

Point of View No.74

Paris Donors Conference for the Palestinian State: The Ball is in Israel's Court

Yesterday, the Donors Conference for the **Palestinian State** (rather than the Palestinian Authority) was convened in Paris. The French President's spokesperson stated that the Conference's title was intentionally chosen in order to emphasize the progress achieved in Annapolis ([NRG](#) 16/12/07, [Guardian](#), 17/12/07).

The strengthening of the status and the capabilities of the PA – as long as it does not undermine Israel's security concerns – is in Israel's political interests. **The Reut Institute contends that the key to upgrading the PA's political status lies with Israel rather than with the donor countries.**

What is the issue?

- The Donors Conference was convened following the launch of Israeli-Palestinian negotiations at Annapolis (11/07). The financial support aims to aid the establishment and strengthening of PA institutions and to support the activity of the Quartet's Special Representative, Tony Blair.
- So far, international aid has mainly focused on humanitarian projects to the Palestinian population. However, the Paris conference focused on laying the foundations for establishing a Palestinian state (See the [EU Commission Foreign Ministers' Report](#)). The conference is supposed to launch projects in the areas of planning and construction, sewage, education, transportation, law and health.

Why is it important? Why now?

- 'Palestinian State-Building' is an Israeli political interest since it:
 - **Serves the logic of the political process** that is based on the principle of the 'Two State Solution'. State-Building allows Israel to reduce its administrative responsibility over Palestinian West Bank residents and to ground separation between the two peoples;
 - **Constitutes an 'insurance policy' against failure of the political process** in that it may prevent the possible collapse of the PA following such a failure. This danger derives from the fact that failure of the current political process is likely to intensify doubts regarding the feasibility of implementing the 'Two State Solution' and to strengthen Palestinian calls for dissolving the PA, thus placing the full burden of 'occupation' onto Israel (See: [Failure of the Political Process: The Danger of Dissolution of the Palestinian Authority](#)).

Policy Options

- The Reut Institute distinguishes between three concepts related to State-Building:
 - **Gestures** – actions aimed at supporting the status of Abu Mazen and moderate forces within the Palestinian political system without strengthening PA institutions. So far, this has been Israel's principal policy for establishing a Palestinian Partner or Address. Examples include releasing prisoners or transferring tax revenue.
 - **Institutionalizing the PA** – actions aimed at strengthening the powers and authorities of the PA within the framework of existing agreements. In this context, it was recently announced that Israel would help in rebuilding the PA offices of justice, finance and health.
 - **Upgrading the PA** – actions aimed at building the powers and authorities of the PA by 'breaking out' of the framework of existing agreements signed according to the logic of the Oslo Process which restricted the PA's attributes of sovereignty.

- Since restrictions on the PA are grounded in the Interim Agreement between Israel and the PLO, donor countries are only able to institutionalize, rather than upgrade the PA. Therefore, the key to 'breaking out' of these existing agreements and upgrading the PA lies with Israel.
- Although strengthening the PA is an Israeli **political interest**, Israel is concerned about the possible **security consequences** of such a move. For example, Israel maintains most security authorities in the West Bank and hesitates to dismantle roadblocks.

However, while granting attributes of symbolic sovereignty through upgrading the PA has large political significance, it carries a minimal security risk.

- Therefore, Israel should consider systematically transferring powers and authorities to the PA as unilateral 'confidence building measures' or in coordination with Tony Blair and the donor countries. This can be done during negotiations and independent of their results.

In this context, Israel can lift its opposition to the issuing of Palestinian currency, creation of a Palestinian tax authority, establishment of foreign embassies in Ramallah, appointment of PA representatives abroad, PA membership in international organizations, among other actions.

End.