

BICOM Research

Supporting a two-state solution: effective UK policy to boost Israeli-Palestinian relations

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KEY POINTS

- The role of the UK, in concert with others in the international community, should be to create the conditions in which the peace process is most likely to succeed, resulting in a two-state solution that reconciles the national aspirations of both Israelis and Palestinians.
- There are a number of areas in which the UK is well-suited to making a practical difference with respect to creating an environment conducive to peace-making. These include: increasing funding for the training of Palestinian security forces and promoting civil society initiatives among Israelis and Palestinians that foster a constituency of peace.
- The UK should use its standing as a world power, its role on the UN Security Council, and its close relationship with Arab states in the region to promote new opportunities for diplomatic engagement.
- Continued UK financial assistance to the Palestinian Authority (PA) should be based on the implementation of appropriate measures to ensure that financial aid reaches the appropriate recipients and that funds are not misused.
- At a time when budgets are under pressure, the UK should ensure its support for international initiatives have a positive impact on improving the conditions for a future agreement.

INTRODUCTION

In the years since 2014, when US-brokered bilateral negotiations between Israelis and Palestinians ended without producing a final-status agreement, Israelis and Palestinians seem to be further removed from participating in productive bilateral negotiations. Trust between the sides is at an all-time low, while much of the international community has been preoccupied by other issues. As a result, rather than trying to compel the parties to return to the negotiating table in the immediate future, the international community has largely shifted its efforts towards supporting measures that preserve the viability of a two-state solution, until such time as the parties can resume negotiations.

Given the current malaise in the Israeli-Palestinian peace process, and the absence of a clear momentum in advancing toward a resolution BICOM has examined options for British involvement in Israeli-Palestinian peace-making. Based on discussions with current and former British and Israeli officials involved with Israeli-Palestinian peace making, the following paper presents a series of proposals and recommendations for an effective UK role working towards a two-state solution.

THE CHANGING GEOPOLITICAL AND STRATEGIC ENVIRONMENT

In recent years, swift changes have taken place in the Israeli-Palestinian arena, the Middle East, and the international community, that have frustrated attempts to bring Israelis and Palestinians back to the negotiating table. Among these changes:

1. Israelis and Palestinians have engaged in a third, failed attempt to conclude a final status agreement for a two-state solution, under the auspices of US Secretary of State John Kerry in 2013-2014.
2. The Palestinians have advanced a strategy of seeking recognition unilaterally, having successfully campaigned for – and achieved – the status of “non-member state” in the UN General Assembly, and are now a party to the Rome Treaty and the International Criminal Court.
3. Since the 2015 elections, the Israeli Prime Minister leads a coalition government which provides less room for manoeuvre on the Palestinian issue than he had under previous coalitions.
4. The region has changed immeasurably, with the collapse of some states and the weakening of government control and legitimacy in others. Syria is engulfed in an ongoing civil war, with ISIS and other militant groups battling for control over territory, while Jordan and Lebanon have been flooded with refugees; ISIS has reportedly infiltrated both Sinai and the Gaza Strip; and Iran has negotiated away the crushing sanctions regime without giving up its nuclear ambitions or its radical regional agenda.

5. Britain's Brexit vote has set it on a course out of the EU, creating a period of uncertainty about the future of the UK's economy and foreign relations.
6. The election of Donald Trump as President of the US throws much of the country's foreign policy into deep uncertainty, but likely portends a further reduction in US commitment to global affairs, including the promotion of stability in the Middle East.

WHY BRITAIN SHOULD REMAIN INVOLVED

Given all the other challenges currently facing Britain, and the limited capacity and leverage Britain has, why should the UK pay any particular attention to fostering peace between Israelis and Palestinians?

Trends on the ground threaten the viability of a two-state solution, a policy which Britain supports

The notion that the Israeli-Palestinian conflict was at the heart of instability in the Middle East has been discredited by the chaos that has engulfed Arab states since 2011, and by the ever increasing significance of Arab-Iranian rivalry. Yet, due to the potential for another flare-up of violence in the Israeli-Palestinian arena, the conflict remains a source of instability, with the constant risk of escalation that can inflame passions throughout the region. Among the trends on the ground that can result in such an escalation of the conflict are:

- The increasingly prevalent view among Israelis and Palestinians that conflict resolution is impossible.¹
- The Palestinians remain deeply divided despite several reconciliation efforts; Hamas continues to control Gaza; octogenarian Palestinian Authority (PA) President Mahmoud Abbas refuses to designate a clear successor and appears to prefer a populist

route of confronting Israel in international forums rather than engage in risky bilateral negotiations and compromises.

- Israeli society is also deeply divided with the belief that there is no credible Palestinian partner, a sentiment that assists the Israeli Right in achieving political ascendancy. Long-term trends do not bode well. Surveys indicate younger Israelis are more hard-line, whilst younger Palestinians have high support for violence against Israeli civilians.²
- Regional spoilers – in particular Iran and its proxy Hezbollah – are becoming more potent and emboldened in their projection of regional power.³

Whilst concluding a final-status agreement may not be possible in the immediate future, careful international engagement can potentially help avoid further deterioration or violent escalation.

New opportunities for engagement

Despite the myriad of challenges there are also new opportunities – ones that ultimately serve British interests. In particular, attitudes towards Israel are changing among some Arab leaders in the region, due to an increasing confluence of threats and opportunities, and a generational change in Arab leadership. Shared threats include the threat of a nuclear Iran vying for regional hegemony, the proliferation of transnational Islamist groups in the region, and further US retrenchment in the region including the prospect of a reduced US role in prominent international institutions, including NATO and the UN. Shared opportunities include security, economic and diplomatic cooperation, and enhanced cooperation on regional challenges relating to energy, water and the environment.

In the wake of the Arab Spring and the partial collapse of the Arab state system and the rising threat posed by Iran and its proxies to Western interests, Israel's significance as a strategic

1 Joel Braunold and Sarah Yerkes, 'Is a peace deal possible if Israelis and Palestinians simply don't trust each other?' Markaz, 3 January 2017, <https://www.brookings.edu/blog/markaz/2017/01/03/is-a-peace-deal-possible-if-israelis-and-palestinians-simply-dont-trust-each-other/>.

2 Joel Braunold and John Lyndon, 'Opinion amongst the young is drifting. An International Fund for Israeli-Palestinian Peace is urgently needed,' Fathom <http://fathomjournal.org/opinion-amongst-the-young-is-drifting-an-international-fund-for-israeli-palestinian-peace-is-urgently-needed/>.

3 See 'BICOM Strategic Assessment: Iran One Year On,' 15 July 2016, <http://www.bicom.org.uk/analysis/bicom-strategic-assessment-iran-one-year-on/>.

partner for Britain has increased. Bilateral trade has soared to an all-time high, while strong ties between the two countries have promoted investment in science, medicine, cyber security, pharmacology, and technology and innovation.⁴ Utilising its strong diplomatic and financial relationships with the Arab Gulf states, along with shared concerns over Iranian regional hegemony and Sunni extremism, the UK is uniquely suited to promote constructive Arab regional engagement to assist with the creation of a strategic environment conducive to peace between Israelis and Palestinians.

CURRENT SOURCES OF UK AID

From financial year 2011/2 to financial year 2016/7 DfID allocated £507m in assistance for the Palestinians, ranging between from £68m to £94m a year.⁵ The Department's operational plans for providing aid to the Palestinian Territories is based on three pillars: governance and security; rights and refugees (which includes providing assistance through UNRWA); and promoting economic development.⁶

Some of the current financial aid programmes, according to figures published on DfID's Development Tracker, include:

UNRWA: The single largest element of UK aid to the Palestinians is in the form of an annual grant to UNRWA which provides services to Palestinian refugees. As of 2015, the UK was the third largest donor to UNRWA.⁷ Between 2016

and 2021, the UK has a budget of up to £167.5m for contributions to UNRWA, approximately £33.5m annually, to support UNRWA's standard programme budget, providing basic education, healthcare, humanitarian relief services and refugee rights, supporting Palestinian refugees in Gaza, the West Bank, Jordan, Lebanon, and Syria.⁸ Between 2015 and 2017, the UK also gave an additional £49m to support UNRWA's Syria Emergency Appeal.⁹

Direct budget support to the PA: The next largest segment of DfID's spending, around £25m a year, is direct budget support to the Palestinian Authority, which pays the salaries of selected PA civil servants. Following a review, as of October 2016 this money is directed specifically at health and education workers (see below).

Other Department for International Development (DfID) Projects: Other projects receiving DfID funding are intended to foster the development of Palestinian institutions and promote sufficient economic growth so that a future Palestinian state will be stable and prosperous, and an effective partner for peace alongside Israel. Thus, the top priorities for DfID projects are promoting private sector growth to stimulate the Palestinian economy and spur job creation; support for development of Palestinian governance including public finances and the justice system; assisting the PA with building institutions that can deliver essential services to Palestinians living in the territories, including in the areas of security, health and education; and humanitarian assistance to those most vulnerable.¹⁰

According to DfID's most recent annual report, over the five-year period nearly 100,000 people supported through its programmes improved their rights to land and property; 240,000 were said to have benefitted from DfID-supported cash

4 'UK-Israel Strategic Cooperation,' BICOM, November 2016, <http://www.bicom.org.uk/wp-content/uploads/2016/11/UK-Israel-factsheet-Thais-amends.pdf>.

5 DfID Palestinian Programme spend (£'000):
2011/12: £91,212
2012/13: £87,735
2013/14: £93,859
2014/15: £91,282
2015/16: £74,661
2016/17: £68,222
Source for 2011-14: DfID Operational Plan 2011-2016, DFID Palestinian Programme, Updated December 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389281/Palestinian-Programme.pdf; Source for 2015-17: according to figures published on DFID's Development Tracker, <http://devtracker.dfid.gov.uk/countries/PS/>.

6 'UK policy towards Israel and Palestine: Key issues for the 2015 Parliament,' <https://www.parliament.uk/business/publications/research/key-issues-parliament-2015/foreign-affairs/israeli-palestinian-conflict/>; 'Operational Plan 2011-2016: DfID Palestinian Programme,' Department for International Development, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389281/Palestinian-Programme.pdf.

7 Pledges to UNRWA for 2015, UNRWA, 31 December

2015, https://www.unrwa.org/sites/default/files/2015_donor_ranking_with_un_agencies_overall.pdf.

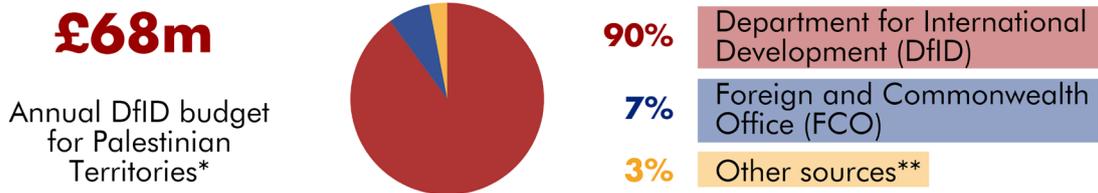
8 Pledges to UNRWA for 2015, UNRWA, 31 December 2015, https://www.unrwa.org/sites/default/files/2015_donor_ranking_with_un_agencies_overall.pdf.

9 'Support to the United Nations (UN) Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) Syria Emergency Appeal,' according to figures published on DFID's Development Tracker, <https://devtracker.dfid.gov.uk/projects/GB-1-204535>.

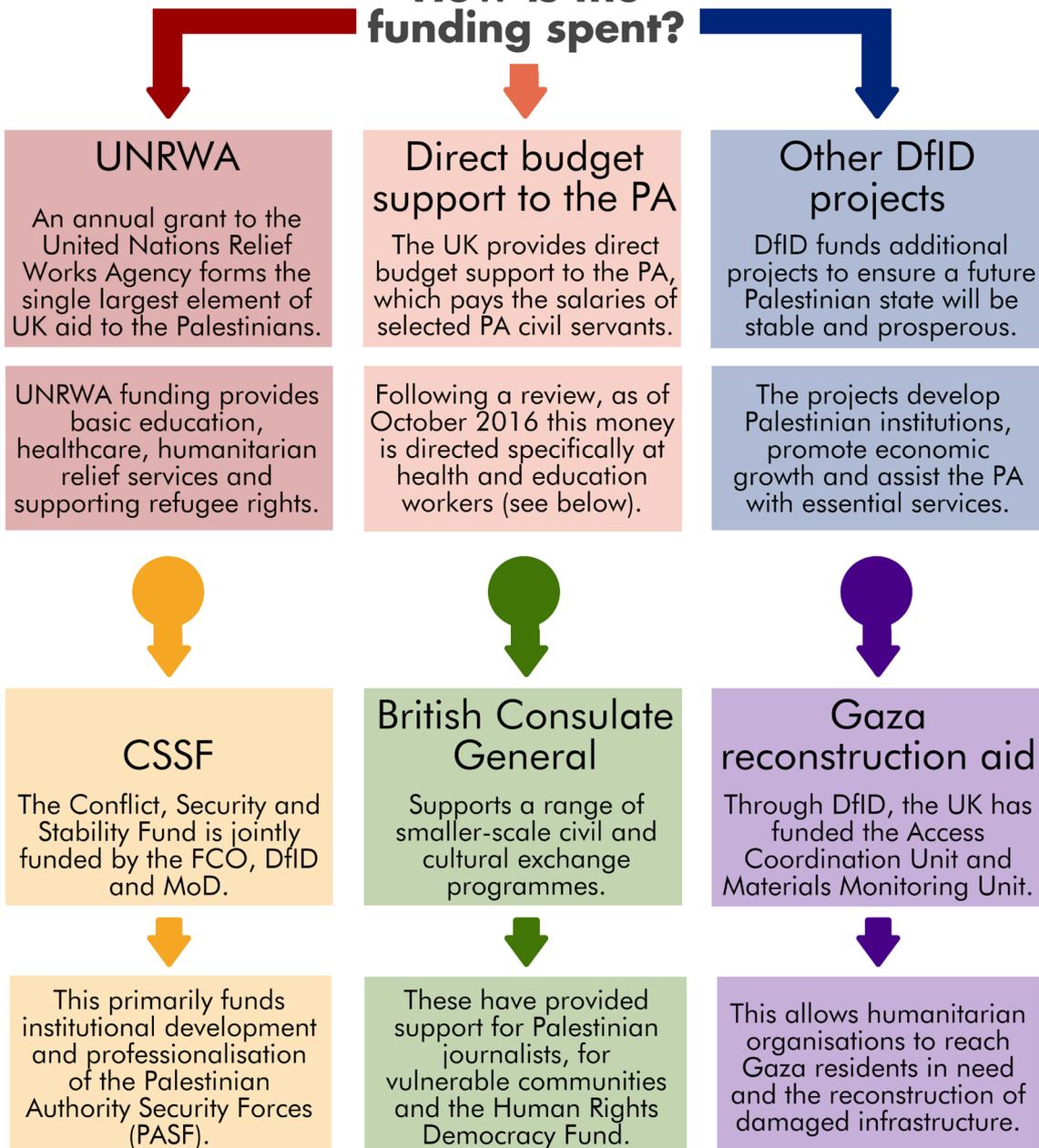
10 According to figures published on DFID's Development Tracker: Occupied Palestinian Territories, <https://devtracker.dfid.gov.uk/countries/PS/>.

Where UK aid in the Palestinian Territories goes

UK Government funding to the West Bank and Gaza comes from multiple departments and funds a range of initiatives.



How is the funding spent?



*Source: DfID Development Tracker, 2016-17. **Source: DfID Annual Report 2015-16

transfer programmes that assist those suffering from poverty and malnutrition as well as 290,000 recipients of emergency food assistance and other humanitarian emergency aid. Also during this period, 7,000 students completed primary

education supported by DfID funds, while 50,000 were able to receive primary and lower secondary education.¹¹

¹¹ 'Results reported between 2011/12-2015/16,' DfID Annual Report and Accounts 2015-2016, <https://devtracker.DfID.gov>

Conflict, Security and Stability Fund (CSSF):

An additional source of UK financial aid to the PA is programmes that receive funds through the CSSF – a joint fund to which the FCO, DfID and the Ministry of Defence all contribute a portion of funding.

For 2016-2017, around £5.5m was allocated to support several programmes including a small training team as part of the US Security Coordinator which provided institutional development and professionalisation of the PA Security Forces (PASF). Maintaining the viability and development of the PA remains extremely important, and the functioning of the PASF and their continued coordination with Israeli security forces has helped to prevent a surge of grassroots Palestinian violence after terrorist attacks in September 2015.¹² It should be noted that Israel Defence Forces (IDF) officers highly value the discipline and leadership skills of the PASF officers and this constitutes one of the few areas of regular, intensive, and successful Israeli-Palestinian cooperation. As such the UK role in training PASF officers represents a highly effective use of UK funds as well as an area where the UK – with its widely admired and professional armed forces – provides unique added value.

Additional programmes receiving financial support from the CSSF fund include the provision of technical assistance to the Palestinian Ministry of Interior to improve its capability to provide oversight and management of PASF; support for the EU Coordinating Office for Palestinian Police Support; the UK-Israel Informal Security Dialogue; legal aid and settlement monitoring in the West Bank; and funding for programmes supporting the empowerment of young Israeli leaders to strengthen support for peace in their communities. Approximately £400,000 is currently allocated to a programme “aiming to foster constituencies for peace inside Israel”.¹³

uk/countries/PS/results.

12 Neri Zilber, ‘What Will Happen If the Palestinians Really End Security Cooperation?’ The Tower, April 2015, <http://www.thetower.org/article/what-will-happen-if-the-palestinians-really-end-security-cooperation/>; Natasha Rowland, ‘Abbas warns of “chaos” if Israeli-Palestinian security cooperation ends,’ i24 News, 31 March 2016, <http://www.i24news.tv/en/news/israel/diplomacy-defense/108095-160331-abbas-warns-of-chaos-if-israeli-palestinian-security-cooperation-ends>

13 Rory Stewart, answer to question on international development, <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Com->

Gaza reconstruction aid: The UK also supports reconstruction efforts in Gaza, which the government believes to be a “humanitarian imperative, to alleviate shelter and basic service needs which were exacerbated by the 2014 conflict, to stimulate economic growth and reduce poverty”. Through DfID, the UK government has allocated nearly £3m to fund the Access Coordination Unit and the Materials Monitoring Unit to ensure humanitarian organisations can access those Gaza-based Palestinian residents in need, as well as to facilitate access to reconstruction materials necessary for rebuilding homes and infrastructure damaged during 2014’s Operation Protective Edge.¹⁴ At a 2014 conference of international donors to raise funds for reconstruction efforts in Gaza, the UK pledged £20m in “early recovery assistance” for Palestinians in Gaza.¹⁵

British Consulate General: Based in Jerusalem, the British Consulate General supports a range of smaller-scale projects providing assistance for vulnerable communities, strengthening the relationship between Palestinians and the British people, as well as programmes intended to build constituencies for peace. Past projects included support for Palestinian journalists, including the Human Rights and Democracy Fund and the Arab Partnership Fund, which supports the work of women journalists from the Gaza Strip.¹⁶ Promoting these civil society and cultural exchange programmes, the UK can play an important role in encouraging the development of a robust civil society among the Palestinians.

CHALLENGES TO UK FINANCIAL AID EFFORTS

Theresa May has said that she will retain Britain’s commitment to spend 0.7 per cent of its gross national income on UK foreign aid. However, the

[mons/2016-11-02/51548/](https://devtracker.DfID.gov.uk/countries/PS/projects)

14 See ‘Active Projects: Humanitarian Access in the Occupied Palestinian Territories,’ DfID Development Tracker, <https://devtracker.DfID.gov.uk/countries/PS/projects>.

15 ‘Reconstructing Gaza – Donor Pledges,’ The World Bank, <http://www.worldbank.org/en/programs/rebuilding-gaza-donor-pledges#2>; Heba Saleh and John Reed, ‘International donors pledge \$5.4bn to help rebuild Gaza,’ Financial Times, 12 October 2014, <https://www.ft.com/content/3bb1e-c0a-520c-11e4-b55e-00144feab7de>.

16 British Consulate General, ‘Supporting development in the OPTs,’ 1 February 2015, <https://www.gov.uk/government/world-location-news/supporting-development-in-the-opts>.

government's financial aid programme has been the subject of intense scrutiny in recent years.

While the majority of UK government funding going to the Palestinian Territories is spent on promoting Palestinian governance, economic development and humanitarian assistance, as well as a small amount for supporting the work of the Quartet, DfID has come under scrutiny and recent events have reinforced some of the problematic aspects of providing financial assistance to the PA. In addition to criticism that the amount of funding allocated for coexistence programmes is insufficient, DfID-backed aid programmes for the Palestinians have been criticised by a number of pro-Israel groups as well as by the Overseas Development Institute for a host of reasons. These include inefficiency and corruption, the fact that funding has gone towards the payment of salaries of Palestinian prisoners serving sentences for terrorism-related offences, and because funding allocated to programmes has not made Palestinians more in favour of peace.¹⁷

UNRWA continues to serve as a key provider of public services in the Palestinian Territories, though it remains dependent on international donors, such as DfID, for the routine provision of such services. Yet UNRWA has also come under fire for issues involving incitement, antisemitism, and radicalisation in UNRWA schools and its ties to Hamas.¹⁸

Furthermore, the Department of International Development has been accused of limited transparency over which Palestinian organisations receive it funds. The names of local NGOs which receive funding originating with DfID via other international organisations are not always made available.¹⁹

Meanwhile, the Israeli government has raised concerns with the British government that some of its funding has reached controversial Israeli NGOs

with a specific left wing political agenda, such as Breaking the Silence, sometimes indirectly via humanitarian aid organisations such as Christian Aid. The foreign funding of Israeli NGOs perceived to have a left wing agenda has become a highly sensitive issue in Israel and recent legislation has subjected foreign government funding of NGOs to greater scrutiny.²⁰

In October 2016, the UK Secretary of State for International Development, Priti Patel, announced a review of the current funding procedures, and implemented a three-month freeze on UK aid to the Palestinians pending the results of a review which was due to be conducted in close collaboration with the Foreign Office. In December, DfID announced critical changes in UK aid to the PA. Subject to the outcome of DfID's investigation, the following changes have been implemented with respect to the provision of UK funds to the PA:

- UK funds will continue to support health and education services in order to meet the critical needs of Palestinians residing in the territories. Funding for the salaries of public servants employed in the health and education sectors will be dispersed, subject to a vetted list.
- UK funds will no longer support the salaries of PA public servants based in Gaza.
- DfID will assess and determine the fiscal and public financial management reforms that the PA will need to show progress in meeting in order to secure future payments from the UK government.²¹

However, recognising the vital role that UK financial aid has on maintaining safety and security in the Palestinian Territories, the government announced that despite the ongoing investigation, £25m in aid will continue to be transferred to the PA in the current fiscal year. Future dispersals will be subject to an annual

17 Camilla Turner, 'Multi-million pound foreign aid grant may not promote peace, study suggests,' The Telegraph 12 June 2016, <http://www.telegraph.co.uk/news/2016/06/12/multi-million-pound-foreign-aid-grant-spent-on-encouraging-terror/>.

18 Kate Havard, 'UNRWA's Troubling Hamas Ties,' FDD Policy Brief, 28 October 2015, <http://www.defenddemocracy.org/media-hit/kate-havard-un-agency-gives-speech-to-designated-terrorist-organization/>; 'UNRWA school in Gaza hides map of 'historic Palestine' as Ban visits,' Times of Israel, June 28, 2016, <http://www.timesofisrael.com/unrwa-school-in-gaza-hides-map-of-historic-palestine-as-ban-visits/>.

19 'UK Funding for Israeli and Palestinian NGOs-Update,' NGO Monitor, May 30, 2016, <http://www.ngo-monitor.org/reports/uk-funding-for-israeli-and-palestinian-ngos-update/>

20 'Background: UK Funding for Breaking the Silence and other NGOs,' NGO Monitor, February 06, 2017, <http://www.ngo-monitor.org/press-releases/background-uk-funding-breaking-silence-ngos/>

21 See 'Future UK support to the Occupied Palestinian Territories,' 20 December 2016, <https://www.gov.uk/government/news/future-uk-support-to-the-occupied-palestinian-territories>.

sign-off by UK government ministers following a review of the PA's commitment to the UK Partnership Principles and a showing of progress against additional reform indicators, which will be determined by the British government. For instance, the government has pledged to disperse funds to pay the salaries of up to 30,000 teachers, as well as medical care professionals and other health and education public servants whose names are included on a vetted list. According to DfID, this funding will provide for the current educational needs of up to 25,000 Palestinian children, 3,700 immunisations for children and roughly 185,000 medical consultations annually.²² Yet it is incumbent upon DfID to ensure that it can properly monitor the education programmes it funds, given some of the current criticism surrounding UNRWA schools.

GOING FORWARD: PROPOSALS FOR A UK ROLE

The UK already contributes considerably to the Israeli-Palestinian track not least through financial contributions to the PA and through its efforts – both within and outside the EU – to improve the economic and humanitarian situation on the ground. Similarly, the UK has largely been a voice for an effective diplomatic engagement within the EU, rather than mere rhetoric and “megaphone diplomacy”. However, the shifting situation on the ground – both regionally and globally – creates new challenges, opportunities and priorities, to which Britain should be attuned. Based on discussions with current and former British and Israeli officials engaged with the issues, the following are a series of proposals, updated to reflect the current geopolitical and strategic environment:

Fostering trust and creating a regional environment conducive to Israeli-Palestinian peace-making

A critical component to an eventual successful negotiating effort is the creation of a regional environment conducive to Israeli-Palestinian peace-making. Ironically, since the start of the Arab Spring in 2011, this is probably the only arena where

the trend is positive. Israel's security cooperation with Egypt and Jordan, with which Israel has full diplomatic relations, is deeper than appears on the surface, whilst the potential of economic relations between Israel and these countries has also increased in light of Israel becoming a natural gas exporter.²³ Several Sunni Arab states are warming in their attitudes to Israel in the face of the growing shared threats and opportunities. In recognition of this convergence of shared interests, a number of Israeli politicians from across the political spectrum have endorsed some form of regional framework for resuming negotiations with the Palestinians.²⁴

Recent *public* meetings between senior former Saudi officials and Israeli politicians and officials²⁵ show a new potential for unofficial (“track-two”) and semi-official (“track one and a half”) diplomacy. The UK's strong network of regional relationships gives it the potential to facilitate and encourage additional such contacts, both public and private. As well as bringing Israelis and Arabs together in private to maintain a dialogue while improving mutual understanding and explore opportunities, more Arab figures should be encouraged to follow the example of former Saudi general Dr. Anwar Eshki and bring delegations to Jerusalem to meet publicly with Israeli parliamentarians or civil society, in the framework of attempting to bring about a Palestinian state. A number of international NGOs have successfully utilised the changing strategic environment to encourage cooperation between Israelis, Palestinians, and other regional

23 Eran Azran, 'Israel Quietly Begins Exporting Natural Gas to Jordan Amid Political Sensitivities,' Haaretz, 2 March 2017, <http://www.haaretz.com/israel-news/business/1.774758>; Brenda Shaffer, 'Israel-Jordan gas trade portends brighter future in Middle East,' The Hill, 7 March 2017, <http://thehill.com/blogs/pundits-blog/energy-environment/322703-israel-jordan-gas-trade-portends-bright-future-in>.

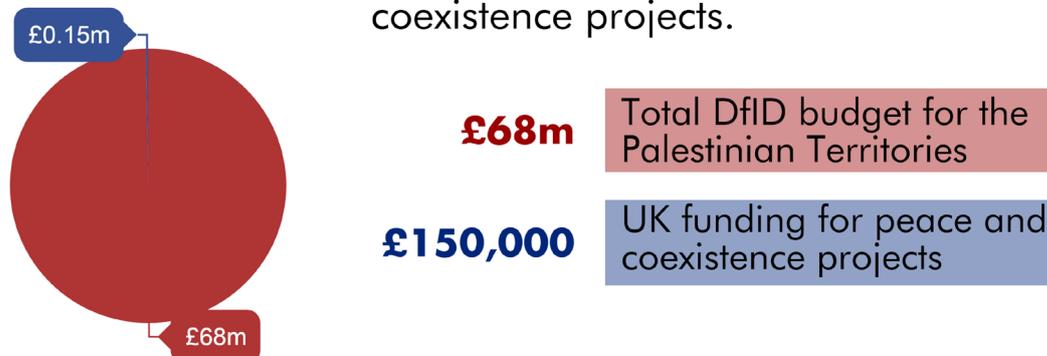
24 See for instance Linda Gradstein, 'Is the Arab Peace Initiative Back on the Table?' Jerusalem Post 18 June 2016, <http://www.jpost.com/Arab-Israeli-Conflict/Is-The-Arab-Peace-Initiative-Back-On-The-Table-457110>; John Reed, 'Benjamin Netanyahu backs 2002 Arab deal ahead of peace talks,' Financial Times, 31 May 2016, <https://www.ft.com/content/1c2b1b72-2712-11e6-8ba3-cdd781d02d89>;

25 See for instance 'Former Saudi general visits Jerusalem, meets Israeli officials,' Times of Israel, 23 July 2016, <http://www.timesofisrael.com/former-saudi-general-visits-jerusalem-meets-israeli-officials/>; 'A Conversation on Security and Peace in the Middle East: Featuring HRH Prince Turki al-Faisal of Saudi Arabia, and Maj. Gen. (ret.) Yaakov Amidror of Israel,' The Washington Institute for Near East Policy, 5 May 2016, <http://www.washingtoninstitute.org/policy-analysis/view/a-conversation-on-security-and-peace-in-the-middle-east>; David A. Graham, 'Israel and Saudi Arabia: Togetherish at Last?' The Atlantic, 5 June 2015, <https://www.theatlantic.com/international/archive/2015/06/israeli-saudi-relations/395015/>.

22 See 'Future UK support to the Occupied Palestinian Territories,' 20 December 2016, <https://www.gov.uk/government/news/future-uk-support-to-the-occupied-palestinian-territories>.

UK investment in peace and coexistence

In 2015-16, the equivalent of approximately 0.2 per cent of the Department for International Development budget to support the Middle East peace process was spent on Israeli-Palestinian peace and coexistence projects.



actors on a range of transboundary projects. EcoPeace, for instance, is a trilateral Israel-Palestinian-Jordanian NGO that has employed a grassroots strategy with top-down advocacy to advance water-sharing projects between Israelis and Palestinians and Israelis and Jordanians.²⁶ The UK should partner with such organisations, utilising its status as a world power to further the goals of such projects, and in so doing, encourage other international donors to contribute.

Promoting coexistence through civil society initiatives

As is evident by the last round of bilateral negotiations in 2013-2014, final-status negotiations at the current time are a tall order and will likely be unsuccessful, given the mutual lack of trust between Israelis and Palestinians, which in turn has fuelled a decline in support for a two-state solution.²⁷ The level of distrust and scepticism about the prospects for peace is contributing to a situation whereby Israelis and Palestinians are not putting significant pressure on their leaders to pursue an agreement.

The international community, including Britain, should do more to address this challenge. The priorities must be rebuilding an infrastructure of cross-border cooperation between Israelis and

Palestinians, exposing each side to the human face of the other, and working within each society to promote the benefits of a two-state solution.

As noted above, there is scepticism about the effectiveness of coexistence projects among UK officials, and in 2015-2016 the UK spent only about £150,000 a year on peace and coexistence projects between Israelis and Palestinians.²⁸ Yet years of experience in peace and coexistence work involving many organisations has led to considerable expertise on how to develop and scale projects that are effective and reach challenging sectors of each society. Successful models are those that bring Israelis and Palestinians together in long-term sustainable partnerships and deliver tangible benefits for each side. Notable examples include Middle East Entrepreneurs of Tomorrow (MEET), run by the Massachusetts Institute of Technology (MIT), which connects and educates young Israelis and Palestinians to become a network of leaders for positive change through technology and entrepreneurship. Recent joint declarations by religious leaders, built on years of track-two diplomacy, have also been credited with reducing violence around holy days in Jerusalem. A recent increase in interfaith dialogue has played a role in reducing inter-communal tensions,

26 'What We Do,' Ecopeace, <http://ecopeaceme.org/what-we-do>

27 Joel Braunold and John Lyndon, 'Opinion amongst the young is drifting. An International Fund for Israeli-Palestinian Peace is urgently needed,' Fathom <http://fathomjournal.org/opinion-amongst-the-young-is-drifting-an-international-fund-for-israeli-palestinian-peace-is-urgently-needed/>.

28 Amount of £150,000 based on research conducted by Labour Friends of Israel; In January 2017, Secretary of State for International Development Priti Patel reported to Parliament that DfID is currently working on a range of co-existence programmes in Israel and the Palestinian Territories that are intended to support tangible improvements and bring the two sides together. The program will reportedly be launched at the beginning of the financial year. <https://hansard.parliament.uk/commons/2017-01-11/debates/137CD61B-1CDD-437E-86AA-7B751B63888B/TopicalQuestions>.

racism and religious extremism, overall promoting an atmosphere that promotes tolerance.²⁹

a. *Supporting an International Fund for Peace:*

In July 2016, the final recommendation of the Quartet report called for both sides to “foster a climate of tolerance, including through increasing interaction and cooperation in a variety of fields – economic, professional, educational, cultural – that strengthen the foundations for peace and countering extremism”.³⁰ At present, the grassroots dimension of peace-making is under-resourced in terms of international finance and infrastructure, especially in relation to the huge international investment in other aspects of the conflict – in particular Palestinian state building efforts – which are backed by the Quartet, the Ad Hoc Liaison Committee, and the World Bank. The Alliance for Middle East Peace (ALLMEP), an umbrella body for Israeli-Palestinian peace and coexistence projects, is calling for a step change in international funding through the establishment of an International Fund for Middle East Peace. The proposed fund would be comparable to the International Fund for Ireland, which spent more than £823m (\$1.5bn) over 20 years, funding around 6,000 projects, to build grassroots cooperation and support for peace in Northern Ireland.

In January 2017, a bill was proposed in the UK parliament to support the creation of an International Fund for Israeli-Palestinian Peace.³¹ The UK should consider supporting this initiative which can coordinate and resource projects that foster people-to-people dialogue while promoting economic growth that will be mutually beneficial. Building

on the success of the Northern Ireland example, the creation of a dedicated fund that guarantees long-term scalable financing – independent of the ups and downs in the negotiations process³² – that will assist in promoting people-to-people dialogue and creating a constituency that supports two states for two people, is in accordance of the UK government’s goal of working towards a two-state solution. Not only should the UK make a financial contribution to the International Fund for Peace, it should call for the participation of other actors in the international community, including Israel and the Arab states, whose buy-in is integral to ensuring an environment conducive to Israelis and Palestinians achieving and maintaining peace.

b. *Supporting technology partnerships aimed at fostering coexistence:*

Another specific avenue the UK should consider is establishing a joint Israeli-British-Palestinian fund to support joint Israeli-Palestinian business or hi-tech ventures, building on the success Britain has had establishing the hi-tech centre for catalysing UK-Israeli hi-tech partnerships. While Palestinian hi-tech capacity is currently no match for the Israeli industry, it has made significant advances in recent years, and is gradually attracting foreign donors.³³ The success of such a joint venture could make a valuable contribution to the development of the Palestinian private sector, a vital component for ensuring the success of a future Palestinian state.

c. *Supporting educational and cultural exchange programmes:*

One of the challenges since the Second Intifada has been the near total separation of Israelis and Palestinians. In comparison to previous generations, those who have come of age since can be characterised by a lack of understanding of “the Other” rendering the future coexistence that is necessary for a sustainable final-status

29 See for instance the forthcoming report by Ned Lazarus, *A Future for Israeli-Palestinian Peacebuilding*, BICOM, April 2017; ‘Doing God’, or the importance of religious peacemaking: an interview with Rabbi Michael Melchior, Fathom, <http://fathomjournal.org/doing-god-or-the-importance-of-religious-peacemaking-an-interview-with-rabbi-michael-melchior/>

30 Office of the Quartet, Report of the Middle East Quartet, July 2016, http://www.un.org/News/dh/infocus/middle_east/Report-of-the-Middle-East-Quartet.pdf.

31 ‘Promotion of Israeli-Palestinian Peace (United Kingdom Participation) Bill 2016-17, <http://services.parliament.uk/bills/2016-17/promotionofisraelipalestinianpeaceunitedkingdomparticipation.html>; Jonah Naghi, ‘It’s Time to Establish an International Fund for Israeli-Palestinian Peace,’ Matsav Blog, 8 March 2017, <http://www.matsavblog.com/2017/03/time-to-establish-international-fund-israeli-palestinian-peace/>.

32 Joel Braunold and John Lyndon, ‘Opinion amongst the young is drifting. An International Fund for Israeli-Palestinian Peace is urgently needed,’ Fathom <http://fathomjournal.org/opinion-amongst-the-young-is-drifting-an-international-fund-for-israeli-palestinian-peace-is-urgently-needed/>

33 John Reed, ‘Palestinians attempt to create their own start-up nation,’ Financial Times, 2 May 2016, <https://www.ft.com/content/51eaa386-0232-11e6-99cb-83242733f755>.

agreement increasingly difficult to achieve.³⁴ This lack of contact helps to fuel ignorance and mistrust of the other side. As one recent survey found, 71 per cent of Israelis fear they or a member of their family will experience physical violence perpetrated by the Palestinians, while 76 per cent of Palestinians had similar concerns about experiencing harm from Israelis.³⁵

There are a number of international and local grassroots NGOs operating in the Israeli-Palestinian arena that remain focused on promoting both interaction and understanding between Israelis and Palestinians, in particular, with an emphasis on the education sector. Bringing educators and students from both sides together in order to develop mutual understanding and to explore ways to foster mutual understanding of “the Other” will in turn help to develop a core constituency of Israelis and Palestinians that value coexistence, a critical component for a viable peace agreement.

Though ultimately civil society initiatives are not a substitute for decisive decision-making at the political level, such initiatives can play a role in creating a vital constituency that will support efforts towards a two-state solution, actively campaign for it, and help to implement it when the time comes. Thus, in addition to promoting Palestinian state-building efforts, the UK should engage with future Israeli leaders. The focus of such initiatives, however – particularly those supported by the UK and other foreign governments – should be in promoting people-to-people dialogue, and resist the appearance of interfering with the internal affairs of both Israel and the Palestinians to ensure that well-intentioned efforts are not hindered by being politicised by the parties.

The UK government should also be cognisant of new civil society initiatives formed by both Israelis and Palestinians in favour of proactive

approaches towards a two-state solution – including “Blue White Future,” “Darkenu,” the “Israeli Peace Initiative,” “Women Wage Peace,” and Zimam, among others.³⁶ Moreover, the UK should be aware of the changing discourse of those in Israel who favour advancing proactively towards a two-state solution. Whilst expectations for a negotiated agreement have receded, openness to unilateral steps which would advance toward a two-state reality have re-entered mainstream debate. Leading strategic think tanks such as the Institute for National Security Studies (INSS) and opposition leaders and members of Knesset including Labour party leader Isaac Herzog and Yair Lapid, leader of the centrist Yesh Atid party, are among those who have called for proactive Israeli steps even in the absence of a negotiated agreement, including: reining in settlement construction beyond the security barrier; handing over more control to the PA in Area C of the West Bank; improving the economic situation of the Palestinians; and making a formal response to the Arab Peace Initiative as the basis for a regional peace initiative.³⁷

Assist preparations for a functioning and responsible Palestinian state

Regrettably, the Palestinian state-building project in the West Bank has stuttered in recent years. However, amid the challenges lie opportunities. Many Israeli officials recognise that improving the Gaza Strip and West Bank economies will reduce the chances of violence, and support expanding development opportunities in both areas. Quiet cooperation continues in many areas, and indeed has seen enhancement in some fields, including permits for Palestinians to work in Israel, Palestinian development in Area C,

36 See for instance Lazarus, *A Future for Israeli-Palestinian Peacebuilding*.

37 See Toby Greene, Two-state solution 2.0: New Israeli thinking on the Israeli-Palestinian conflict, Fathom, <http://fathomjournal.org/two-state-solution-2-0-new-israeli-thinking-on-the-israeli-palestinian-conflict/>; Michael Herzog, The Israeli-Palestinian Arena – what could be done short of an agreement, Fathom, <http://fathomjournal.org/the-israeli-palestinian-arena-what-could-be-done-short-of-an-agreement>; Isaac Herzog, ‘Isaac Herzog Details His 10-Point Peace Plan for Israeli-Palestinian Peace,’ Haaretz, 23 February, 2017, <http://www.haaretz.com/israel-news/premium-1.773312>; Gil Stern Hoffman & Ro Yeger, ‘Lapid Backs Saudi Initiative as Basis for Peace Talks,’ Jerusalem Post, 20 September 2015, <http://www.jpost.com/Israel-News/Politics-And-Diplomacy/Lapid-A-PM-that-cares-about-Israel-would-have-built-alliance-with-Saudi-Arabia-416676>.

34 Sarah Yerkes, ‘Israeli-Palestinian futures: Don’t forget about the people,’ Markaz, 28 September 2015, <https://www.brookings.edu/blog/markaz/2015/09/28/israeli-palestinian-futures-dont-forget-about-the-people/>

35 ‘Palestinian-Israeli Pulse: Low Expectations for an Independent State in the Next 5 Years,’ 22 August 2016, Palestine Center for Policy and Survey Research, <http://pcpsr.org/en/node/660>.

and management of the customs union and tax remittances.³⁸

- a. *Combat donor fatigue and implement financial aid distribution:* Pending the results of DfID's investigation, the government should ensure that the money allocated for Palestinian state-building and humanitarian efforts is not in fact getting into the wrong hands. The government should clearly communicate to the PA that continued financial support is contingent on its acting in a manner consistent with efforts to achieve a final settlement based on establishing two nation states. This includes demanding an end to Palestinian incitement and misinformation towards Israel, and ensuring the PA ceases to eschew bilateral negotiations with Israel in favour of its international strategy.

While there is fatigue in the international community at funding the PA, when the prospects of the establishment of a Palestinian state appear to be receding, the alternative – the collapse of the PA – would make the prospects of a Palestinian state even more distant. The UK should therefore continue to support the PA both financially and with its expertise.

The UK, along with other members of the international community, places heavy emphasis on the need for Israel to allow greater Palestinian development in Area C. Whilst Area C is clearly crucial for Palestinian development, it is highly sensitive in Israeli domestic politics. The UK, and other third parties should consider what role it can play in establishing reciprocation for a more constructive Israeli position on Area C, for example by making a distinction between Israeli development in settlement blocs that can reasonably be expected to remain part of Israel in a future land swap deal, and isolated settlements beyond the blocs. International reciprocation in the form of a more nuanced position on settlements may

make it more feasible politically for Israel to be more constructive in facilitating Palestinian development in Area C. This approach would be consistent with establishing on the ground the basis for a two-state solution, since the principle of land swaps was accepted in previous negotiations and endorsed by leading Arab states in 2013 as well.³⁹

- b. *Ensure the success of the Palestinian Market Development project:* While one of the key goals of the UK's financial aid to the Palestinians has been to create a sustainable economy for a future Palestinian state, thus far, the vast majority of UK aid has been in the form of budgetary support. As a result, the PA remains dependent on financial aid and other donors in the international community, without which it would collapse. So long as the relationship would be mutually beneficial, there is an opportunity for spurring Israeli-Palestinian business opportunities.

Since 2013, DfID has funded the Palestinian Market Development Programme which is intended to strengthen the Palestinian private sector, and ultimately reduce the Palestinians' dependency on donor aid. The total proposed budget for the programme is just over £4m, half of which has already been allocated. Yet there are other options for strengthening the Palestinian economy in which the UK could further invest.⁴⁰ In addition to directly financing independent programmes to strengthen the Palestinian economy, there are a number of civil society initiatives already working both to improve the Palestinian economy and to improve Israeli-Palestinian economic cooperation, which constitutes another essential aspect in promoting coexistence under a final status agreement. Among such programmes are the Partners in Business, Partners in Peace project, an initiative created by the Peres Center for Peace, which aims to develop ways to increase the level of exports for Palestinian products to the Israeli market, as well as to create opportunities between Israeli and Palestinian business leaders

38 'BICOM Strategic Assessment: Israeli-Palestinian economic relations,' BICOM, 1 July 2016, <http://www.bicom.org.uk/analysis/bicom-strategic-assessment-israeli-palestinian-economic-relations/>; Shira Karpick Sapir, 'Thousands more Palestinian workers to enter Israel,' Globes, 15 December 2016, <http://www.globes.co.il/en/article-thousands-more-palestinian-workers-to-enter-israel-1001167158>; 'Israel minister suggests offshore seaport for Gaza,' Ynet, 20 June 2016, <http://www.ynetnews.com/articles/0,7340,L-4818279,00.html>.

39 'Arab states back Israel-Palestine land swaps,' Al Jazeera, 30 April 2013, <http://www.aljazeera.com/news/middleeast/2013/04/20134306544952976.html>.

40 'Palestinian Market Development Programme to Strengthen the Private Sector in the Occupied Palestinian Territories (OPTs),' DfID Development Tracker, <https://devtracker.dfid.gov.uk/projects/GB-1-201828>.

Recommendations

What can the UK do to assist with the Israeli-Palestinian peace process?



Set the conditions for a future bilateral agreement.



Support the International Fund for Peace.



Improve financial aid guidelines and ensure funding is tied to results.



Increase funding for coexistence projects.



Continue and expand funding for security coordination programmes.

as a means of increasing economic cooperation and opportunity in the long run.⁴¹

Creating the conditions for a negotiated Israeli-Palestinian political settlement based on the principle of two nation states

In the Middle East in general, and in the Israeli-Palestinian arena in particular, grand proposals for change by third parties are not uncommon, but they are rarely translated into reality on the ground.

Today, with the most recent attempt at final status negotiations – the 2013-2014 US-brokered peace talks – having ended in failure, this appears all the more valid. Yet frustration at the lack of progress and the diplomatic vacuum is leading various third parties to try and intervene in the search for a final status framework, and to take steps to preserve the viability of a two-state solution in the interim. Most recently France has directed its energies at a process aimed at establishing an internationally supported terms of reference for ending the conflict, though the UK blocked the EU Foreign Ministers from adopting the draft resolution.

The UK government continues to support a two-state solution, directly negotiated by the parties themselves, as the only viable option for reconciling Israeli and Palestinian national aspirations. Whilst working in support of this goal, Britain has an important role to play in serving as a trustworthy interlocutor. In this context the UK should define clear parameters with respect to international

initiatives based on a principle of supporting initiatives that are likely to bring the parties closer to an eventual solution, and avoiding measures likely to deepen the wedge between the parties or create new obstacles that will serve to hamper efforts towards achieving peace.

Two states for two peoples means that whilst the creation of a Palestinian state will clearly require demarcating final borders and territorial compromise by Israel, it will also mean Palestinian acceptance that a newly formed Palestinian state – and not the State of Israel – will be the focal point for Palestinian refugees or their descendants who wish to return to the area. The decoupling of Britain from the EU, and its common foreign policy, may allow Britain to be clearer on this position than in the past.

Though ultimately the details should be left to the parties, reaffirming the two-state consensus will send an important message to leaders and their people.

RECOMMENDATIONS

As Britain negotiates its exit from the EU, in an environment where budgets are under pressure, the UK should promote constructive Arab regional engagement; support Palestinian state building; enhance grass roots contacts; and articulate a balanced vision for permanent status. The scope for Britain to independently promote peace is limited, yet there are constructive steps that Britain can take, both independently, and in partnership with others:

Improve financial aid guidelines and ensure funding is tied to results: In addition to providing humanitarian assistance to vulnerable

⁴¹ 'Partners in Business, Partners in Peace,' The Peres Center for Peace, <http://www.peres-center.org/business-peace>.

communities in the Palestinian Territories, financial assistance to the PA is critical to supporting the UK's policy of achieving a two-state solution, where the Palestinians can have a functioning, stable government. However, following the results of DfID's investigation, the government must implement the appropriate measures to ensure that financial aid reaches the appropriate recipients, that funds are not misused and to ensure the integrity of UK aid funds. As such, it is incumbent on the UK government to ensure that programmes and projects that receive financial aid are in fact satisfying these objectives. While it should continue to provide funding to the PA, the government must take adequate measures to ensure that such funds are not misappropriated. This includes ensuring that the UK funds do not contribute to the PA policy of paying salaries to the families of Palestinian security prisoners and eliminate corruption and inefficiency. Additionally, the UK should insist that UNRWA's educational programmes are brought in line with international best practices, and are monitored carefully, to prevent incitement and radicalisation.

Continue and expand funding security coordination programmes: The UK should continue to support the US Security Coordinator's efforts in providing training and support to the PASF and consider areas where it could be expanded. UK financial contributions have successfully funded police and weapons training programmes for PA forces. There is irrefutable evidence as to the value of funding for security coordination. Notably, it has helped to ensure the stability of the West Bank, and both the Israeli security establishment and President Abbas have agreed that continued security coordination has been successful in preventing a return to full-scale violence. Additionally, promoting security coordination between the two sides has helped facilitate an ongoing dialogue among high-level officials – albeit restricted to security-related matters – between the Israeli government and the PA.

Increase funding for coexistence projects: For any serious approach to contributing to the Israeli-Palestinian peace process to have a chance at success, albeit even on an incremental basis, it should be focused on where added value can be provided, and would in turn, be beneficial. Fostering a constituency for peace and ensuring a strategic environment conducive to peace are vital components for brokering and maintaining a viable

two-state solution, which remains the only option that ensures an agreement that reconciles Israeli and Palestinian national aspirations. The UK should increase funding for coexistence projects, and work to increase the capacity of civil society organisations, in partnership with properly vetted groups already operating.⁴²

Support the International Fund for Peace: The UK should allocate funds for an International Peace Fund for Israeli-Palestinian Peace. The participation of the UK should be in concert with others in the international community. Drawing on the strength of Britain's strategic and diplomatic relationships with both Israel and Arab states in the region, the UK should encourage those in the region to contribute funds, as their participation can help foster an environment conducive to peace.

Set the conditions for a future bilateral agreement: Britain can use its position of influence on the world stage, including its special relationship with the US, its permanent UN Security Council seat, its position as an influential European power (albeit outside of the EU), and its notable soft power strengths to set the stage for a future bilateral agreement. In its role as a trustworthy interlocutor, the UK should make clear to the Palestinians that President Abbas's internationalisation strategy and the ongoing issues involving incitement and antisemitism are contrary to UK policy goals. The UK should emphasise to the Israeli government the need to allow for greater Palestinian development in Area C. The UK should also measure support for international initiatives based on whether they are likely to improve the conditions for a future agreement and empower those actors from each side working to promote a peace agreement.

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⁴² For more details on successful coexistence projects see Lazarus, *A Future for Israeli-Palestinian Peacebuilding*.

This paper has been produced in consultation with current and former British and Israeli officials involved with Israeli-Palestinian peace making. We are grateful for their help.

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