

The logo for the Arab Reform Bulletin is a dark purple rectangular box. Inside the box, the words "Arab Reform Bulletin" are written in a gold, serif font at the top. Below this, the Arabic phrase "نشرة الإصلاح العربي" is written in a gold, Arabic script font.

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Palestinian Authority Reform: Role of the International Community

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You are building your home. But you are having a problem with the architect, who keeps demolishing parts of the house. Sometimes he feels you did not follow the blueprints, sometimes he feels you used sub-standard materials, and sometimes, even though you are sure you followed all the instructions, he just does not like the way it turned out. You are exhausted, the costs are almost incalculable and there seems to be no end in sight.

The Palestinian National Authority (PNA), the hapless home builder, and the international community, the architect, have been applying themselves to the Palestinian institution-building project for more than fourteen years. There have been achievements but also many failures, and the project is far from complete. Now is the time to focus on the mistakes—in this case those of the international community—and in particular, the inconsistencies in its engagement.

The most obvious example is the international community's shifting position on the degree of power that should be enjoyed by the Palestinian president versus the prime minister. During the last years of President Arafat's leadership, the international community said that the PNA needed a strong, empowered prime minister. This position changed somewhat with the election of President Abbas upon Arafat's death, but then reversed completely with the appointment of Hamas Prime Minister Haniyya after legislative elections that had been supported by powerful elements within the international community.

For most of the life of the PNA, the international community insisted, in the interests of transparency and prudent financial control, that all PNA revenues should be banked in a "single treasury account" (STA) under the control of the finance minister. Following the election of Hamas, however, the international community insisted on channeling money through the president's office and the Temporary International Mechanism. Now that Salam Fayyad (admired for his integrity and managerial acumen) holds the offices of prime minister and finance minister, restoration of the STA is once again a priority.

When the Palestinian Basic Law was finally ratified in 2002, some observers in the international community were disappointed. Although satisfied that it placed real authority in the hands of the prime minister, they criticized the language as vague and open to interpretation in too many areas. Some called for the drafting of a watertight Palestinian constitution. After Hamas took control in Gaza in summer 2006, however, the international community was silent as President Abbas exploited loopholes in the Basic Law that allowed him to rule by decree and sideline the Hamas-dominated legislature.

The international community has frequently raised concerns about corruption in the PNA. Independent evidence of corruption is actually difficult to find, leaving anticorruption advocates to rely mostly on public opinion polls and hearsay. A recent assessment of the Palestinian investment climate conducted by the World Bank concluded that by regional standards “petty corruption is low, the bureaucracy is relatively efficient and financial markets are well developed.” This conclusion, of course, does not eliminate the possibility of high-level corruption on a grand scale. But tackling this kind of corruption could embarrass senior Palestinian political figures, some of whom the international community views as vital players in the peace process.

As time goes on, building PNA institutions is proving to be expensive. The cantonization of the West Bank and separation of Gaza are driving the proliferation of donor-funded governmental and non-governmental organizations and facilities needed to serve local communities. Conflict has destroyed hundreds of millions of dollars worth of infrastructure paid for by donors. The PNA payroll has continued to spiral upwards as public sector employment has been used as a tool to co-opt armed gangs and alleviate unemployment. Moreover, many PNA ministries are actually based on Gaza, which the Fayyad government can only influence indirectly since the Fatah/Hamas split.

The international community’s fluctuating positions on what might be considered rather dry institutional reform issues are primarily driven by short-term thinking and regional political calculations. Oddly enough, however, the international community now seems to have its political antenna turned off and is pushing for aggressive measures to address deeply-embedded structural problems in the economy and PNA finances. At this stage, even talking about such measures, including public sector salary cuts and dismissal of security services staff, could topple Fayyad’s government. The regional political costs of such an outcome would be enormous and immediate.

To many in the international community, Prime Minister Fayyad represents the great hope for Palestinian reform. As finance minister in previous governments, he demonstrated the ability to navigate the complex path to reform. Given sufficient time and political support (domestically and regionally), he may be able to deliver real change. It may be time for the international community to acknowledge its shortcomings, relinquish its role as would-be architect, and confine itself to helping out on the building site.

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