

# The Funding for Peace Coalition

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## PRESS RELEASE

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## **FPC calls on UK's Finance Minister: Reforms a pre-requisite for Middle East aid**

*Gordon Brown must seize the opportunity of meetings with PA Leadership: Justice for the Palestinian and Israeli peoples depends on transparency, responsibility and intelligent economic support*

London, November 10, 2005 -- The **Funding for Peace Coalition (FPC)** today called on Mr. Gordon Brown, the British Chancellor of the Exchequer, to adopt its concrete proposals for a fundamental overhaul of the management of inter-government aid, and to urge the Palestinian leadership to do the same. Responsible and accountable monitoring of infrastructure projects is required, so that finally the taxpayer and the average Palestinian can see where the aid is going.

Brown's arrival in the Middle East has been described as an opportunity to explore how the international community can help regenerate a regional economy heavily damaged by conflict. *FPC* believes this creates an unparalleled opportunity for the British government to raise urgent concerns with the leadership of the Palestinian Authority.

*FPC* is an apolitical European based organisation, and actively campaigns to ensure that the financial undertakings of the European Community towards the Palestinians reach their target population.

Speaking from London on behalf of *FPC*, spokesperson David Winter said this morning: "The *FPC* made a detailed submission less than a week ago to the UK government. Our submission calls for the urgent adoption of proposals, which will benefit the Palestinian people as a whole rather than support an oligarchic and hopelessly corrupt leadership. [*The key elements of its submission are reproduced below.*]

"Economic growth, particularly growth which stems from economic partnership with neighbours, is a key ingredient to advancing the search for peace in the region. The need to re-establish an effective Palestinian economy is more apparent now than ever before.

"For this and other reasons, the *FPC* has already called on HM Treasury to ensure that the well-documented PA practices of corruption, wastefulness, covert support of

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The Funding for Peace Coalition

An ad hoc group of concerned citizens interested in peace and alarmed at the absence of adequate controls and of fundamental responsibility in the management of European aid to the Middle East.

terrorism and an ongoing lack of transparency are brought to end, in the name of both peace and social justice.”

FPC made four specific recommendations to the British government , and now calls on Mr Brown to place them on his agenda in talks with Mr Abbas and the other senior Palestinian leaders with whom he will meet.

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### **Background**

The FPC Submission can be read in full at:  
[www.eufunding.org/Realpolitik/UKtreasury.html](http://www.eufunding.org/Realpolitik/UKtreasury.html).

The recommendations are summarised as follows.

#### **FPC Recommendation No 1:**

Future European aid to the Palestinians needs to be delivered in a transparent and accountable manner, directed towards ethically defensible projects. The Palestinian public will see what is being provided for them, and the propensity to misuse taxpayers' money will be curtailed.

An appropriate working model is that currently used by the World Bank (WB) for tracking its specific projects in the West Bank and Gaza. The careful project planning, selection of local partners, and honest appraisals of progress at every point, coupled with posting detailed reports on the internet for all to see must be contrasted with the ongoing criticism the European Commission has been subject to in the same arena.

It is difficult to justify pouring more resources into politicised NGOs or even UNRWA. There is no longer any political validation for keeping Palestinians in refugee camps, when they possess full control over the whole of the Gaza Strip.

Former UNRWA Commissioner-General, Peter Hansen, put it very well on 1 November 2005, in a speech at Washington's Palestine Center:

There is no doubt that, at some point, the Palestinian Authority should take over all of UNRWA's capacity in Gaza and the West Bank. I would say the sooner the conditions for that are ripe and it can be done, the better.

#### **FPC Recommendation No 2:**

When considering infrastructure projects, the UK Treasury is advised to consider the “€ for €” concept. The idea is to gain Palestinian ownership and commitment and appreciation of the true value of the investment considered.

The alternative was exemplified when Mr Wolfensohn sought overseas investors to purchase the greenhouses left by the Israeli settlers, who withdrew from the Gaza region in August 2005. Once the Israelis had ceased to protect the region, Palestinians ransacked the agricultural facilities. It can be surmised that if the investors had included local personalities, such malicious waste may not have occurred.

**FPC Recommendation No 3:**

The UK Treasury should consider the creation of a seed fund to co-invest in a growing number of Palestinian start-ups. The recent ExpoTech 2005 in Ramallah, sponsored by the Palestinian Information Technology Association, has demonstrated that there are clear opportunities for investment, which will encourage both employment opportunities and long-term economic growth.

A possible derivative to this idea is that certain parts of the investment might be reserved for companies seeking an Israeli partner, thus helping to promote regional coexistence.

**FPC Recommendation No 4:**

All investment recommendations should carry a pre-requisite of decommissioning of militias and private armies. Both in Northern Ireland and in Afghanistan, this stipulation has provided a greater sense of internal stability for the local population. It has also decreased the potential for distortions in the judicial, financial and democratic processes.