obstacles in coordination with the government because NGOs or CBOs were playing the role of mediators...There was some sort of consensus among CSOs and the government about the exchange of information, priorities, and selection of targeted areas, and other issues”.

For most donors, CSOs were considered planning and implementing partners for aid and development programs. The cooperation arrangements for such partnerships took various forms. The participants from donor organizations provided numerous accounts of how much they relied on CSOs during the implementation process. Concerning planning, in some cases, CSOs took the lead role by responding to a call for proposals advertised by donors. As El Hussaini explained, they developed project concepts for donors to consider: “With ARD, the project design process is done based on the partner's recommendations... If there is a need, the idea is put forward by writing a concept note at the beginning...Local partners were very instrumental and we could not work without them”. Similarly, the participant from MC explained that they would identify a specific sector they wanted to fund/support and then ask CSOs with specific expertise in the sector to apply: “We decide on the programs and we release the advertisement announcing that we will work in a specific field. We then ask the CSOs that have expertise in the specific areas to apply. After that, we evaluate these applications depending on the efficiency, competences, and

capabilities CSOs have to implement the project...There is cooperation and good relationship with local CSOs because they were carrying out a large part of the work". Given the lack of direct cooperation with formal veto players, donors, as transnational aid actors, empowered CSOs to assume a lead role in identifying, planning, and implementing ER interventions. These tasks, according to Palestinian law, fall under the responsibility of the government. However, as a result of transnational aid actors' preferences and own decision-making processes and because of the no-contact policy, some core government responsibilities were transferred to CSOs. These became important agents in the process, despite their lack of formal veto player status.

As agents/partners for donors, the United Nations organizations, acknowledged that they relied on CSOs to plan and implement many early recovery related projects. The implementation arrangements with CSOs were based on the grants modality, where CSOs received grants to implement projects under the supervision of, or in partnership with, UN agencies. The participant from UNDP explained that in some occasions, UNDP had a program available with clear activities outlined and ready for implementation. In similar cases, they would advertise a call for applications to request CSOs to undergo a pre-qualification process to assess their capabilities for execution. In other cases, UNDP had funding to support specific sectors, but detailed plans for implementation were not developed. Here, they would approach CSOs for project proposals, and these proposals, in addition to CSOs' capabilities, would be assessed before signing agreements/grants for implementation. Furthermore, the UNDP's participant explained that, in a few cases, UNDP partnered with CSOs in jointly implementing programs and verifying the names of beneficiaries, in coordination with the Ministry of Social Affairs.

Although United Nations organizations relied on CSOs as planning and implementation partners, few of them acknowledged that there were challenges in the process. One of these problems was the large number of CSOs that claimed they could implement projects in many areas without having the necessary capacities and level of specialization in these areas. These CSOs were naturally driven by the attractive nature of funding. This was considered a challenge for UN organizations, especially in the assessment and selection process. From FAO's participant point of view, it was easier to work with big and more established CSOs, which had the required capabilities, as opposed to smaller CSOs. He elaborated that there is a need to "re-evaluate" and "filter" CSOs and rank them according to their capacities and priorities.

In addition to CSOs playing an intermediary role between donors and the de facto government as a result of the no contact policy, there were other mediating actors involved. These included the United Nations Organizations, which worked side by side with CSOs under the sector clusters to coordinate recovery needs. Al-Hussaini, who previously worked on projects funded by USAID and CIDA, explained that, although the de facto government expected to be dealt with directly, political circumstances largely prevented this from happening. He explained that the UN Organizations played the role mediator to facilitate coordination because they had fewer constraints than donors in terms of who they could communicate with. El-Sherif provided a similar account. He explained that coordination was done indirectly, through the cluster system. For example, FAO would lead the agriculture cluster, WFP the food security cluster, and NRC and OCHA the shelter cluster. In these cases, UN agencies used the cluster mechanisms to indirectly coordinate and share information with the Hamas government, which had its representative in these clusters.

“There is no direct relation between UNRWA and the government but that can be done indirectly via the NRC. The government was a member of the cluster,” UNRWA’s representative explained.

United Nations Organizations and CSOs were less constrained when it came to communication and coordinating with the de facto government, and worked as intermediaries between donors and the government as a result. They indirectly facilitated a dialogue that involved the identification of priorities and agreements on the technical details of implementing post war recovery and reconstruction schemes under the no-contact policy. The UNDP participant reflected on the nature of such coordination as follows: “there were some drawbacks and problems but these were quickly resolved”. He added that the government provided all the help needed to solve any problems that arose.

Not all donors, however, adhered to the no-contact policy because there are countries that did not agree with the Quartet’s political stance. Instead, some decided to keep an equal distance from all sides in the conflict. The participant from NRC elaborated on this: “We did not have any problem...We are a Norwegian organization so we follow Norway... Norway is one of these countries that do not have this policy, so we were very comfortable...We were talking and ready to talk and communicate with everybody without any obstacles”. The NRC’s open and neutral communication with the de facto government was reflected in the role the NRC took in leading the housing cluster and sharing information and acting as a mediator between the government and other organizations, including other donors, CSOs, and UN agencies. For instance, the NRC participant explained that, because of such good relations, the Ministry of Public Works and Housing used to provide NRC with information to share with other partners, such as CHF, UNDP, and UNRWA.

Overall, despite the limitations of the no-contact policy, participants from donor organizations claimed that they were able, through existing coordination mechanisms that involved CSOs and UN agencies, to identify priorities and address recovery and reconstruction needs. Through these mechanisms, transnational aid actors had the power to set the agenda and select the priorities for recovery and reconstruction through relying mainly on CSOs in the identification, planning, and implementation. To be sure, the level of donors' cooperation with the de facto government depended on the extent to which they abided by the no-contact policy. Those who complied less fully had better work relations with the Hamas government, as might be expected.

Donors-CSOs Work Relationship

Funding Conditionality

Although most international donors did not have a permanent physical presence in the Gaza Strip and relied heavily on CSOs and UN organizations in the planning and implementation of recovery and reconstruction programs, they still had to ensure that CSOs and UN agencies complied with their funding conditions. Donors' representatives acknowledged that they applied conditions when providing grants to their partner CSOs. Among these conditions was obliging partner organizations to go through security checks and agree to cooperate on selecting the beneficiaries. Here, the logic was to ensure that donors' money would not reach any organizations/individuals labeled as terrorist. Hamas, it must be said, was on the top of that list.

The participant from Mercy Corps recognized the existence of conditions and that the organizations adopted a clear stance on funding terrorists' organizations. He elaborated

that CSOs were required to sign an agreement allowing security-checks for their members and beneficiaries on the domestic and international levels¹⁴. Similarly, El-Sherif elaborated that any beneficiary receiving assistance in excess of USD 1,000 from a US donor, especially USAID, was required to be vetted to make sure that person did not have connections with terrorist organizations. Moreover, if it turned out that a potential beneficiary's close relative was tied to an organization the US government labeled as terrorist, that potential beneficiary was denied funding. A similar policy applied to training, if the training period exceeded five days. According to USAID policies, trainees were subjected to security vetting before being approved for training.

In addition to vetting, conditions included strict procurement policies to prohibit the purchase of materials or equipment smuggled through the tunnels with Egypt. Donors' representatives made it clear to partner CSOs that they could only buy materials from legal sources, which could only enter Gaza through the Israeli border. El-Hussaini explained that ARD was clear about applying USAID's procurement conditions and that "tunnels were not

¹⁴ "All NGOs applying for grants from USAID are required to certify, before award of the grant will be made, that they do not provide material support to terrorists.... Before making an award of either a contract or a grant to a local NGO, the USAID West Bank/Gaza Mission checks the organization and its principal officers, directors and other key personnel against lists maintained by the Office of Foreign Assets Control (OFAC) within the U.S. Department of Treasury. The Mission also checks these organizations and individuals through law enforcement and intelligence community systems accessed by USAID's Office of Security. At present, the Mission collects additional information up front in addition to the individual's full [four-part] name, such as a government issued photo-ID number and the individual's date and place of birth.... [USAID's] West Bank/Gaza program possess[es] the most comprehensive partner vetting system for foreign assistance throughout the U.S. Government" (Zanotti , 2014).

allowed to be the source of procurement” in their funded projects. Similarly, Hana' Abu Eadah explained that, when signing an agreement with a partner CSO, they would study their procurement manual and check if it complied with the donor's procurement policy. Some donors were even keen to check the source of the raw materials used to produce ready-made products available in local markets before purchasing them. If the raw materials used in making the product did not come from a legitimate source, it was simply forbidden to buy it: “The source of purchased materials should not come through tunnels...they must be brought in in a formal way through Israel and they have to be sealed...As for locally produced products, the raw material must be imported through legal channels...But this procurement policy do not apply to food and drinking items and we do not ask about the source” (Mercy Crops participant).

In addition to security and procurement conditions, donors also assessed the capacities of partner CSOs to deliver projects on their behalf. Donors conducted capacity assessments for CSOs, examining the institutions' governance structures, human resources, financial resources, implementation capacity, and other items. Partner CSOs were ranked and assessed against these criteria, and the ones that scored the highest would be selected, as Hana' Abu Eadah explained. Similarly, UNDP's participant explained that they expected “high transparency and competitive bidding” from partner CSOs. Here, as CSOs have become a strategic partner of choice for transnational aid actors, in the absence of a significant role for the de facto government, there was a need to assess CSOs' capacities and map their needs to provide them with necessary support.

Not all donors treated CSOs as planning and implementation partners; in some cases their role was limited to that of “contractor” or “service provider”. In these cases, donors

would have programs ready to go and they would only sign a contract with a CSO to deliver a specific service. To quote El-Sherif: “Local civil society organizations are only service providers...for example, if we want to offer a training course in the area of education for example, they carry out what is required according to the terms agreed upon in a service contract”. This model is different from the grant model where CSOs are provided with a grant they can manage under the supervision of their donors. Under the grant type model, CSOs have the chance to discuss the programs’ planning and implementation arrangements.

Building Capacities

Most international donors’ representatives emphasized that building the capacities of their partner CSOs was an important priority for them, and that they were keen to equip CSOs with the necessary knowledge and tools they needed to deliver their programs. Donors’ participants provided numerous examples of their capacity-building approaches. The participant from Mercy Corps explained that, at the first stage of a new project, they provided training courses through consultants to partner CSOs. The trainings would be on topics like project management, in addition to other specialized courses. Capacity building would also include providing the necessary logistics to support operations on the ground, including computers and furniture. Similarly, the participant from UNDP explained that funds provided to CSOs have contributed greatly to building their capacities. He added that UNDP was a leading organization in this regard and that capacity building programs did not only focus on training. They also focused on providing significant infrastructural and logistical support such as building premises, furniture, and equipment.

Donors’ representatives offered different examples of training programs. After 2008, many school students suffered from trauma, which had badly affected their performance in

school. Psychosocial support and extracurricular activities were, therefore, necessary and many donors focused on this need. However, in order to help students improve their performance, teachers were required to learn about psychosocial support and extracurricular activities. Here, Al-Hussaini explained that teachers undertook comprehensive training, including tests, in order to prepare them to treat trauma in the classroom. Partner CSOs which had expertise in trauma treatment were directly involved in assessing and training teachers in trauma treatment. This was an example of knowledge transfer through implementation. Similarly, the participant from UNRWA provided an example where the Gender Team in UNRWA provided training to partner NGOs in order to mainstream gender equality in their programs and prevent gender discrimination. Another example was that some reconstruction projects involved large endeavours such as re-building schools, roads, and hospitals. High-level expertise, especially in the field of engineering, was necessary to plan and implement these large-scale projects. The representative of Qatar explained that they conducted a six-month training program for engineers involved in the planning and implementation of their construction projects. The training was conducted in coordination with Gaza's Engineers Association and Contractors Union.

Overall, most participants from donor organizations acknowledged that they were aware of the importance of developing the capacities of partner CSOs and provided logistical support and training to allow them carry out their tasks. They emphasized the fact that they tailored capacity development schemes to support CSO program implementation, and stated that their funding has contributed to developing the capabilities of partner CSOs on the ground.

Obstacles to Recovery

Recovery and reconstruction schemes were carried out in an environment full of obstacles and constraints. International donors were required to carry out recovery under a strict Israeli military blockade which imposed numerous conditions on bringing construction materials into Gaza, deliberately causing delays. For most donors, the only source of such materials was Israel. Donors faced tremendous difficulties in this process. El-Sharif explained that all their procurement had to go through Israeli border crossings and had to be approved by the Israeli Coordinator of Government Activities in the Territories Unit (COGAT)¹⁵. He added that, for each item needed to rehabilitate damaged houses, they had to go through the complex process of getting COGAT's approval to procure the items. Sometimes there would be delays of up to six months. Because these delays involved extra costs for both sides, they created problems between donors and local contractors. Moreover, El-Sharif noted that COGAT held donors accountable if these materials did not reach the agreed upon beneficiaries. These meant that, if some of these materials found their way to the local markets and were bought by other parties, Israel held donors accountable.

After the war, the agriculture sector was one of the many sectors that were affected by the large scale demolition of facilities and the levelling of farms. USAID was one of many donors working on rehabilitating this sector. Many of the items required for farmers were also coming through Israeli border crossings. However, according to Al-Husseni, the Israelis prohibited the entry of many of these items, although their purchase was funded by

¹⁵ According to COGAT's website "The Unit's mission is to promote and implement the policy of the Israeli Government in civilian matters, to facilitate humanitarian issues and economic and infrastructure projects in Judea and Samaria and in the Gaza Strip. In addition, the unit leads the coordination and liaison with the Palestinian Authority and with the Palestinian population the West Bank and the Gaza Strip" (COGAT, 2015)

USAID as part of its agriculture rehabilitation programs. Farmers, for example, needed iron and fertilizers to rebuild their facilities and grow crops but Israel refused to allow them into Gaza, lest Hamas use them to build rockets. Hashem elaborated that the inability of donors to import necessary materials for recovery and reconstruction had a negative impact on reconstruction. The participant from UNRWA made a similar point when he pointed to the closure of the border crossings as the biggest obstacle to reconstruction efforts on the ground. He claimed that the funds were available but the delays in implementation had to do with the local unavailability of the materials needed for reconstruction.

In the Gaza Strip, local manufactures had the skills and expertise to manufacture some of the items needed for reconstruction. However, the problem had always been with the lack of raw materials as a result of Israeli restrictions. The participant from FAO explained that they relied on locally manufactured irrigation networks in their projects to repair agriculture facilities like greenhouses; however, the local manufacturing of such networks stopped because metal pipes, which are the most basic material for these types of projects, would not be allowed in due to Israeli restrictions. In the name of security, the Israeli authorities also required donors to purchase certain modified types of chemical fertilizers, which were not useful for growing plants.

Hana Abu Eada agreed that the main obstacle for reconstruction was Israel's restrictions on the entry of materials. For example, materials like iron and cement imported from Israel (sometimes via Turkey) were subject to Israeli security inspection and clearance procedures. For USAID projects, this security process consumed more than 50% of the project's time on average. Yet Israel was not the only one who imposed restriction on importing construction materials; the same can be said of Egypt. The representative of Qatar

claimed that, although there was a protocol signed between Egypt and Qatar to allow for construction materials to enter Gaza from Egypt to be used in Qatari funded reconstruction projects, only limited quantities were allowed in as a result of the on-going closure of the Egyptian border.

To overcome the lack of construction materials, especially cement, and the delays created by Israeli authorities, some donors adopted alternate approaches to provide immediate help to individuals whose houses or other properties had been damaged. As the UNRWA participant stated, “We have now another approach which is paying cash assistance for the beneficiary, namely ‘self-help approach’...We provide beneficiaries with cash and they manage the repair process by themselves”. He went on to explain that cash assistance was paid in instalments according to work progress on the ground. This, to some extent, facilitated the repair process, but it did not solve all problems because materials were expensive and in short supply on the local market, and the money provided was not always sufficient for funding a full repair. It is possible to interpret all this as implicitly providing a green light for beneficiaries to buy the materials regardless of their sources of origin. In the absence of materials coming through Israel, donors’ unwillingness to challenge Israeli restrictions on importing materials, and the availability of materials smuggled from the tunnels with Egypt, some donors’ money was used to support the tunnels’ shadow economy.

In addition to the obstacles created by Israeli restrictions and the lack of construction materials, some donors identified the no-contact policy and absence of coordination among donors themselves, and between donors and the de facto government, as another major obstacle to the planning and implementation of recovery projects. El-Sherif observed that some donors operated sincerely, aiming to implement real projects that would lead to

recovery and development, while other donors mainly implemented relief projects that had no sustainable, long-term impacts. He claimed that these donors had political agendas and they just wanted to keep a presence in Gaza to serve their own interests, rather than implementing relevant programs for the people for Gaza. As for the effects of lack of coordination, El-Sherif explained that, after the 2008 war, there was significant duplication of efforts, especially regarding damage assessments, because many organizations were acting independently from one another and each had a special arrangement with the government for implementing their own projects. For instance, UNRWA operated alone within an agreed upon framework of cooperation with the Ministry of Social Affairs and UNDP. UNRWA provided assistance to Gazan refugees while UNDP provided assistance to non-refugees.

Impacts of Donors' Reconstruction and Recovery Schemes

While most participants agreed that recovery programs helped Gaza's residents to restore some of their losses and get back on their feet, they found it difficult to talk about the sustainability and long-term impact of their programs in the context of a very unstable political and economic environment characterized by recurrent conflicts, restrictions created by Israeli occupation polices, and the implications of the political and territorial split between Palestinians. Despite the difficulty, participants were able to differentiate between the short term impact of quick relief programs and the longer term, more sustainable impact of more recovery/development based projects.

Al-Hussani reflected on the complex reality in which donors operated and shared his views on the challenges facing donors when it came to the long-term impact and

sustainability of post-2008 recovery and reconstruction programs. He explained that after three wars during seven years, it was difficult to say that anything was sustainable. He explained, “Sustainability can be fostered in a country where everything goes naturally and there is no exposure to recurring crises”. He stated that, because anything can be bombed in the next Israeli attack, there is no guarantee for the sustainability of any of the rehabilitation and reconstruction programs. Similarly, the FAO participant explained that not all the projects they implemented were considered sustainable. It was, he explained partially because of donors’ policies, but it was also related to the emerging situation on the ground. “During emergencies it is difficult to talk about development”, he explained.

Despite this complex environment, donors had no alternative but to continue implementing relief, recovery, and reconstruction programs. The relief component kicked in during and immediately after the 2008 war to provide affected populations with basic needs, including but not limited to, food, sanitation, and temporary shelter. Donors’ representatives argued that such programs improved the livelihoods of beneficiaries in a time where they lacked many basic needs as a result of the war. The participant from Mercy Corps explained that the psychosocial support and cash for work programs they implemented had an immediate impact in helping beneficiaries. The cash-for-work programs in particular were quite common and many donors implemented them. Given Israel’s continued blockade, as well as the large scale destruction of housing and economic facilities, donors injected money into the economy to prevent a total collapse and loss of livelihoods. According to Abu Eada, cash assistance was provided through short-term employment arrangements which targeted both skilled and unskilled workers who had lost their jobs. In terms of skilled workers, the goal has been to place workers in private-sector organizations, including companies,

factories, and production workshops, and pay them salaries over a period of three to six months. These workers got a chance to retain their skills and capacities and receive cash, while the host organizations benefited from existing, paid contributions. Under the same arrangements, unskilled workers who traditionally worked mostly in the construction and agriculture sectors were assigned new tasks, such as street cleaning and garbage collection. Abu Eada claimed that most of the beneficiaries of these programs were poor and desperately needed cash and such programs helped them to buy food and pay for health and education. However, the participant from Mercy Corps explained that the positive effects of these programs were only sustainable as long as funding remained available.

Not all participants were clear about the sustainability and long-term impact of such programs. On one hand, the UNDP participant explained that income generation projects and cash-for-work projects helped people, but it was hard to measure if these short-term programs contributed to improving the overall livelihoods of beneficiaries. On the other hand, both Abu Eada and the same UNDP participant agreed the impact of both relief and rehabilitation/reconstruction programs was clearly positive impact and that they improved the living standards of the population in the long run.

Of the recovery and reconstruction programs that incorporated elements of development into their design, donor participants praised the projects which involved rehabilitation and reconstruction of damaged infrastructure facilities. Although such projects were always at risk of being targeted again by the Israeli military, the continuation of such programs, however limited, brought dignity and resilience to many of the beneficiaries. After the 2008 war, thousands of families lost their houses. UNRWA implemented many projects to repair and build new houses for these families, as the UNRWA participant stated:

“Those who lost their houses suffer deeply,” he said. “The houses UNRWA builds for them help them”. Similarly, the participant from UNDP emphasized that the reconstruction of damaged infrastructure had a positive long-term impact on the lives of Gazans. He explained that after the war, UNDP rehabilitated and reconstructed a number of houses, in addition to constructing new housing units for people who had completely lost their homes. The organization also rehabilitated destroyed electricity networks, as well as a power station. All these projects were funded by the Islamic Development Bank and many of the houses built are still standing.

Some programs to restore livelihoods, however, failed. This was due to the fact that the necessary conditions for success did not exist and because donors did not take the views of the de facto government into account when it came to the relevance and validity of such projects. According to El-Sherif, the Urban Agriculture Project funded by USAID was one of these programs. He explained that urban agriculture was listed in the framework of the USAID economic development plans. In his opinion, the push for urban agriculture was a big mistake, as it did not reach its intended goals. The project’s idea was to help poor people to grow crops in their gardens and sell them to generate cash. Government officials, however, opposed the project because of water shortages in Gaza. Because it had a higher chance of success than urban farming, the government recommended investing in animal production instead. USAID ignored the recommendation and went ahead with the project, and it failed. When asked to provide an example of a sustainable project USAID had funded, El-Sherif explained that USAID’s most sustainable and appreciated project was the installation of doors and windows and the building of kitchens and bathrooms for people whose houses were damaged during the war.

Overall, donors' representatives highlighted how, given the overwhelming post war recovery needs and the continuation of Israeli restrictions, they were forced to work on emergency relief needs and so to neglect equally important development-based ones. Some much-needed development-related projects were implemented, but not on the required scale. And relief programs were not sustainable, though their impacts were positive in the short run. These relief programs also created dependency among beneficiaries in terms of income generation and livelihood. Furthermore, as a result of the no-contact policy and a lack of policy coordination, some donors worked independently of one another and did not consider consulting potential partners, causing some projects to fail. Regarding the use of OECD's principles of engagement in fragile contexts, I conclude that transnational aid actors, despite their massive aid support, were largely unsuccessful in aligning their priorities with local priorities. Hence, transactional actors' ER intervention had a limited impact in improving people's living conditions, both qualitatively and sustainably, in the Gaza Strip. In addition, from a PCLP perspective, as a result of donors' inability to challenge Israeli restrictions, which were considered one of the main obstacles to achieving full recovery after 2008, transnational aid actors might have inadvertently served Israeli occupation policy. Therefore, even though donors' interventions saved lives, they also helped in sustaining a dysfunctional environment for aid delivery, where Israel was relieved from its social and economic responsibilities as an occupier, and where transnational aid actors were unsuccessful in creating the required conditions to realize Gazans' basic development needs.

Donor participant interviews indicate that they believed that their contribution helped save lives by providing financial resources and capacity building to deliver much needed recovery and reconstruction services and that they worked through their associated

networks of CSOs to identify problems and formulate policy solutions with CSO partners. However, participants were completely aware that the restricted role of government was a challenge. Having a “weak or weakened” government was not in the best interest of the Gaza Strip. “Governance without government” did not address government weakness or failure but just added redundant layers of administration and coordination that were not always effective.

Conclusion

The recovery and reconstruction operations undertaken after the 2008 Israel war took place under controversial boycott policies, including the no-contact policy, imposed by the Quartet against the de facto Hamas government. In reality, however, contact between the government and donors did take place, but the communication occurred in informal ways, often facilitated by intermediaries, and typically dealing with technical issues related to the planning and implementation of recovery schemes. These intermediaries mainly included CSOs, as well as some UN agencies. The CSOs were also implementation partners for donor-funded projects. As transnational aid actors in need of local intermediaries, donors signed agreements with CSOs and transferred money to their accounts that would otherwise have gone to the government. Because of the no-contact policy, the role of the government, despite its status as a formal veto player, was limited and it could not intervene much in the planning, management, and actual implementation of recovery and reconstruction programs. According to the TAI framework, this means that transnational aid actors impacted domestic policy not by influencing formal veto players, but rather by sidelining them and by empowering CSOs as intermediaries and implementation partners.

The no-contact policy cast a shadow over the relationship between the government and CSOs. Overwhelmed by the constraining environment that emerged after the split between Fatah and Hamas, CSO participants expressed that they felt that they were sometimes caught in the middle. On the one hand, most international donors acted within the framework of the no-contact policy and, therefore, placed restrictions on them in terms of their dealings with the government, yet on the other hand, the de facto government required CSOs to report and coordinate their activities. Even though the main point of the no-contact policy was that donors would not work or cooperate with the Hamas government, CSOs had to come up with a balanced way to continue serving their constituents, at the same time as fulfilling the minimum requirements imposed by the donors and the de facto government, even though donors did not wish to have any formal communication with that government.

This research provides strong evidence that, as transnational aid actors, donors expected local CSOs to interact with government ministries on their behalf to discuss project planning and implementation arrangements. This turned CSOs into intermediaries in the process. At the same time, in its attempts to regulate the many programs and projects carried out through CSOs and donors, the de facto government had to intervene with CSOs to ensure that they coordinated their programs and fulfilled the reporting and registration requirements in accordance with the government's regulations. Basically, CSOs acted as a bridge between donors and the government, and tried to meet the conditions of the actors at each end of that policy bridge. Donors were willing to work through CSOs and deliver their programs, and the de facto government was willing to ignore donors' boycott and work with CSOs in order to get the desired projects implemented.

Despite the institutional environment created by the no-contact policy and the constrained relationship with the de facto government that stemmed from it, CSOs realized from an early stage that, because of the Hamas takeover of the Strip, many of their international donors had a limited physical and permanent presence in Gaza. This meant that donors relied on *them* to identify and implement recovery projects. This reality was evident in the positive work relationships with donors and the extent to which donors and CSOs engaged in various forms of participatory planning. Basically, international donors realized that CSOs could be reliable partners for the delivery of recovery projects in a way that did not involve financing, or working with, the Hamas government. At the same time, CSOs expected that donors would treat them as partners. Since many CSOs expected to be involved in agreeing on priorities and funding arrangements, their role in the planning and implementation of recovery schemes grew. Though some CSOs acknowledged that sometimes they would have disagreements with donors on specific priorities and on the donors' funding conditionality, the CSOs would compromise to benefit from donors' funding and to serve Palestinians in Gaza.

Most government, CSO, and donors participants thought a full scale reconstruction operation could not be carried out as a result of Israel's blockade, which prevented materials and goods needed for reconstruction from entering the Strip, and because of Israel's continuous targeting of many donor-funded public infrastructure projects. Most participants also stated that much donor assistance to the Gaza Strip was unsustainable because it focused on emergency relief rather than long-term development. They also expressed concern that this type of relief assessment was creating dependency on aid rather than enabling Gazans to truly recover their livelihoods.

Finally, as the literature on “governance without government” predicts, the heavy involvement of CSOs provided access to much needed resources and expanded the reach of services well beyond what the government alone could provide. However, government, CSOs, and donor participants seemed to agree that policy coordination was a serious weakness, in spite of CSOs’ efforts to play an intermediary role between government and donors. As important as CSOs were in Gaza after the war, they could not adequately fill the vacuum left by the near absence or exclusion of government. Only the government, not CSOs, could fully and effectively provide oversight and coordination, as Börzel (2010) notes.

Chapter 6: Summary and Discussion

This research examined the dynamics and the impact of international donors' financing on the CSOs that were involved in the reconstruction of the Gaza Strip from the end of 2008 Israel War in January 17, 2009 until October 6, 2014. In fragile and conflict-ridden context like the Gaza Strip, it is important to understand how international donors influence the local development agenda, especially in the planning and implementation of recovery and reconstruction schemes, and the relationship between the state and donor-funded CSOs. This chapter summarizes the findings, articulates the relationship between the analytical framework and the empirical findings, discusses the limitations of this research and, finally, formulates recommendations for future research.

I used the Transitional Actors Influence (TAI) framework to examine the effect of international donors, as transnational aid actors, on domestic policy in the Gaza Strip. I examined how international donors affected the role of local CSOs and the de facto Hamas government (formal veto players) in prioritizing and implementing recovery and reconstruction schemes. The TAI framework suggests that not only domestic actors who have a formal veto power over policy decision shape and impact policy choices, but that transnational aid actors, despite their lack of such formal veto power, can also influence domestic policy (Orenstein, 2008). Therefore Orenstein (2008) argues that actors who lack formal veto power in a country may influence its policy through formulating, diffusing, and supporting concrete policy ideas and proposals. According to the TAI framework, transnational actors are considered proposal actors who use different channels and tools to influence domestic policy and the domestic veto players in charge of enacting it. These tools comprise any activity aimed at "convincing domestic veto players to adopt their problem

definitions, norms, and proposed solutions” (Orenstein, 2008, p. 57), including (but in no way limited to) loan conditionalities.

I examined the perceived impact and conduct of the recovery and reconstruction schemes financed by these transnational aid actors using the OECD Fragile States Principles (FSPs) for engagement. These principles were developed to provide guidance for actors involved in development cooperation, as well as peace and state building in fragile states, to maximize positive impact and minimize unintended harm throughout the engagement processes. This research examined the extent to which international donors abided by the stated principles of engagement in fragile contexts in aid policies applied to recovery and reconstruction schemes in Gaza after the 2008 Israeli war. At the same time, these principles, if applied as stated, are conducive to meeting the local policy expectations identified in the “People-Centered Liberationist Development” (PCLD) approach. PCLD could be considered a Palestinian perspective for political liberation and economic independence.

This study relied on qualitative research methods for collecting and analysing data about transnational influence, policy development, and policy impact. The research methods used here included focus groups, in-depth interviews, and document review. Twenty-nine participants took part in this study; twenty of them took part in in-depth interviews and nine in total attended the two focus groups (one for donors and one for CSOs). Out of the in-depth interviews, seven participants represented the government, six the CSOs, and seven a range of donor agencies. All the interviewed participants were involved in recovery and reconstruction schemes which took place following the 2008 war. I used purposive sampling to select participants to ensure good representation from all three sectors and from different

levels of management. In addition to focus groups and in-depth interviews, I also performed an extensive review of documents and reports focusing on aid in OPTs including relevant websites.

My research was guided by the following research questions: (1) In the absence of a coordinating role for the Hamas government in the context of the no-contact policy and boycott, who (if anyone) played the role of prioritizing and addressing recovery needs in a coordinated manner? (2) How did international donors' ideas, resources, and their own decision-making processes impact CSOs in the Gaza Strip in the selection and delivery of recovery and reconstruction schemes? (3) What mechanisms did international donors employ to influence CSOs and, in turn, public policy? (4) How can the impact of donor funding be assessed in terms of responding to recovery and reconstruction needs after 2008? (5) What are the main distinctions in terms of aid conditionality/agendas between Western and Arab/Islamic funders to CSOs in the context of delivering recovery and reconstruction schemes following the war? In the following section, I will answer the research questions by interpreting and reflecting on the findings from each part of the analysis using inputs from international donors, government, and CSO participants.

1. In the absence of a coordinating role for government, who (if anyone) played the role of prioritizing and addressing recovery needs in a coordinated manner?

The perception among government participants was that the Hamas government was more than capable of leading reconstruction efforts. However, this proposition has never been tested because, despite its status as the formal veto player, the government was simply unable to carry out its role in leading the recovery and reconstruction efforts. The boycott policies, including the no-contact policy, led to the marginalization of the government's role

in the prioritization and coordination of recovery and reconstruction needs after the war. The political division between Gaza and the West Bank governments also played a role in the marginalization of the Hamas government in the aid and reconstruction process. The formal veto player (the Hamas government) was officially and purposely excluded from the aid and reconstruction process by design as a result of the no-contact policy.

Even though the Hamas government was marginalized, it retained some limited control because it still had the power to stop projects or close down organizations. However, the government realized that it was not in its best interest to oppose or undermine the recovery and reconstruction projects supported by international donors. These projects were much needed and the government did not have the funds to finance them. Therefore, out of necessity, the government accepted its limited role in the prioritization, coordination, and implementation of recovery and reconstruction process. This means that formal veto players had limited effective veto power in the post-2008 Gaza aid context.

As transnational aid actors, international donors controlled the funds needed for recovery and reconstruction, meaning that they had the power to set the agenda and select the priorities for recovery and reconstruction. However, since international donors had limited physical and permanent presence in the Gaza Strip, their abilities to directly conduct assessments and understand reality was limited. They needed field access and an understanding of the local context. CSOs were best positioned to fulfill this role. CSOs had physical access, experience, contextual understanding, and skills that enabled them to conduct needs assessments and identify areas and people that needed support. Most CSOs had had previous experiences delivering early recovery programs, and so had the capacity to do it. This included carrying out rapid assessments; developing strategic plans and

programs; and joint planning and cooperation with other CSOs, international donors, and UN organizations. Such experience and preparedness mainly emerged from dealing with recovery needs resulting from previous Israeli incursions, and through working in a volatile environment characterized by instability and non-stop Israeli attacks and blockades. Together with international donors, local CSOs were, therefore, influential in setting the recovery and reconstruction agenda. As important as CSOs were, their role did, however, vary from donor to donor. Some international donors afforded CSOs more freedom in terms of setting priorities and implementing projects than others. In this case, transnational aid actors (donors) impacted domestic policy not so much through influencing formal veto players (government), for the formal, Hamas-government veto players had been made largely irrelevant, but by empowering CSOs and turning them into quasi near-veto players on the ground.

Even though Hamas government agencies were marginalized and excluded by design, they could not be completely ignored. Limited coordination with the government needed to be maintained. In reality, contact between the government and donors did take place, but the communication occurred in informal ways, often facilitated by intermediaries and typically dealing with technical issues related to the planning and implementation of recovery schemes. Because CSOs were less restricted by the no-contact policy than donors, CSOs were again well positioned to play the role of intermediaries to ensure that the necessary coordination with Hamas government took place. Most CSOs participants referred to existing coordination and cooperation mechanisms with partner CSOs, donors, and the de facto government. All these characteristics and capacities made CSOs a favourable partner

for donors in the light of donors' unwillingness to directly work with the de facto government.

However, depending on their funding agencies, CSOs varied in how much they adhered to the no-contact policy. Arabic/Islamic donors exhibited the least adherence to the no-contact policy; CSOs they funded had the closest working relationships with the Hamas government.

As transnational aid actors, most international donors had limited physical and permanent presence in Gaza and so relied on local CSOs to implement recovery projects. Most CSO participants noted positive working relationships with donors and mentioned various forms of participatory planning. Basically, donors realized that CSOs could be reliable partners through whom they could still deliver recovery projects in a way that did not involve financing, or working with, the Hamas government. At the same time, CSOs expected that donors would treat them as true partners. Many CSOs expected to be involved in agreeing on priorities and funding arrangements, which contributed to expanding their role in the planning and implementation of recovery schemes. Some CSOs acknowledged that sometimes they would have disagreements with donors on specific priorities and on the conditions attached to funding. However, these CSOs would still compromise in order to receive funding and serve Palestinian citizens in Gaza. Therefore, CSOs were implementation partners for donor-funded projects. International donors signed agreements with CSOs and transferred money to their accounts that would normally have been sent to the government. Because of the no-contact policy, the government's role remained limited and it could not intervene very much in the planning, management, and actual

implementation of recovery and reconstruction programs. Once again, the de facto government was no longer acting as a genuine veto player on the ground.

To summarize, CSOs, jointly with donors, set the recovery and reconstruction agenda with limited input from the de facto Hamas government. CSOs and some UN agencies acted as intermediaries between the boycotted Hamas government and donors to ensure that there was a minimum level of coordination with the government. These CSOs and UN agencies played a major role in coordinating recovery and reconstruction efforts and also implemented and carried out almost all of these projects. This was a situation where formal veto players lost their effective veto power and were replaced by CSOs, empowered as quasi veto players by transnational aid actors. Transnational aid actors, for their part, also influenced policy as proposal actors and through their imposition of conditionality.

2. How did international donors' ideas, resources, and their own decision-making processes impact CSOs in Gaza in the selection and delivery of recovery schemes?

As mentioned above, under the no-contact policy, international donors refused to work directly with the de facto Hamas government; instead they relied on CSOs as intermediary organizations to facilitate an indirect dialogue between the two sides to discuss technical level details about the planning and implementation of recovery schemes. CSO participants expressed that they felt that they were sometimes caught in the middle, with most donors acting within the framework of the no-contact policy and therefore placing restrictions on them in terms of their dealings with the government, on one hand, and the de facto government requiring CSOs to report and coordinate activities, on the other hand. Under the no-contact policy, the relationship between CSOs and the government seemed to depend largely on who funded the CSOs. Donors' agendas and preferences heavily influenced

CSOs in the selection and delivery of social services. For example, the donors' position on the no-contact policy had a clear impact on the extent to which CSOs could avoid clashes with the Hamas government on issues related to agreeing on recovery and reconstruction priorities, the selection of beneficiaries, securing necessary permits for staff movement, and getting construction and other materials through the border. For instance, CSOs who received funding from donors, such as USAID, with a strict position on the no-contact policy faced more obstacles because of USAID's unwillingness to cooperate or share information with the Hamas government. These CSOs were also treated suspiciously by the Hamas government. CSOs that relied on funding from less strict international donors, including Arab/Islamic donors, had a better relationship with the de facto government and thus were able to discuss their interventions with the government and receive assurances to facilitate the implementation of their schemes.

To summarize, CSOs received funding and implemented projects under the directives and conditions of international donors (transnational aid actors). The de facto Hamas government (veto player) was in no position to challenge these conditions because of the tremendous and pressing recovery and reconstruction needs. Who funded CSOs played a key role in how CSOs behaved; donors' ideas and preferences were clearly influential in impacting CSOs in the selection and delivery of recovery schemes.

3. What mechanisms did international donors employ to influence CSOs and, in turn, public policy?

International donors acted as proposal actors but they also used financial resource leveraging and funding conditionality to influence CSOs and, therefore, public policy in the Gaza Strip. They empowered CSOs to become key actors in planning and implementing

recovery and reconstruction schemes at the expense of the de facto Hamas government. The Palestinian constitution grants relevant ministries the power to manage and coordinate all aid programs with relevant state institutions and ensure its alignment with the national development agenda of the Palestinian people. Instead of acting within this legal framework, transnational aid actors chose to go around it and deliver their programs according to their own agendas. From a public policy perspective, the ideas and propositions formulated by formal veto players were neglected and replaced by the agendas of transnational aid actors. The way donors manages aid policies in a conflict-ridden territory like the Gaza Strip created more divisions and fragmentation between key players in aid delivery schemes. Empowering local CSOs at the expense of the government created added tension between these two sides. The actor triangle (international donors, the de facto government, and local CSOs) became trapped in controversial policies that created additional tensions and hurdles in the reconstruction process.

Some international donors have used aid conditionality as a tool to exclude potential beneficiaries and their close relatives affiliated to Hamas and other Palestinian political resistance groups Israel and the West labeled terrorists from receiving aid. This implies that some donors cooperated with Israeli security agencies to verify political affiliations after they had received the lists of potential beneficiaries from their partner CSOs. Israel is regarded as an occupation force by Palestinians, and UN resolutions support the creation of an independent Palestinian state that lives in peace side by side with Israel. By cooperating with the Israeli occupant to verify and identify possible affiliates of Palestinian political groups, these donors endanger their neutrality in the conflict. These donors also provided Israel the upper hand in deciding who is eligible to receive aid. Such behaviour placed

partner CSOs in a difficult position as they inadvertently became partners in the security screening process and had to provide answers to beneficiaries excluded from aid. From a public policy perspective, such behaviour contributed to creating social and economic pockets of exclusions, where potential beneficiaries were left on the margin because they, or members of their families, were perceived as violent enemies of Israel. These actions were also in direct conflict with the OECD Fragile States Principles for Engagement (FSPs) and the PCLD framework. Overall, as transnational aid actors, international donors acted as proposal actors but also used resource leveraging and funding conditionality as important mechanisms to influence CSOs and, in turn, aid policy in the Gaza Strip.

4. How can the impact of donor funding be assessed in terms of responding to recovery and reconstruction needs after 2008?

The Hamas government participants acknowledged that, to some extent, recovery programs helped the Gaza residents to restore some of their losses and get back on their feet, yet they still argued that the scope and nature of the recovery and reconstruction schemes deviated from local priorities. Because donors' recovery and reconstruction schemes were planned and implemented with minimal coordination with the government, most government participants questioned the intentions and agendas of donors. There was a strong acknowledgment among government participants that the programs implemented were developed in accordance with the donors' agendas, and not in partnership with the government. Government participants also stressed that the reconstruction and recovery programs lacked a development component, which should have been included in the design of early recovery schemes so as to allow for the empowerment and economic independence of the beneficiaries.

On the other hand, CSO participants thought that donors could not carry out a full scale reconstruction operation as a result of Israel's blockade, which prevented materials and goods needed for reconstruction from entering the Strip, and Israel's on-going targeting of donor funded public infrastructure projects. CSO participants believed that much of donors' assistance to the Gaza Strip was unsustainable because it focused on emergency relief rather than long-term developmental goals. They also expressed concerns that this type of relief assessment was creating dependency on aid rather than enabling Gazans to improve their lives in the long term.

Overall, there was an agreement among all three groups of participants in this research that reconstruction and early recovery programs helped to respond to urgent post war needs. However, there was also near agreement that the recovery programs lacked a developmental component and, hence, created dependency on aid rather than enabling Gazans to truly rebuild their economy and society. International donors could not challenge Israeli restrictions on Gaza. This restricted them to delivering humanitarian and relief types of programs. It is also important to note that aid conducted in the Gaza Strip had some serious negative impacts on the ground, such as intensifying divisions and fragmentation in Palestinian society and creating social and economic pockets of exclusion. Donors' actions were - in many instances - in direct conflict with the OECD Fragile States Principles for Engagement (FSPs) and the PCLP framework.

5. *What are the main distinctions in terms of aid conditionality/agendas between Western and Arab/Islamic funders to CSOs in the context of delivering recovery and reconstruction interventions following the war?*

Western donors generally adhered more strictly to the no-contact policy, while Islamic and Arab donors were less strict in abiding by the policy. Government participants named Turkey, Qatar, Malaysia, and the Islamic Development Bank as the most cooperative donors. This might be attributed to the sympathetic positions of the national governments of these donors towards the Palestinian cause. There are several ways that Arab/Islamic and Western transnational aid actors preceded differently in the way they prioritized, planned and implemented reconstruction and recovery programs. First, CSOs that relied on funding from international donors with more relaxed positions on the no-contact policy had a better working relationship with the Hamas government. The programs of these CSOs were welcomed, and their work was facilitated, by the de facto government. CSOs that received funding from more strict international donors faced more hurdles in the process and were under the scrutiny of the de facto government.

Second, Western/international donors and Arab/Islamic donors used different approaches in the way they identified and financed recovery projects. Arab/Muslim donors did not impose conditions on the selection of recovery programs' beneficiaries. CSOs receiving funding from Arab/Islamic donors were also free to procure materials from local markets, regardless of its origin (be it Israel or through the tunnels to Egypt). Western/international donors, on the other hand, spent a considerable amount of time and effort enforcing their conditions in selecting beneficiaries and ensuring that procurement of materials came through legal channels (Israeli borders rather than tunnels leading to Egypt).

Third, there is strong evidence provided by this research that Arab/Islamic donors were more focused on planning and implementing large infrastructure projects, as opposed to humanitarian assistance, which was the main focus of Western/international donors. This

implies that Arab/Islamic donors programs had more focus on funding development programs.

To summarize, Arab/Islamic and Western transnational aid actors proceeded differently in the way they prioritized, planned and implemented reconstruction and recovery programs. These two groups of donors differed in the degree to which they adhered to the no-contact policy, the conditions they applied on funding, and the agenda of focus for their reconstruction and recovery programs. Arab/Islamic donors abided less by the no-contact policy, applied no conditions when it came to the selection of recovery programs' beneficiaries and the procurement of materials, and they paid relatively more attention to development-based projects. On the other hand, Western/international donors were stricter with applying the no-contact policy, applied conditionality in the selection of beneficiaries and the procurement of materials, and focused more on humanitarian projects, as opposed to development projects.

Analytical Implications

The TAI Framework and International Donors' Influence in the Gaza Strip

This research examined the role of international donors in influencing aid policy by employing Orenstein's (2008) Transnational Actor Influence (TAI) framework. This framework challenges the traditional view that transnational aid actors have a limited role in influencing domestic policy because they do not have formal veto power, as well as the view that transnational aid actors influence domestic policy mainly through the use of coercive power such as aid conditionality.

Based on the findings of this research, the conduct of aid polices with regard to the reconstruction and recovery of a conflict-ridden territory like the Gaza Strip proved that donors, as transnational aid actors who lacked formal veto powers, used different technical and financial means to influence recovery and reconstruction schemes. Consistent with the TAI model, although transnational aid actors lacked direct control over domestic policy in Gaza, they developed a wide range of activities to overcome this lack. Donors in the Gaza Strip managed to influence domestic policy in Gaza by formulating, diffusing, and supporting the recovery and reconstruction policy proposals they favoured after the 2008 war. Donors' role as proposal actors was evident in their heavy involvement in selecting priorities and setting agendas for recovery and reconstruction efforts.

For example, as suggested above, reconstruction and recovery priorities were identified at the Sharm El Sheikh Conference, held in early March 2009. Priorities were identified based on information and need assessments provided by the UN agencies, in collaboration with INGOs and local NGOs working in Gaza. Importantly, international donors pledged to support the recovery and reconstruction of Gaza in the absence of the de facto Hamas government, which was not invited to this important conference and, therefore, was marginalized from the very beginning of the reconstruction process. Instated, the rival Fatah government was present, even though it had no control or physical presence in Gaza. Moreover, the Hamas government had no role whatsoever in developing or agreeing on the programs identified in the conference. Most of these programs were recommended by UN agencies and CSOs who were acting on behalf of the donors in the Strip.

The influence of international donors extended beyond being just proposal actors to more directly influencing policy and having near-veto power. Instead of considering the

ideas and proposals made by the de facto government, donors created a parallel operation using the cluster systems, in partnership with the UN and CSOs, to identify, plan, and manage recovery schemes. For example, UN agencies took a lead role in creating shelter, food, and satiation clusters. These clusters included representatives from all parties and resembled forums; these clusters made policies in all these crucial areas. Government representatives participated in these clusters, but their participation and influence was limited because of the conditions of the no-contact policy.

In addition, donors used financial resources leveraging to directly influence the recovery and reconstruction schemes in Gaza. Donors relied heavily on CSOs and UN organizations in the planning and implementation of recovery and reconstruction programs, yet they ensured that CSOs would comply with their funding conditions. Donors imposed conditions when providing grants to their partner CSOs. Among these conditions was obliging partner organizations to go through security checks and agree to cooperate on the selection of beneficiaries. Here, the logic was to ensure that donors' money would not reach any "terrorist" organization or individual. The process included the security scanning of partner organizations and, later, ensuring that neither the involved partner organizations nor the beneficiaries had any connections with perceived terrorist entities such as Hamas. The de facto government was in no position to refuse donors' assistance so it accepted the funding conditions, even though it bypassed government institutions. In this case, donors exercised a near-veto power by their control over resources, conditions attached to funding, and their ability to work with CSOs and UN agencies without seeking approval from the Hamas government.

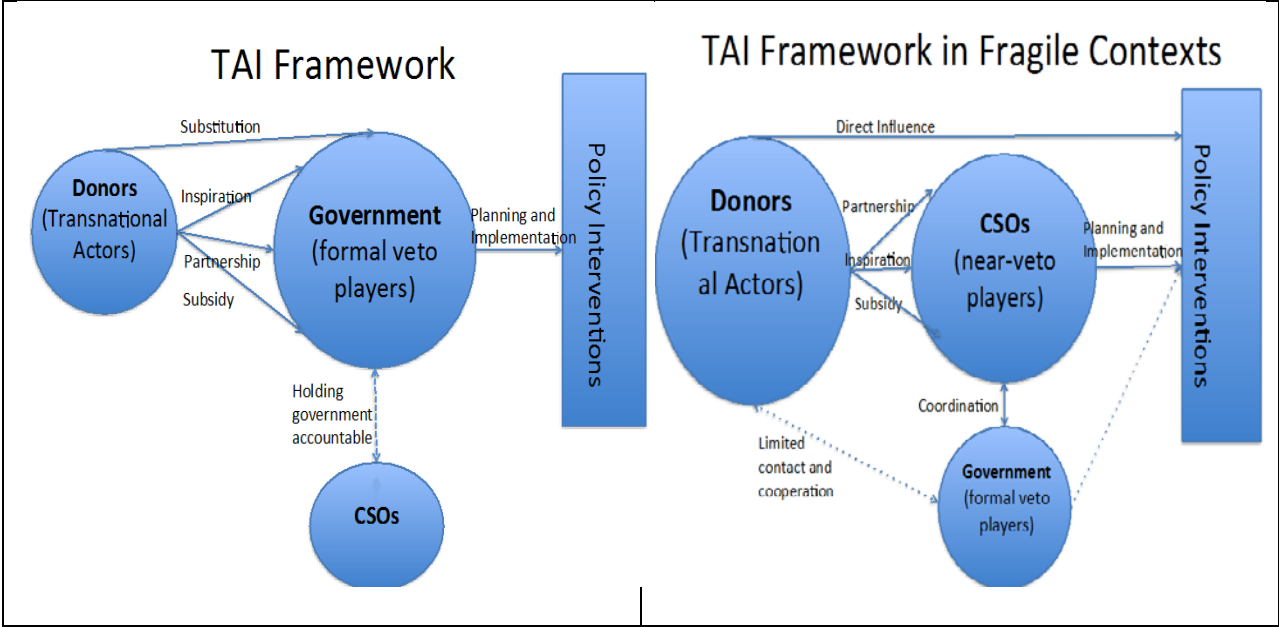
Consistent with the TAI framework, international donors employed different mechanisms of influence, combining ideas and resources leveraging. They used a combination of all the modes of influence identified in the TAI framework to shape policy. However, while the TAI framework's local partners generally refers to the domestic government, in Gaza's case, local partners meant CSOs. Local CSOs were essentially empowered to take over many of the government's traditional roles in selecting and implementing policies. The first mode of influence was "inspiration", whereby international donors led the recovery and reconstruction in the Sherm El Sheikh Conference and used the conference as a platform for promoting their ideas. The second mode was "subsidy" where donors provided conditional aid to CSOs. The third mode was "partnership", where in some cases donors worked closely with CSOs to select priorities and provide services. The fourth, and more dominant, mode of external influence was "substitution", where donors enforced their preferences and agendas, in many cases without necessarily securing the approval and cooperation of the local government.

Thus, where the Gazan experience diverges from the TAI framework is that the model assumes that transnational aid actors influence formal veto players (the government) to impact policy. However, in the case of Gaza, transnational aid actors attempted to impact policy by bypassing the government. Because of donors' weight and importance in the Gazan context, they were essentially able to confer actual power on whomever they chose and, in a sense, make them a shadow government. Formal veto players (the elected de facto government) were made somewhat irrelevant in the process. The Hamas government retained some powers, but its role was much reduced. This situation is not necessarily unique to Gaza. This likely happens to varying degrees in fragile country contexts. In

situations where donors are more relevant and powerful than domestic governments because of the significance of their funding, and where donors deem domestic governments to be failed or extremely corrupt, it is likely that donors influence policy through empowering the CSO sector to plan and deliver services, and thereby assume typical government roles.

Even though the de facto government was marginalized, it still exercised some influence. Therefore, international donors' aid policies put their partner CSOs in a sensitive position with the government. While the government acknowledged the limitations and conditions donors imposed on CSOs, it kept these organizations under scrutiny and obliged them to share reports and coordinate projects with relevant ministries. In some occasions, the government introduced punitive measures against CSOs who refused to cooperate. These measures included the suspension and closure of those organizations. Therefore, even though the government was weakened and marginalized, it was still relevant and played a significant role in implementing aid policies.

The role of civil society actors described here is not predicted by the TAI framework, which must be modified to illuminate transnational influence and the aid process in Gaza. The following two diagrams explain the difference in applying the TAI in stable context opposite to fragile context:



The Application of the OECD Aid Principles in Fragile Context and Aid Policies Relevance to PCLP Approach

This research examined whether the Fragile States Principles (FSPs) for engagement influenced international donors’ preferences and choices in Gaza. Some of these principles are: “1) Take the local context as a starting point; 2) Do no harm; 3) Align with local priorities in different ways in different contexts; and, 4) Avoid pockets of exclusion within each context” (OECD, 2007).

Since the establishment of the Palestinian Authority, the largest donors to the Palestinian people are European Community (EC), the United States, and the European Union countries as one group (DAC, 2007). All these countries are members of the OECD and were expected to employ these principles (ideational tools). From the FSPs’ point of view and from the policy expectations identified in the PCLD approach, the research findings indicate that these principles did not have a strong influence on the conduct of aid policies during the recovery and reconstruction period in Gaza after 2008. These principles

did not seem to influence donor preferences and choices and, in turn, how donors as transnational aid actors impacted domestic policy.

By adopting the no-contact policy and agreeing to operate under Israeli restrictions, many donors coped by shifting their focus to delivering humanitarian assistance, as opposed to recovery and development based assistance. Sustainable development programs were very limited and, on some occasions, out of reach because of Israel's restrictions on the entry of much needed materials. Donors were not successful in delivering the recovery and development schemes that could possibly have led to empowerment and economic independence. Despite the significant financial allocations for recovery and reconstruction, in the views of many participants in this research, focusing on relief programs instead of development affected the sustainability of these programs.

By agreeing to lead the recovery and reconstruction process under these constrained conditions, donors helped to ease the suffering of Gazans through emergency and humanitarian assistance, and through a limited number of developmental projects focused on repairing damaged infrastructure. However, they largely failed to support economic development to empower Gazans and transform their livelihoods and economy. Donors did not use their heavy political and economic influence as main partners in the peace process to challenge Israel's stifling restrictions and to create a better economic environment in Gaza. Instead, donors were only successful in using their influence to marginalize the Hamas government. Overall, donors implicitly agreed to relieve Israel from its responsibilities as the occupier of the Gaza Strip.

The aid policies put in place under the no-contact and boycott policies also created tensions between local policy actors. First, donors' position increased tensions between the

two rival authorities, Hamas and Fatah, because donors agreed to work with Fatah while ignoring the Hamas government in Gaza. This policy deepened the rift between the two sides. Donors' positions were disruptive rather than being constructive and helpful in building dialogues and bridging the differences between the two main sides of the Palestinian camp. Second, donors' aid policies contributed to the marginalization of the de facto Hamas government in the recovery and reconstruction process by bypassing the government and allowing CSOs and UN agencies to have an expansive role in the planning and management of aid schemes. This situation created an environment characterized by suspicion and a lack of trust between the government and donors, as well as their CSO partners from the other side.

Finally, it is clear that "governance without government" had perverse effects in the Gaza Strip. Even though the idea of involving non-governmental actors in policy-making and implementation as a solution to government weakness may be appealing, the findings from this research indicate that "governance without government" is not a solution to the problem of policymaking in the context of a weak government. On the contrary, the absence of a strong government led to poor policy coordination, redundancy and resources waste, lack of a comprehensive vision, and an almost inevitable focus on short-term policy. Policy making in the absence of a strong government was near-sighted and fragmented. Policy-making and CSOs' delivery of social services supported by donors but without the support of the local government, also raises serious questions about legitimacy. Neither CSOs nor donors were elected by the people in Gaza and yet they effectively ruled the Strip. Our results confirm Börzel's (2010) proposition that in the absence of a strong government and the "shadow of hierarchy", the presumed benefits of "governance with/out government" are

very unlikely to materialize. The results also confirm the notion discussed by Ismael and Ismael (1997) that “Although the associations of civil society are assumed to be independent of the state, they cannot operate outside the law as the law is a prerogative of the state. A degree of harmony between state and civil society, in other words, is a prerequisite for civil harmony” (p.78).

Policy Recommendations

Despite the heavy political and economic influence international donors have in the Gaza Strip, the reality in Gaza is grim and overall socioeconomic conditions remain fragile six years after the 2008 war. In fact, many of the recovery and reconstruction promises made after the war have yet to be fulfilled. Under the strict Israeli blockade and the no-contact policy, the expensive and expansive parallel operation international donors created in their attempt to bypass the elected Hamas government and deliver reconstruction aid to Gaza directly has proven to be inefficient, leading to unsustainable outcomes on the ground. This operation has provided Gaza residents with basic support, but has failed to address the major reconstruction and recovery needs, and has created high rates of dependency on transnational aid support.

On January 27, 2015, UNRWA announced it was suspending all financial support to Gaza. This included support delivered to thousands of Gazans who lost their houses in July 2014’s Operation Protective Edge. The program was launched to help them in repairing their houses or rent apartments. Following Operation Protective Edge, more than 96,000 homes belonging to refugees were damaged or destroyed. International donors, at a conference held in Cairo in October 2014, pledged \$5.4 billion for Gaza reconstruction. It

was estimated that the cost to repair the damaged house for refugees alone was \$720 million. UNRWA has stressed that it has only received \$135 million of total aid pledges of \$720 million; which are part of the \$5.4 billion pledged for Gaza reconstruction (Marom, 2015).

In a recent development, the European Union—the biggest donor in the occupied Palestinian Territories—expressed its frustration with the slow progress towards establishing Palestinian statehood. The EU warned that this may lead to aid contributions becoming unsustainable in as few as three to four years (Euroactiv, 2014). Commenting on that, Christopher Gunness, a UNRWA spokesman, said, “Humanitarian aid in the absence of a political framework is never going to be as effective as using taxpayers money where the humanitarian effort is clearly underpinned by a political process” (quoted in Euroactiv, 2014). He also explained that “Addressing the underlying cause of the conflict—the blockade and occupation—would clearly mean that European taxpayers’ money was better spent, and emergency assistance would be unnecessary” (quoted in Euroactiv, 2014).

Moreover, a recent evaluation report, prepared by the European Commission’s Humanitarian Aid and Civil Protection department in May 2014, concluded that little has been done to remove the most significant obstacles that prevented the creation of a Palestinian state. The report identified Israeli occupation and settlement policies and the political split between the West Bank and Gaza as major obstacles. The report is grounded in a results-based approach to evaluate the impact of aid delivery and disbursement of grants. Among the report’s conclusions is the claim that the EU is unlikely to support the two states solution as long as there are no effective measures to address the above-mentioned obstacles to the advent of a Palestinian state (Europa, 2014). It is clear that

donors should adopt new policies to guide the aid process in Palestine. Instead of focusing their influence on repairing the dysfunctional environment created by the occupation and political division, donors agreed to deliver their aid packages in a dysfunctional and complex institutional setting which lacked the minimum conditions that would allow any development efforts to become sustainable over time. Donors were not successful in realizing the results they desired and bringing a sustainable, positive change that would serve their declared goal of achieving a two states solution and supporting the creation of a healthy socioeconomic environment for Palestinians. Finally, it is important to note that donors' interventions have effectively changed the role of local CSOs in the Gaza strip. CSOs are no longer concerned with holding the government accountable and, in this context, are not a force for democratization. Thus, CSOs constituted a parallel and, most importantly, unelected government and a quasi-veto player, funded by transnational aid actors.

Policy recommendations based on the findings of this research are as follows:

- *International donors and their partners need inclusive aid policies that aim at building trust and strengthening relationships between donors, local government actors, and civil society organizations, and avoid creating pockets of exclusion. This is crucial for nation building, reconstruction, and creating healthy conditions to preserve and sustain social and economic development in fragile contexts. In the recovery and reconstruction schemes analyzed above, implementing program services exclusively through non-governmental and civil society organizations created additional tensions among donors, the de facto government, and CSOs. In this case, donors may have worsened pre-existing divisions within society. They also*

expanded the influence of CSOs at the expense of the government, causing unnecessary tensions between CSOs and the government. These donor aid policies increased aid dependency in the society: CSOs became dependent on donor money, and beneficiaries on aid.

- *International donors should strictly exercise their influence equally on both the Israeli and Palestinian sides of the conflict, to eliminate all obstacles hampering the creation of a healthy environment in which aid policies can achieve desired outcomes.* Donors' influence in terms of its ideational and resource leverage influence is a double-edged sword, especially in conflict-ridden countries. If it is not used effectively, it could worsen an already negative conflict situation. While donors imposed many conditions on the de facto government, they failed to challenge or change the overwhelming constraints imposed by the Israeli side; instead, they agreed to deliver recovery and reconstruction programs in a highly constrained and dysfunctional economic environment. Donors created a parallel operation to manage the recovery and reconstruction schemes in partnership with CSOs and UN organizations. Apparently, such operations did not bring the desired changes to either Palestinians or Israelis. What donors did is increase the gap between the Israeli and Palestinian sides. Israel was relieved from its responsibilities as an occupier, and the de facto government was relieved from its responsibilities towards the residents of Gaza. The end result was sustaining a dysfunctional status quo where Israel continues to occupy, and Palestinians in Gaza still rely on aid assistance and live under Israeli blockade. Future policies should attempt to move away from this dysfunctional status quo.

- *“Governance without government” does not seem to be a solution for weak government in a fragile country context.* In the case of Gaza, CSOs did not manage to become a complete substitute for government. The absence of the government’s central and coordinating role was not compensated for by CSOs’ provision of social services. Government’s limited role under the no-contact policy led to short-term, quick-fix policy solutions at the expense of sustainable, long-term policy solutions. Future aid policies should ensure that there is adequate involvement of the local government if the goal of aid is to achieve sustainable development.

Limitations and Future Research

The research for this project was conducted in the Gaza Strip and aimed to interview key actors who were physically involved in the planning and implementation of reconstruction and recovery schemes. Other important actors, therefore, were not part of the study. These include: 1) the Israeli Authorities who launched the 2008 war and later kept imposing a strict embargo on the Strip; and 2) the Fatah Authorities who had no physical presence in Gaza yet coordinated with international donors about recovery schemes. Interviewing actors from these two sides would have been difficult and beyond the researcher’s capacity because of the inability of the research coordinator to travel from Gaza to the West Bank and Israel. In addition, interviewing Israeli officials is a difficult and sensitive issue for someone from Gaza. Interviewing Israeli officials could also pose serious risk to the principal researcher and the research coordinator. In light of the current security and political stand of Hamas and Israel in the Gaza Strip, the Hamas government might have perceived such contact as collaboration with the Israeli army. In order to address this

limitation, their positions were discussed in the literature review. However, future research could attempt to explore their views with greater detail, so as to further enrich our understanding of the aid process in the Gaza Strip.

Three other issues discussed in this research point to what future research in the field could examine. First, in the Gaza Strip, it was clear that Western donors and Arab/Muslim donors adhered to the no-contact policy conditions and have planned and managed ER schemes differently. A comparative evaluation of Western versus Islamic/Arabic donors, using a case study approach and examining donor interventions and intervention outcomes, would be very beneficial. The case study could look into issues such as perceptions of recipients on the impact of aid, economic benefits, sustainability, and overall contributions to stability and the peace process. This research could also combine quantitative and qualitative methods.

Second, international donors allocated and spent immense resources to plan and implement recovery schemes that relied on expensive operations involving UN agencies and CSOs. Including UN organizations and CSOs adds an additional administrative layer, which in turn increases costs. This situation may have been avoided or lessened if the government had been directly involved in implementing the programs. From a cost-effectiveness point of view, it would be helpful to examine whether it would have been more or less cost-effective to coordinate with the local government, instead of relying so much on non-state actors for aid implementation. The study should also look at the expected impacts of the government cooperation scenario in terms of contributions to stability and peace building, building capacities of government departments, and sustainability of aid schemes.

Third and finally, this study has important research and policy implications, not only in the Palestinian case but also in other conflict contexts, as it helps provide a clearer understanding of how international donors influence governments and impact public policy in such contexts. Many countries in the Middle East, for example, have become fragile states as a result of the political and social turmoil following the recent Arab Spring. Countries like Syria, Iraq, Yemen, and Sudan all have characteristics of fragile states; they have weak and failing governance structures and large existing or potential donor interventions to assist war victims and initiate reconstruction. Conducting similar studies in these countries would help provide a better understanding of the role of transnational aid actors in fragile contexts and how they influence domestic public policy and interact with formal veto players in such countries. The close examination of aid processes and aid conduct in a fragile state context would also help identify what works better in this context in terms of approaches and policies, and it could provide important evidence to guide international aid policy aimed at stabilising fragile countries and improving the lives of their citizens, with both short term goals as well as with long-term reconstruction and development in mind.

Appendix A: Schedules

Table 1: Donors' support to the PA by sector (US\$ million)

	1998	1999	2000	2001	2002	2003	2005
Regular (development) support	667	692	852	473	261	326	450
Emergency and budgetary support	0	0	121	755	1,266	1,078	850
Total commitment	667	692	973	1,228	1,527	1,404	1,300
Total disbursements	419	482	549	929	1,026	883	N/A

Source: Adapted from World Bank (2004: 65), updated using MoP Database, 2007.

Note: These exclude support to UNRWA's regular budget.

Source: (Taghdisi-Rad, 2015)

Table 2: Pre-AI Aqsa Intifada sectoral allocation of aid to the Palestinian territories, 1994-2000

<i>Sectors</i>	<i>Total committed</i>	<i>Total disbursed</i>
Agriculture	\$28,520,362	\$14,870,389
Budget support	\$4,635,000	\$4,381,211
Education	\$114,779,769	\$89,310,207
Employment generation	\$2,232,000	\$10,704,387
Energy	\$86,465,560	\$79,440,278
Gender	\$11,133,366	\$5,187,156
Health	\$68,190,086	\$61,110,180
Human rights/civil society/democracy	\$118,619,815	\$73,091,456
Humanitarian aid	\$68,325,199	\$45,765,059
Infrastructure	\$290,083,841	\$188,468,059
Institution-building	\$156,966,418	\$85,074,006
Multiple sector	\$80,736,668	\$29,600,902
Private sector development	\$150,693,301	\$61,166,560
Solid waste	\$21,681,968	\$9,560,921
Support to UNRWA	\$16,163,309	\$33,418,830
Tourism & cultural resources	\$27,261,839	\$24,695,559
Water and sanitation	\$380,058,221	\$230,835,336
Youth	\$9,826,083	\$7,519,825
Grand total	\$1,636,372,807	\$1,054,200,321

Source: MoP Database, 2007.

Source: (Taghdisi-Rad, 2015)

Table 3: Post-Al Aqsa Intifada sectoral allocation of grants and loans to the Palestinian territories, 2000-2006

<i>Sectors</i>	<i>Total committed</i>	<i>Total disbursed</i>
Agriculture	\$31,072,735	\$30,516,091
Budget support	\$1,449,641,295	\$1,458,610,006
Education	\$222,711,009	\$89,133,165
Employment generation	\$185,748,448	\$74,290,189
Energy	\$283,241,624	\$39,308,404
Gender	\$13,867,740	\$7,985,260
Health	\$186,194,585	\$94,888,064
Human rights /civil society /democracy	\$305,582,588	\$152,355,992
Humanitarian aid	\$226,754,783	\$177,682,447
Infrastructure	\$370,574,322	\$258,206,518
Institution-building	\$356,337,300	\$231,464,686
Multiple sector	\$132,291,606	\$96,088,137
Private sector development	\$148,821,630	\$95,665,881
Solid waste	\$38,264,001	\$15,653,642
Support to UNRWA	\$1,093,834,981	\$1,054,230,036
Tourism & cultural resources	\$41,953,927	\$25,247,827
Water and sanitation	\$388,495,753	\$215,306,666
Youth	\$37,615,266	\$6,922,161
Grand total	\$5,513,003,594	\$4,123,555,172

Source: MoP database, 2007.

Source: (Taghdisi-Rad, 2015)

Appendix B: Interview Guide

For CSOs participants, the discussions were guided by questions such as:

1. Did you have previous experience in delivering programs related to post conflict, early recovery and reconstruction efforts? If yes, what were these programs?
2. Please describe your organization's preparedness to embark on such programs at the time? For example, did you have experience working in such programs in a post war context? Did you have the planning and implementation capacities to embark on such programs?
3. What were your funding sources? For example, international donors, charity, etc.?
4. If you received funding from donors, who were your main donors? And how did you receive funding from them?
5. Did you have the chance to discuss the nature and scope of your funding with donors? Please elaborate.
6. What was the process followed to select what projects on which to work? Based on your mandate and constituents, would you have selected the same projects if you had had your own independent funding?
7. Did you participate in any discussions with donors to agree on the recovery and reconstruction needs in the Gaza Strip post-2008? If yes, please describe the process (participatory or not), your contribution, and the final outcomes of these discussions.
8. Were there any specific conditions imposed by your donors on the way you planned and implemented your programs? If yes, please describe (this includes selection of beneficiaries, procurement of materials, etc.)

9. Were there any conditions imposed on your organization by your donors in selecting your beneficiaries? If yes, please describe.
10. How would you describe your work relationship with the de facto government?
11. Did you participate in any discussions with the de facto government to agree on recovery and reconstruction needs post 2008? If yes, please describe the process (participatory or not), your contribution, and the final outcomes of these discussions.
12. Were there any conditions imposed on your organizations by the de facto government in the way you planned and implemented your programs? If yes, please describe.
13. How would you describe your relationship with more established CSOs? Is it cooperative or competitive? Please elaborate.
14. How did your programs contribute to improving the livelihoods of your beneficiaries?
15. Did your programs involve training sessions or the introduction of new skills? If yes, how did these skills or training sessions contribute to empowering your beneficiaries?
16. Overall, in the post-2008 era, to what extent would you agree that your programs were addressing local and emerging priorities?
17. Would you describe your programs as sustainable?
18. Were there different approaches applied by Western/International donors vs. Arab/Islamic donors in the way they prioritized and financed recovery needs?
19. In your opinion, what are the obstacles that hindered the recovery and reconstruction processes in the Gaza Strip post-2008?

20. Would you like to add any comments or remarks?

For donors' participants, the discussions were guided by questions such as:

1. Could you please describe your mandate and the objectives of your mission in the Gaza Strip?
2. Did you participate in financing recovery and reconstruction programs in the aftermath of the 2008 Israel offensive on Gaza? If yes, please describe the scope and nature of such efforts and programs and who your main local partners in the planning and implementation processes were (local NGOs, INGOS, others).
3. As a donor, what was your strategy in identifying priorities to address recovery and reconstruction needs in the Gaza Strip after the 2008 war?
4. Were your strategies aligned with the local and emerging priorities in the post-2008 context? Please elaborate.
5. Who were your main partners in developing such strategies?
6. Have you coordinated any of your programs with the de facto government? If yes, please elaborate on the coordination mechanism.
7. How would you describe your work relations with the de facto government? Were there any impediments or obstacles that hindered your work?
8. What's your understanding of the no-contact policy with the de facto government? How did it affect your operation?
9. To what extent did you rely on local CSOs in implementing aid projects?
10. Can you please describe the cooperation framework with local CSOs in identifying and implementing projects?

11. To what extent have your funding and support contributed to building and developing the capacities of local NGOs (for instance, provision of training, logistical and operational support, etc.)?
12. How would you describe your work relations with local NGOs?
13. Were there any conditions for selecting your partners from local NGOs and their beneficiaries? If yes, please elaborate.
14. Were there any conditions imposed on local partner NGOs in their procurement policies?
15. How did your programs contribute to improving the livelihoods of your beneficiaries?
16. Did your programs involve training sessions or the introduction of new skills to your beneficiaries? If yes, how did these skills or trainings contribute to empowering your beneficiaries?
17. Overall, in the post-2008 war, would you describe your programs as sustainable?
18. In your opinion, what are the obstacles that hindered the recovery and reconstruction processes in the Gaza Strip post-2008?
19. Would you like to add comments or remarks?

For government participants, the discussions were guided by questions such as:

1. Which ministry and department do you represent?
2. What was your role in addressing recovery and reconstruction needs after the 2008 war in the Gaza Strip?

3. In the areas of your mandate, did you have a coordinated plan to identify and prioritize recovery and reconstruction needs in Gaza after the 2008 Israel war? If yes, how was this plan prepared?
4. Were your plans aligned with the local and emerging priorities in the post-2008 context? Please explain how.
5. Who were your main partners in developing this plan?
6. Please describe your efforts in reaching out to the international community and donors to assist you in the recovery and reconstruction efforts.
7. Were these efforts successful? Please explain.
8. Please describe your work relationship with the international organizations and donors working in the Gaza Strip.
9. Were there any coordination mechanisms in place to jointly identify and coordinate recovery and reconstruction efforts with donors?
10. Have you heard about the no-contact policy? If yes, please explain what the purpose of the no-contact Policy was when it came to working with donors and international organizations? Is it still in place?
11. Did all donors abide by the no-contact policy? Please elaborate.
12. How would you describe your cooperation with donors? Were there any impediments to working together?
13. How is your work relationship with local and international NGOs in the Gaza Strip? Do you jointly coordinate and cooperate in addressing recovery and rehabilitation needs?

14. How do you assess the scope and nature of donor-funded programs? Are they aligned to address local priorities?
15. In your opinion, what are the obstacles that hindered the recovery and reconstruction processes in the Gaza Strip post-2008?
16. Would you like to add any comments or remarks?

Appendix C: Participant Information

Government Participants

Ministry	Representative	Title
Ministry of Public Works and Housing	Dr. Jawad al-Agha	Head of the Follow- up and Technical Support Unit
Ministry of Education	Eng. Jamal Abdul-Bari	Director General at the General Directorate for School Buildings
Ministry of Interior	Mr. Ayman Aysh	Acting Director General of the General Directorate of Public Affairs and Non- Governmental Organizations
Ministry of National Economy	Mr. Zaki al-Qishawi	Executive Secretary of the National Strategic Plan in the Gaza Strip at the Ministry of National Economy
Ministry of Social Affairs	Mr. Mohammed Nassar	Director of Development Projects Department at the General Administration for Development and Planning
Ministry of National Economy	Eng. Ahmed Abdul-Nasser Awad	Director General of the General Administration for Industrial Development
Ministry of Awqaf and Religious Affairs	Mr. Mohamed Fo'ad Abu Askar	Director General at the Ministry of Awqaf and Religious Affairs

CSOs Participants

Name of Institute	Representative	Title
Islamic University in Gaza "Irada Project"	Mr. Imad Al Masri	Project Manager
Islamic Relief Palestine (IRPAL)	Mr. Salem Al Qedwa	Coordinator of Reconstruction Programs

Palestinian Hydrology Group	Mr. Ryad Jenana	Head of Gaza Branch
The Palestinian Housing Council (PHC)	Mr. Osama Al Sadawi	Head of Gaza Branch
The Palestinian Non-Governmental Organizations' Network (PNGO)	Mr. Amjad El-Shawa	Head of Gaza Branch
Economic and Social Development Center of Palestine (ESDCP)	Mr. Mohammed Musa	Head of Gaza Branch
Al- Salah Islamic Society	Mr. Ahmed Rezeq al-Wawi	General Secretary
The Agricultural Development Association (ADA)	Mr. Majdi Mohammed Dabour	Technical Director
Youth Development Association (YDA)	Mr. Majdi Arafat	Projects' Coordinator
Oxfam Italia (OI)	Mr. Ahmed al-Sabe'	Projects' Coordinator
Institute of Development Studies (IDS)	Mr. Abdul-Rahman Meqdad	Head of International Relations Department
Palestinian Builders for Community Development Society (PBCDS)	Mr. Osama Hasan al-Qanou'	Board Chairman

Donors' Participants

Cooperative Housing Foundation (CHF) International, American Near East Refugee Aid (ANERA)	Mr. Mohammed El Sherif	Development Expert representing his personal views
Canadian International Development Agency (CIDA), and Associates in Rural Development (ARD)	Mr. Hashim El-Hussaini	Expert in aid policies representing his personal views
Save the Children, CARE International, Palestinian Center for Economic Development, and Islamic University	Mrs. Hana' Abu Eadah	An expert in international aid and an Academician
United Nations Development Program (UNDP)	Mr. Basil Nasser	Head of the Programs Unit
Mercy Corps	Mr. Ismail Abdel A'al	Financial Manager
United Nations Relief and	Mr. Ahmed Matar	Shelter Assistance

Works Agency for Palestine Refugees in the Near East (UNRWA)		Coordinator
Qatar	Eng. Ahmed Ali Askar	Chairman of the Building and Reconstruction Committee of Gaza
Norwegian Refugee Council	Mr. Ibrahim al-Haddad	Shelter Coordinator
United Nations Food and Agriculture Organization (UNFAO)	Mr. Mohammed al-Shatali	Program Coordinator

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