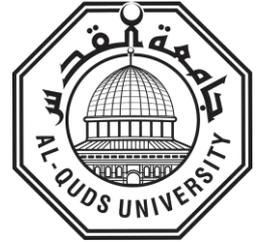


**Deanship of graduate Studies  
Al-Quds University**



**Political Uses of EU Aid in the Israeli-Palestinian  
Conflict: Consequences for Palestinian State-Building  
and Peace Prospects amid Oslo accords**

**Naba Mohammed Yacoub Khamees**

**M.Sc. Thesis**

**Jerusalem, Palestine**

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Conflict: Consequences for Palestinian State-Building  
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**A thesis submitted in Partial fulfillment of requirements  
for the degree of Master of Arts in European Studies  
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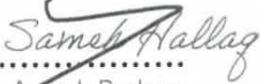
### Thesis Approval

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4- Committee Member: .....	Signature.....	

Jerusalem, Palestine

1446/2025

## **Dedication**

I dedicate this thesis to my parents for their love, support, and prayers. To my advisor for his encouragement and invaluable advice and guidance. To my family and friends who believed and supported me all the way.

**Declaration**

I, Naba Khamees, hereby declare that this submitted research thesis is my original work which was done after registering for an MA degree at Al-Quds Bard College for Art and Sciences Deanship of Graduate Studies at Al-Quds University. To the best of my knowledge, this thesis contains no material previously published by any other person.

Signed: *Naba*

Naba Mohammad Ycoub Khamees

Date: April 20, 2025

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Sincere gratitude goes out to my parents for all the sacrifices they made for me, without their prayers I would never have made it. For my family and friends, I thank you all very much for your support, care, and words of encouragement.

# **Political Uses of EU Aid in the Israeli-Palestinian Conflict: Consequences for Palestinian State-Building and Peace Prospects amid Oslo accords**

**Naba Mohammad Yacob Khamees**

**Supervisor: Sameh Hallaq**

## **Abstract:**

This research aims to examine the political dimensions of the European Union (EU) within the context of the Israeli-Palestinian conflict focusing on the effects of this aid on peace and state-building initiatives

The research will deeply investigate some of the reasons for EU aid, how it may affect the two-state solution, and how funds are distributed among different areas covering the period from 1993 to 2024. The EU's aid is alleged to use political conditionality in distributing aid which could compromise its neutrality and unintentionally make internal Palestinian divisions even worse, and therefore maintaining the current state instead of fostering peace. The EU recently decided to withhold funds from The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which will prevent UNRWA from providing crucial services to Palestinian refugees. The EU decision to withhold funds from UNRWA might be considered a violation of the international human rights law as this will hinder the EU's global obligations towards humanitarian and developmental aid to Palestinian refugees.

Taking into consideration different theories, such as political economy, peacebuilding, and dependency theory, the research will try to find links between political and economic issues related to aid. Political economy is about how politics affects the economy and the economy affects politics and how that influences EU aid distribution. Peacebuilding theory on the other hand focuses on the enhancement of governance and economic development through and how they are affected by the EU aid in the case of Palestine. Along with dependency theory, which argues that depending solely on aid might create economic dependence and hinder development.

Combining these viewpoints will help the researcher to find connections between EU aid and economic growth in Palestine on one hand, and the progress of building a Palestinian state on the other. Data evaluation and theoretical overview would facilitate an understanding of the role and functionality of international aid in Palestine to draw clear policy guidelines for policymakers to guide them in developing sustainable growth strategies.

To comprehend how EU aid is used as a political instrument in the Israeli-Palestinian conflict, a qualitative approach is used in this research through deep analyses of various reports and documents and related case studies. The topic of the research is slightly complex and in order to clearly understand the EU aid policies and their impact on peace and state building while adhering to international law, an inductive research method was used. Through the research, various comprehensive documents are analyzed such as; reports,

historical data, and policy papers and guidelines from the European Commission, UNRWA, and various international organizations.

The results show that EU humanitarian initiatives are restricted by political factors and structural inequalities as they will not be able to effectively contribute to peace and state-building in the long run. In addition, the EU's withdrawal of funding from UNRWA raised an important fundamental question of the global legal responsibilities the EU must fulfill to prevent the humanitarian crisis from worsening and therefore, hindering efforts to reach a fair resolution.

The research recommends that following international law guidelines and principles will lead to sustainable peace. The EU has to evaluate its aid strategies taking into consideration the legal humanitarian rights aspects and to safeguard refugee rights the EU must tackle the underlying causes of the Israeli-Palestinian conflict.

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## Chapter one

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### Introduction

Palestine has always been barraged with colonial and capitalist projects that share the goal of erasing Palestinians historically and physically. The 1948 *Nakba*<sup>1</sup> marked a major turning point in the life of the Palestinian people. First, this year the so-called “state of Israel” was established in approximately 78% of historic Palestine (Morris,2020, p8) with the support of the British colonization and the Balfour Declaration in 1917(Al-Bashayreh, 2012, P1). Second, Palestinian refugee camps were established as gathering sites for Palestinians who were dispossessed of their villages, lands, and property refugees. (Bryan and El-Rifai,2020).

In 1949, the (UNRWA) was formally established and took it upon itself to aid Palestinian refugees until a comprehensive and just solution to their cause was found (Faraj, 2020).

The second major turning point was the 1967 war, where the term "displaced persons" was developed to refer to those who fled from the West Bank and Gaza Strip upon or after the Israeli occupation of the territories in that year, as well as residents of the West Bank and Gaza who found themselves outside the occupied territories. While this study highlights the aid given to Palestinians by UNRWA from 2006 onwards, its central focus is on the EU funding for Palestinians post the Establishment of the Palestinian Authority (PA) in 1993. The establishment of the PA meant, in practice, locally institutionalized management of the life of Palestinians in the West Bank and Gaza that is necessarily influenced by the formation of institutional relations that facilitate funding from other countries and international actors such as the EU.

To help understand the connection between Palestine, the EU, and UNRWA, we will look at key historical events starting with the 1948 Nakba and the creation of UNRWA in 1949 to aid Palestinian refugees, followed by the 1967 war when Israel took over the West Bank, and the Palestinian uprising during the first Intifada in 1988 (Alimi, 2007, p443).

The formation of the Palestinian Authority in 1993 and events after that, including the second Intifada in 2000 and the Palestinian elections in 2006, changed the type and level of support from European nations and the EU. Today, all these events and situations have led to negative results and shifts in policies regarding funding methods and needs that have greatly impacted Palestinians, Palestinian refugees, and the efforts of various national and international organizations aiding Palestinians, like UNRWA.

The UNRWA provides Palestinian refugees in the West Bank with educational and health services. UNRWA provides primary education for Palestinian refugees up to the ninth grade and is also responsible for primary health care (Hallaq, 2024, p4).

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<sup>1</sup> *Nakba* is the Arabic word that denotes the 1948 catastrophe.

UNRWA also contributes to the improvements of camps through the financial support it receives from the EU and voluntary UN member states. According to Riccardo Bocco 2020, UNRWA is the international body through which Palestinian refugees are recognized globally. It does not only represent the Palestinian issue but deeply entrenches the definition of their status and it has retained importance in providing the refugees with their basic needs. When looking at the historical struggle between the Palestinians and the Israeli colonial occupation, the UNRWA and its relation to Palestinian refugees were beneficial, as UNRWA helped formulate their demand for justice and their right to return from 1948 till this day. However, one could argue that this is only in humanitarian crisis terms and the political implications of such a formulation of rights are otherwise undermining. The premise on which such an argument is based is simple and serves to discuss both the UNRWA as well as EU funding purposes: If the Palestinian-state project detailed in the OSLO accords of 1993-1996 and the two-state solution have not seen any success, humanitarian and development aid purposes must be put under examination. In other words, colonized populations are not most in need of money but for returning their own resources and means of livelihood.

The financial support the European Union provides to Palestine includes various programs and initiatives. These have traditionally aimed at supporting the Palestinian Authority, contributing to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and serving to implement projects for the development and stability of the region. In 2023, the European Commission approved an aid package worth 118.4 million euros for the Palestinian Authority in the West Bank, as part of the annual allocations to Palestine in 2023 (European Commission, 2023).

One of the objectives of this funding is to support the salaries and pensions of civil service employees, and it also includes social allowances for vulnerable families. In 2023, too, the European Union has contributed 82 million euros to UNRWA. This funding was specifically dedicated to Palestinian refugees in terms of providing vital services, including education for more than half a million children. (Foreign Affairs council, 2023). Similarly, in 2022, the European Union's support for the Palestinian people amounted to a total of 296 million euros in aid within the budget allocations. This budget supported the Palestinian Authority's expenditures on medical referrals, social allowances, salaries, and pensions, and also included financing some of the various projects in the occupied Palestinian territory (European External Action Service, 2022).

In 2021, there was an aid package worth 224.8 million euros for Palestine to support "vital" projects in the occupied Palestinian territory, and it included support for the Palestinian Authority, as well as support for pensions, salaries, social allowances, and the purchase of Covid-19 vaccines as well as support to improve living conditions in the West Bank (European External Action Service, 2022).

A critical review of the literature on EU funding policies for Palestinian refugees reveals several concerns. The Badil Center for Residence Rights and Palestinian Refugees clarifies these issues and also focuses on the policy of conditional funding from the European Union and the legal consequences as stipulated in Article 1.5 bis in Annex II of the General Conditions applied by the European Union to contracts and grants financed by it for external works. It is argued that such conditions, which impose political conditions on civil society organizations, especially those defending the right of Palestinian self-determination, are not only politically and morally reprehensible, but also contradict international law, and

certainly, this makes the European Union's practices illegal and unacceptable. (Badil Resource Center, 2020, p16).

Indeed, it is rather important to mention both the positive and negative sides of the EU's funding of UNRWA and Palestine. On the positive side, this fund has provided Palestinian refugees with their basic needs of life such as health care and education. By funding UNRWA, has also ensured the existence of all necessary logistics for UNRWA to function in accordance with its main reason to exist, which is providing protection and promoting peace for refugees (Irfan, 2017, p46).

However, on the negative side, this fund resulted in a more dependent and less self-reliant state for both UNRWA and Palestinians. This dependency would act as an impediment and a pressure point that would limit or even guide the UNRWA policies in favor of the EU's interest (Morris, 2009, p13). The Palestinian-EU relationship extends back in history before the establishment of the EU as an official entity in 1993 and the establishment of the PA in 1993 (Newman & Yacobi, 2004, p103).

The European countries dealt with the Palestinian question since 1948 on a bilateral basis, where the relationship was solely based on their interests and foreign policies. However, in the period that followed the establishment of the PA in 1993, the European countries started to have a concerted effort towards the Palestinian cause, which included wider financial, economic, and humanitarian support (Newman & Yacobi, 2004, p104).

Later on, with the official establishment of the EU as one entity, support for Palestine in all its forms increased in a noticeable way where the EU became a major donor for the PA, which raised the question of what the reality of the EU funding of Palestine, is it a humanitarian or political-based fund? Indeed, this financial aid plays a pivotal role in addressing the many facts and challenges faced by the Palestinian population, exemplified through humanitarian assistance and initiatives geared toward economic development. This not only significantly improves living conditions but also underscores a commitment to addressing critical humanitarian concerns (Barnett, 2011, p22).

Simultaneously, financial aid directed towards economic development fosters sustainable growth by funding specific projects that enhance job creation, for example. From the outset, this serves the European Union's strategic allocation of financial resources and contributes to the broader goal of promoting economic prosperity in Palestine, thereby claiming to positively impact the lives of its citizens.

#### International Aid to Palestine: Beyond UNRWA

Palestine has received huge amounts of international aid, especially after the Oslo Accords in 1993. Even though a large sum of these amounts went through UNRWA, still, a significant portion of the international aid was given directly to Palestinian institutions, government, and developmental projects to other international and local bodies besides UNRWA. The main purpose of these donations and aid is to foster economic development, enhance governance structures, alleviate poverty and most importantly, promote peace and stability in the region.

Contribution came from different sources, like the European Union (EU). The United States (US) and some of the Arab countries, and other international government and non-government organizations. These contributions mostly focused on building the Palestinian

Authority (PA) and enhancing its various government sectors to build the planned Palestinian state. Some international aid initiatives deemed necessary and affected directly the PA's ability to function as a reliable government, such as the EU's PEGASE initiative that provided crucial support for the PA, ranging from covering PA employees' salaries and pensions, and social allowances to capacity building (European External Action Service, 2022).

Other international aid initiatives focused on developing infrastructure to reduce reliance on Israel, and therefore, huge amounts of funds were directed towards financing infrastructure-related projects such as building roads, sanitation and water networks, healthcare clinics and hospitals, and schools. Economic development programs also targeted entrepreneurs and small and medium enterprises in different sectors, like agriculture and tourism, to help them grow and reach sustainability.

In addition, international donors were also interested in encouraging government reforms and building institutions and an institutional mindset, providing financial and technical support to improve and enhance public financial management and the judiciary system, create anti-corruption procedures, improve and emphasize electoral processes, and strengthen the rule of law. In addition, programs like EU-LAS MDP (Municipal Development Program) aimed to empower local governance by enhancing service delivery at the municipal level, and GIZ (the German Agency for International Cooperation) fund a range of capacity-building and infrastructure projects through line ministries and local municipalities, including water management, judicial reform, and vocational training (European Commission, 2020); (GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit, 2023).

However, the effectiveness of aid to Palestine was criticized extensively. Many argued that the reasons behind international aid were politicized and based on conditions such as specific political reforms or on some of the peace process indicators. As a result, some of the donors halted their funding after the 2006 legislative elections when Hamas won the elections. Critiques also argued that the Palestinians' attachment to the international aid created a deeply rooted dependency on aid, which limited the Palestinians' ability to achieve independence and self-reliance, and therefore the Palestinians failed to grow economically and reach sustainability, and most importantly, the resolution of the Israeli-Palestinian conflict was still out of reach (Barnett, 2011, p22).

While financial aid might indeed be beneficial for Palestinians in the short term, this study aims to argue whether this financial aid serves long-term and a wider political reason that introduces a complex set of challenges in front of the Palestinian political implications. Or whether it is solely humanitarian? In doing so, the study will further examine the imposition of conditions, political concessions, or conditional financing by the European Union as it compromises the sovereignty of the Palestinian government, turning financial assistance into a tool for political influence and manipulation, undermining Palestinian refugees' narratives and their right of return. While the continuous external financial support inadvertently hinders the growth of local industries and impedes the pursuit of self-sufficiency, creating a dependency that could thwart the region's economic autonomy (World Bank, 2021). It also means the outsourcing of the Israeli occupation responsibilities to the Palestinian Authority (El-Kurd, 2017, p3).

This study does not advocate for a delicate balance between political considerations and genuine socio-economic development that financial aid initiatives argue to seek, argued to

be in the pursuit of lasting peace and prosperity in the region, but see this aid as one that ignores major political questions that remain unresolved such as the Palestinians internal dispute over OSLO, particularly the Palestinian refugees right of return. This is in light of other fundamental strategic implications of such financial assistance such as the co-optation of grassroots civil society by the Palestinian Authority (PA) facilitated by the funds allocated to them by the European Union and American support (El-Kurd, 2017, p4).

### 1.1 Research Questions

To understand the true motives behind European aid to the Palestinian Authority, this research will try to answer the following question: **How has the European Union's political instrumentalization of aid influenced the trajectory of Palestinian state-building and peace efforts since the Oslo Accords?**

The answer of this research main question can be evaluated by investigating the allocation, distribution, and discourse related to EU funds in Palestine, and comparing them to the declared humanitarian and developmental goals versus political motives. Reviewing official EU documents, funding reports, and statements and media releases from EU officials, UNRWA, and other organizations to confirm or challenge this hypothesis. To develop a deep understanding of the research topic and effectively tackle the research main question, the study will try to explore the political motivations that drive the European Union's funding for Palestine from 1993 to 2024, in addition to the EU funding support and contribution to the two-state solution or serve the political Israeli agenda. In order to address the main research question, the research will also tackle the following sub-questions:

- In what ways has the European Union and United States employed aid as a tool of political strategy in the context of the Israeli-Palestinian conflict?
- How critical has European Union and United States aid been in the context of the peacebuilding and state building efforts in Palestine?
- What role has UNRWA played in implementing EU-funded aid, and how has this been politicized?
- How has the internal political dynamics are influenced by the dependency on external aid.
- How do Palestinian civil society consider and enact the political impact of European Union aid policies on their society?

### 1.2 Research Objectives:

- Examine the motives behind EU funding to Palestine amid Oslo Accords (1993-2023)
- Determine how EU funds are allocated and assess whether they contribute to development.
- To analyze the impact of EU, US and other international aid distribution, particularly the use of political conditionality and funding decisions concerning UNRWA, on the peace process, state-building initiatives, and the humanitarian situation in Palestine from 1993 to 2024.

## Chapter Two:

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### 2.1 Theoretical Framework

EU funding to regions like Palestine is an intricate subject deeply intertwined with political economy dynamics and geopolitical considerations, especially in the context of the Israeli-Palestinian conflict and the proposed two-state solution. Geopolitics can be defined as the strategic interaction of political, geographic, and economic elements between countries or groups. It is frequently influenced by national self-interest and the geographic setting. Increasing one player influence over another is one of the geopolitical tactics which is very much observable in the Middle East region (National Geographic Society, 2022).

Since the Oslo Accords in 1993 (**Oslo Accords**, set of agreements between Israel and the Palestine Liberation Organization (PLO) that established a peace process for the Israeli-Palestinian conflict through a mutually negotiated two-state solution) major programs have been launched by various international donors, both bilateral and multilateral. These programs have accounted for up to 46 percent of the Occupied Palestinian Territories (OPT) gross domestic product (GDP) in recent years. As a result, the OPT has become the second largest recipient of international aid per capita globally. Between 1993 and 2008, development assistance grew significantly, increasing from 179 million US dollars to 2.6 billion US dollars, a rise of 1,350 percent (Ibrahim & Beaudet, 2012).

Globally, guidelines have been developed to improve how aid works in unstable countries. The Organization for Economic Cooperation and Development (OECD's) principles stress the need to avoid causing harm and to focus on state-building and preventing conflicts. They also emphasize treating everyone fairly, following local priorities, and not leaving anyone out. One of the OECD's principles stresses that helping countries strengthen their ability to do essential tasks; like reducing poverty, providing security and justice, raising money, and supporting basic services and jobs; is crucial (Hoeffler & Justino, 2023).

Nevertheless, the extent to which this aid has fostered peace or promoted further development remains ambiguous. As highlighted by Flinders (2017), the Oslo Accords and their peace initiatives proved to be short-lived, raising concerns about the credibility and democratic accountability of Palestinian institutions. Consequently, it could be inferred that the prolonged financial support from the European Union to the Palestinian Authority failed to yield the intended outcomes due to its association with the Oslo Accords, many of which were not effectively implemented.

Despite the substantial aid, Palestine's development is still very limited due to the complexity of the issue and circumstances related to it. This literature review will explore the reasons

behind the ineffectiveness of aid to Palestine and investigate how aid is used to serve political agendas. The review will provide a comprehensive understanding of the factors contributing to the current situation in Palestine by examining existing research and theoretical standpoints.

The researcher will also use theories related to peacebuilding, development, and the political economy of aid in order to identify factors affecting international aid in Palestine. In addition, focus will be given to analyzing related empirical studies on dependency syndrome, corruption, mismanagement, and political fragmentation to understand the role of international aid in state-building. The empirical data collected and analyzed along with the theories discussed will help the researcher to come up with implications and guidelines for policy and practice.

International aid in conflict zones is a complex and multifaceted endeavor that requires careful examination of its effectiveness. This literature review explores key research findings and insights from various perspectives, shedding light on the challenges and successes associated with international aid interventions not only enriching the literature on this sensitive topic but also providing valuable insights for policymakers and aid organizations.

In order to understand the reality of funding to Palestine, it is essential to examine the influence and impact of international and EU aid on the political, economic, and social aspects. The theory of political economy helps us understand the interaction between political and economic factors and how funds are used and allocated influenced by policymakers and economic interests (Balaam & Dillman, 2013).

Another theory to explore is the theory of peacebuilding and development. This theory presents valuable inputs on aid distribution and effectiveness in conflict areas. The theory will help [p to understand the role of aid in reaching peace and growth, through building strong institutions to aim for sustainable development (Lederach, 1997).

Additionally, the researcher will also review the dependency theory. The dependency theory talks about the effects of international aid on areas or countries that receive that aid. It discusses the extent to which local government and development are affected by international aid as the aid is influenced by donor organizations' political and economic agendas and priorities (Prebisch, 1950; Dos Santos, 1970).

### **2.1.1 The Theory of Political Economy**

The theory of political economy can help in understanding the impact of EU funds on Palestine. The theory of political economy gives attention to the interaction between political and economic dynamics. According to Balaam & Dillman (2013), this theory is evident in various aspects.

**Firstly**, the theory explains that economic policies and activities are influenced by political structure. To measure and test the theory, we must understand the elements that affect economic decisions such as; governmental frameworks, political parties, and interest groups. In Palestine, for example; the distribution and effectiveness of EU funds can be greatly affected by the relationship between local government bodies and EU institutions and thus, the local government's ability to negotiate favorable funding terms, prioritize projects, and follow EU regulations (Balaam & Dillman, 2013).

**Secondly**, the political economy theory also discusses how economic development and governance are affected by the distribution of power in a certain society. In Palestine, the EU funds allocation and implementation are impacted by different political and economic actors (such as local elites, international donors, and civil society). This power distribution determines who will receive funds among organizations, and therefore, affects the development priorities (Hanieh, 2021).

Thirdly The political economy theory will help in understanding how negotiations are going between the parties involved concerning the EU funding. The EU provides funds for the Palestinian authority and civil society institutions and the purpose and allocation of these funds are discussed with these parties. These discussions usually have political and developmental preferences ranging from economic development to peace process and state-building. So, funding strategies success is determined by the effective management of funds received (Balaam & Dillman, 2013), (Hanieh, 2021).

Finally, the theory of political economy also considers external economic and political forces that affect economic growth in the recipient country. So, in Palestine for example, it is favorable to look at the international trade, economic patterns, and political changes in order to figure out how the EU fund decisions are made and how funds are utilized (Balaam & Dillman, 2013).

### **2.1.2 Peacebuilding and Development Theory**

The peacebuilding and Development theoretical framework highlights that international aid is necessary for peacebuilding and economic growth in conflict areas. External players have attempted to resolve the Israeli-Palestinian conflict for many years, and according to the Council of the European Union (2003), the EU tasked itself with conflict management, especially in its neighborhood, and identified the resolution of the Israel-Palestine conflict as a strategic priority. The EU made efforts to facilitate the peace negotiations and coordinated efforts between conflict parties and supported a ‘two-state solution’. The EU has also realized the importance of providing financial support to Palestine through creating programs to back up peace and economic development. The EU aimed to strengthen the Palestinian economy and Palestinian institutions through enhancing institutional capacities and creating better governance methodologies (Plonski, 2005). This involves creating a democratic environment and endorsing the rule of law as well as protecting human rights. It is also important to realize that economic stability and prosperity is the corner for peacebuilding especially in conflict areas. According to Lederach (1997), in Palestine, the EU has many funding programs that support Palestinians and Palestinian refugees such as infrastructure, job creation programs, and partnership-funded programs in coordination with the private sector such as financing startup projects in the tourism and agriculture industries. The goal of such funded programs and projects is to alleviate poverty and improve the living conditions of Palestinians. The EU also created funding programs for education and healthcare implemented through the PA and UNRWA. For example, the EU provided funds to UNRWA to sustain and enhance the delivery of basic education and technical and vocational education and training (TVET) to Palestine Refugee children and youth. The EU funding programs are paralleled with the United Nations' sustainable development goals (SDGs) as they both promote a cohesive society in Palestine and they both recognize that peace and development are the cornerstone for building a cohesive community (Miklian, 2019).

### 2.1.3 Dependency Theory

Dependency theory explains how developed countries in the world prevent the economic growth of developing countries and how the lack of growth in developing countries comes at the benefit of developed countries. Palestine for example, is dependent on external resources, particularly financial resources and this dependency affects its decision-making process. It is true that international aid can improve the economy but it can also make the developing country more dependent on the developed countries which provide financial aid and prevent its economic independence. Palestine relies heavily on outside financial aid programs, especially from the EU which is the largest donor and therefore the economic stability is attached to the donors' willingness to provide aid (Dos Santos, 1970). The urgent need for external financial support has delayed the economic development in Palestine and blocked the road for ever reaching sustainable economic growth. Lately, this was more obvious since the EU and other donor countries shift their funding priorities and cut down their funding levels.

According to Dependency Theory, international aid focuses on certain types of projects and industries and therefore neglects other industries thereby neglecting local industrial growth as a whole. The EU funding to Palestine gives priority to specific sectors neglecting the diversification of the local economy (Marcus et. al., 2019). The distribution of EU aid may create gaps in the community and between different groups and therefore increase social disparities due to EU preferences of whom to fund or which areas (Dos Santos, 1970).

Furthermore, the theory suggests that most of the international aid does not promote sustainable development instead it only focuses on short-term assistance. Most of the EU funds to Palestine are provided for urgent needs building certain projects without taking into consideration sustainable development and long-lasting economic growth initiatives (Marcus et. al., 2019).

There is also the matter of the political impact of EU aid on Palestine from the dependency theory perspective. International aid comes with certain conditions, these conditions typically require certain political and economic changes that are suitable with donors' political agendas and expectations and Palestinian leaders must comply with requirements in order to acquire funds ignoring the real needs of the Palestinian community which in turn restricts local independence (Balaam & Dillman, 2013). In addition, the Palestinian local governance is also affected by the EU aid as the EU tries to embed its own governance systems, preferences, and practices within the Palestinian organizations converting them into European institutions with no regard to local traditions and governance methods (Marcus et. al., 2019).

Relying on foreign and external aid is not an effective strategy to follow if Palestine is seeking economic and political independence. To create an independent self-sustainable economy Palestine should focus on developing an independent financial system capable of transforming Palestine into a self-supporting country (Marcus et. al., 2019).

It is through the dependency theory that we reach an adequate understanding of the difficulties and downsides of the EU financial aid to Palestine. While aid was designed for development purposes and to create the right environment necessary for peace and state building, the risk of complete reliance on aid could hinder resilience and restrict Palestine from reaching its economic and political independence. Working towards suitable

sustainable developmental initiatives to achieve long-term growth is something that should be included in the donors' agenda regardless of the existing conflict and political circumstances because providing urgent humanitarian aid will only solve short-term problems and needs and won't fulfill the vision of the Palestinian people and nor achieve the true purpose of aid.

## **2.2 Literature Review**

Since the Oslo Accord was signed in 1993, over US\$40 billion has been spent by international donors as foreign aid for Palestinians living in the occupied West Bank, East Jerusalem, and Gaza Strip. The complicated Palestinian-Israeli conflict has worsened the economic situation in both the West Bank and Gaza and restricted Palestinians from accessing their resources (World Bank, 2020). As a result of the ongoing Palestinian-Israeli conflict, Palestine suffered deteriorating economic conditions. The Israeli actions such as; restrictions on movement, confiscating lands, settlements expansions, and military interventions; all of which have negatively affected the Palestinian society and environment and obstructed economic growth in the Occupied Palestinian Territory (oPt), and increased the reliance on Israel (UN, ESCWA, 2021). In addition, other aspects of the Palestinian community were hugely affected by the Israeli unjust policies and regulations on both the institutional and individual levels such as governance, competitiveness, political independence, social composition, poverty, living standards, and total welfare. As a result, Palestinians became more reliant on international aid assistance which affected their stability and growth.

This literature review will start by discussing the political economy of aid to Palestine. The discussions will take place within the context of the Palestinian-Israeli conflict and how aid works in such an environment taking into consideration the political and economic aspects. Aid was designed as a development program meant to foster conditions that Western donors considered necessary for peacebuilding with Israel and as a political leverage. From that angle, the literature will explore how donors such as; the EU and the United States (US), use aid to gain political leverage and pressure to enforce their own political agendas and to condition their aid with requirements that stimulate political change and modify peace negotiations and outcomes. From a political economy perspective, the impact of foreign aid in the Palestinian context requires recognizing the inherent and embedded structures of power and relations of settler colonial dominance and control in the development paradigm and de-development processes (Tartir, Dana, & Seidel, 2021). Following that, the literature will review the methods of distributing and managing aid exploring the role of UNRWA and EU in allocating aid to Palestine and assessing the impact of aid management on the development efforts. To capture the complete picture, the review in literature will also include assessing the EU's involvement in supporting Palestinian independence efforts through its political involvement in the peace process and financial contributions and their effects on social and institutional development, education, governance, and the Palestinian economy in general. In conclusion, the impact and effectiveness of international aid to Palestine will be thoroughly analyzed pointing out the challenges hindering the aid's effectiveness in creating sustainable development and economic growth to pave the way for a sincere state-building effort in Palestine.

### **2.2.1 The Political Economy of Aid to Palestine**

Foreign aid to Palestine is looked at as economic and humanitarian assistance, but the truth is that aid is a sensitive political issue with tremendous effects on the Palestinian community. It is understandable that aid is important to meet urgent humanitarian needs but it is also used as an instrument for gaining political leverage on the recipient country. In Palestine for example, and in the context of the Israeli-Palestinian conflict, international aid is sometimes used as a means of political influence forcing changes affecting peace and state-building (Wildeman & Tartir, 2021).

So, looking at international financial aid and its relation and interaction with the political and economic situations will help in understanding the nature and dynamics of political aid in Palestine and how it affects Palestine's independence (Tartir, Dana, & Seidel, 2021).

Turner (2015), stated that policy decisions are deeply influenced by financial aid support in Palestine and one of the main goals of providing such aid is to gain political leverage and steer policy decisions in a way that fits donors' strategies (U.S. and EU) depending off course on their views of the Israeli-Palestinian conflict (Le More, 2008).

Le More (2008), Framed the discussion by presenting quantitative data on EU funding to both the Palestinian Authority (PA) and the UNRWA. He argues that the political economy in Palestine operates under what he termed the aid-development paradox, where large amounts of aid correlate with declining socioeconomic and human development indicators. Since the establishment of the Palestinian Authority in 1993, international aid disbursements to Palestinians have created an economy highly dependent on aid flows, but despite the substantial aid, the de-development process is evident in the high levels of poverty and unemployment, which hover around 30%, along with significant human and food insecurity, and the lack of basic rights and freedoms.

(Wildeman & Tartir (2021), provided a more culturally specific context and meaning describing this aid as a form of foreign intervention, aiming to achieve economic domination and pacification. He discussed the subject of international aid from a political economy point of view and argued that critics of aid, known as critical instrumentalists, oppose the view that the Oslo Accords and the aid framework are advantageous for Palestinians and should be maintained. Instead, critical instrumentalists believe that the Israeli occupation is the primary reason for the Oslo Accords' failure, obstructing peace and development, and rendering foreign aid unhelpful. Tartir, Dana, and Seidel (2021), described the current reality in the Occupied Palestinian Territories (oPt) as a depiction of neo-colonialism as colonial powers employ various socioeconomic and political strategies in developing countries. Neocolonialism manifests as economic imperialism, globalization, cultural imperialism, and conditional aid to exert influence or control over these nations. Neocolonialism differs from standard globalization and development aid by typically creating a relationship of dependence, subservience, or financial obligation to the neocolonialist nation. This often leads to excessive political control or escalating debt obligations, effectively replicating the dynamics of traditional colonialism. Neocolonialism impacts all levels of society, establishing neo-colonial systems that disadvantage local communities (Oxford Reference, 2024).

Foreign aid becomes a tool of political intervention and thus increases the humanitarian crisis in the oPt (Wildeman & Tartir, 2021).

Taking the Palestinian Economy for example, where foreign funding is supposed to bring prosperity, it brought the opposite; share per capita failed unemployment and poverty have increased (Spruyt,1994), and the Palestinian Political Economy did not benefit from the foreign aid. Trump administration between the years (2017-2021), for example, tried to promote that economic aid would bring development, but it was a political mission, rather than an economic mission. The whole purpose was to open the doors for the Israelis to legally seize the West Bank, by assuming that foreign aid will bring economic benefits to the future state of Palestine (Economic Framework, 2024).

As the political economy theory suggests involvement in economic development initiatives such providing aid carries with is an embedded political agenda that reflects the donors interests (Balaam & Dillman, 2013). The literature discussed in this sections clearly explained that the EU and US aid to Palestine is usually comes with certain conditions to comply with some of the donors political plans and expectations. For example; security reforms, democracy and peace talks are all part of the political pressure that is imposed on the aid recipient country to comply with in order to receive such an aid. This lines up perfectly with what the political economy theory focuses on: the interaction of power and resource allocation. Wildeman and Tartir (2021) supported this point of view when they talked about neo-colonial intervention and how international aid is used as an instrument to achieve it through influencing the political power and decisions in aids recipient countries by donors or aid providers. The political economy theory provides a helpful explanation on how international aid can be manipulated to serve external political agendas and not solely used for development.

### **2.2.2 Aid as a Tool for Political Conditioning**

Foreign aid contributions often come with conditions that align with the donor's political objectives. For example, the European Union (EU) and the United States, among others, have historically conditioned their aid on specific political reforms and peace processes (Bicchi, 2006; (Elgindy, 2012).

These conditions can pressure Palestinian leaders to adopt policies favorable to the donors' agendas. The EU presents these contributions as developmental, but there is increasing evidence in the literature indicating that the EU's funding policies have strong political dimensions and its policies are shaped by and affect the wider political environment of the Israeli-Palestinian conflict.

The EU financial aid to Palestine encountered many criticisms and debates, particularly from a political perspective claiming that the EU aid has political goals even though it has some benefits. It's important to acknowledge this important issue before delving into the challenges of providing aid in conflict areas such as Palestine. According to Le More (2008), EU financial support goes beyond aiding humanitarian needs and economic developments but it is also used for political influence. This viewpoint about EU aid is demonstrated through cases in which the aid is linked to political progress and/or changes from the Palestinian Authority. For example, fighting corruption, democracy, elections, and even peace negotiations. While these requirements seem beneficial, they serve the political EU goals in Palestine and the region. EU funding has been employed as a means of exerting political influence, as demonstrated by various incidents. According to Le More (2008), one such example is the EU's decision to halt direct aid to the PA after the 2006 Palestinian legislative elections, which saw a victory for Hamas. In addition, the U.S. has used its aid to

influence Palestinian politics by supporting specific factions and negotiating positions. The U.S. aid package has historically been tied to efforts to bolster the PA's authority over Hamas, the rival Palestinian faction in Gaza (Brynen, 1996).

The rationale behind this move was Hamas' failure to acknowledge Israel, reject violence, and uphold previous agreements between Israel and the Palestinians. Critics contend that this aid suspension penalized the Palestinian people for their democratic choice and worsened the humanitarian crisis in Gaza. Another example is the support given to the Palestinian Authority to improve the security sector by the EU and U.S. Recognizing the importance of an efficient security sector for stopping violence and maintaining peace, the EU and U.S. provided a huge amount of support to improve the Palestinian Authority security services. However, the support for security services has been criticized because it has not only been accused of lining up with EU and U.S. security objectives but also ignored the real reasons for the Israeli-Palestinian conflict (Sayigh, 2011).

According to Turner (2012), EU conditionality of aid could work as an incentive to change economic and political aspects positively and in favor of the Palestinian Authority, but at the same time, it can be looked at as interfering with the state affairs bending changes according to the preferences of the EU and western donors' policies. Tocci (2013), also maintained that the EU fund is linked with political criteria that require the Palestinian Authority to comply with such as; changes in governance, fighting corruption, and implementing global standards in democracy, human and minority rights, etc. Even though the aid intended to strengthen the Palestinian Authority, the conditions imposed on foreign aid may weaken it as the reliance on aid increases.

The Israeli-Palestinian conflict and the peace process provisions have influenced the EU aid policies. According to Turner (2012), the EU's concern about backing up the two-state solutions echoes its strategic interest to reach for stability in the Middle East in a way that does not contradict its overall objectives and foreign policy. Linking aid to certain conditions could backfire especially during the peace negotiations. According to Turner (2012), the EU could put the peace negotiations at risk if it pushes the Palestinian leaders to accomplish what the EU requires from them without their agreement therefore halting the peace negotiations and stopping or decreasing funding making the humanitarian conditions worse in Palestine (Turner, 2012).

Whether from the EU or other international donors in Palestine, using aid for political purposes could raise many questions on how donors make their decisions concerning assistance in conflict areas and what role they play in it. Paffenholz (2019), argued that a balanced approach should be followed; donors should aim for reforms in the political and governance systems without overlooking the importance of local sovereignty.

The EU financial support contributed to the development and stability in Palestine, but the politicization of aid made the allocation and disbursement of aid difficult and full of challenges. Accordingly, it raised many ethical concerns about the true purpose of aid, and in many incidents the outcomes were ambiguous. To improve aid effectiveness in Palestine, a well transparent and clear approach must be implemented and more attention must be given to peacebuilding and long-term sustainable development and a viable self-dependent state (Le More, 2008; Turner, 2012).

The political economy theory pinpoints how international aid is embedded in the foreign policy of the donors' countries and how it is utilized as a bargaining power over the recipients

countries to enforce a desired political change and therefore serving the donors interests and deploying their political agendas. In addition, dependency theory also offers related point of view as it explains hoe the structures of control are created as a result of conditional aid polices. The political shift that happened in Palestine after Hamas 2006 elections was a deliberate reinforcement of dependency mechanisms as it was not the desired political shift and that's why the EU seized funding and as a result aid was used as financial leverage and economic suffixation tool to enforce the expected change. So, the interpretations of these theories can widely clarify donors behavior when it comes to the real reasons behind international aid and how financial leverage is created (Dos Santos, 1970; Elgindy, 2012).

### **2.2.3 Control and Allocation of Aid**

The control and allocation of aid to Palestine by Israel have significant implications for the effectiveness and political dynamics of aid distribution. Tartir, Dana, and Seidel (2021), highlighted how the Israeli government and institutions control the final allocation of financial transactions, thereby benefiting from the aid at the expense of the Palestinian people. Seidner (2023), Persson (2018), and Bouris (2019), also argued that the formation of a Palestinian state is a multifaceted process influenced by numerous factors. Challenges to this formation include defining borders, establishing citizenship, achieving economic independence, and ensuring the functionality of state institutions. The international efforts to build a state in the occupied Palestinian territory follow neoliberal development principles but encounter difficulties on the ground. In pre-Israel Palestine, Jewish settlement colonization was aided by efforts to combat malaria and create socio-technical arrangements for state-building. The operations of the Palestinian National Authority have provided insights into state-society relationships and governance challenges, with varying capacities for rent management affecting the viability of the state. Decades of occupation have led to economic decline in the Palestinian territories, highlighting the need for specific economic solutions and the development of sovereign national governance institutions. These various factors together shape the complex political economy of state formation in Palestine. According to the UNCTAD (2019), the prospects for the Palestinian economy are grim because the sources of growth that have propelled it in the last two decades are disappearing, while the constraints imposed by prolonged occupation persist and worsen. Israel's control over aid to Palestine is evident in three key aspects; According to UN OCHA (2021), Israel's control over the movement of goods and people in and out of the Palestinian territories significantly impacts the delivery of aid. The permit system requires that aid materials be approved by Israeli authorities before entering Palestinian areas. This control extends to humanitarian aid, including food, medical supplies, and infrastructure materials. The restrictions are particularly severe in Gaza, where the blockade imposed by Israel since 2007 has severely limited the flow of goods and aid (B'Tselem, 2022).

The Israeli security procedures and controls play a significant role in delaying the delivery of humanitarian aid supplies at ports and checkpoints which decreases aid effectiveness and hinders the aid support for urgent humanitarian needs (Gisha, 2020). In addition, international donor organizations coordinate with Israeli authorities regarding aid disbursement and this process takes time and creates more delays as well it can also affect how aid is allocated and used and bureaucratic hurdles that affect the timeliness and effectiveness of humanitarian efforts (Gisha, 2020).

Moreover, Israel's control over key infrastructure and economic resources in the Palestinian territories also affects aid delivery. For example, Israel controls the flow of electricity, water,

and fuel to Gaza, which impacts the functioning of humanitarian projects and services (UNCTAD, 2019).

The restrictions on economic activity and movement can hinder the ability of aid organizations to operate effectively and implement projects.

Foreign aid intervention is meant to induce development and growth, but the performance of the Palestinian economy and humanitarian conditions are still worsening. Per capita income fell, mass unemployment increased, poverty deepened and the environmental toll of occupation has been rising in both the Gaza Strip and the West Bank (UNCTAD 2019).

Therefore, after decades of Israeli settler colonialism in Palestine and an unsuccessful "peace process" (Wildeman, Jeremy & Alaa Tartir, 2021).

The Palestinian economy has undergone extensive de-development. This process has stripped the economy of its transformative potential while simultaneously increasing Israel's colonial control.

#### **2.2.4 The Role of the European Union in the Palestinian State-Building**

The European Union's engagement in the Israeli-Palestinian conflict dates back to the 1970s. Still, in the 1990s, particularly after the Oslo Accords, the European Union's involvement became more pronounced. The European Union has consistently been one of the largest donors to the Palestinian territories, providing substantial financial aid for humanitarian relief, infrastructure development, institution-building, and support for civil society.

During 2007 and 2020 the EU allocated more than 2.5 billion Euros of financial aid support to Palestine becoming a key player in the area of economic and social development. The goal was to help build the Palestinian state by achieving a two-state solution focusing its aid on facilitating the peace process and the agreement between Israel and the Palestinian Liberation Organization (PLO) regardless of the ongoing Israeli-Palestinian conflict (European Commission, 2020). Ensuring Israel's cooperation, the EU adopted a more practical approach to achieve its goals targeting infrastructure projects, health, and education sectors through a multichannel aid distribution; direct aid to the Palestinian Authority, financial and technical support to the United Nations Relief and Works Agency (UNRWA) and civil Society organizations (European External Action Service, 2019). Steps that the EU took to show that the EU is very interested and committed to finding solutions for the Israeli-Palestinian conflict and its efforts did not stop on providing the necessary aid to alleviate and fulfill social and economic needs but it exceeded that to a broader commitment to development, peacebuilding and two-state solution initiatives.

#### **2.2.5 Political Engagement and Support**

The sovereignty and viability of a Palestinian state were always the concern of the EU as its political support was obvious when it recognized the Palestinian Authority and its leaders. The EU was calling for a two-state solution in which Palestine and Israel live beside each other peacefully with respect to the internationally recognized borders. The EU has also worked to strengthen the Palestinian Authority's position locally and abroad by keeping channels open for political dialogs and encouraging and supporting the PA in international deliberations.

Additionally, the EU has been outspoken against policies that hinder the two-state solution. This includes opposing Israeli settlement expansion in the West Bank and East Jerusalem, which the EU considers illegal under international law and a major obstacle to peace. The

EU has also condemned violence from both sides, urging a return to negotiations and adherence to international humanitarian law (European External Action Service, 2021).

The EU's aid strategy followed its political goals, but donors did not realize that achieving a two-state solution required changes from both sides. They did not pressure Israel to withdraw to the 1949 armistice line. The Oslo agreements did not mention the Fourth Geneva Convention due to Israel's veto. As Israeli right-wing parties gained strength, some Israeli officials claimed sovereignty over "Judea and Samaria" (Herremans, 2016).

The EU's hesitance to firmly challenge Israel's stance has created a situation where the rule of law is weak, making Palestinian state-building more difficult than expected. Israel, on the other hand, continued to violate international humanitarian law despite being bound by the 1907 Hague Regulations and the 1949 Geneva Conventions. As an occupying power, Israel is responsible for the welfare of Palestinian civilians, including providing food and medical supplies. Israel has not given the Palestinian Authority (PA) full sovereignty or fulfilled the needs of the occupied population. Donor aid has been used to meet these growing needs, making donors responsible for the Palestinian population. Israel has also hindered Palestinian economic development by introducing new control measures, such as closures, and retaining control over key government functions like land use, borders, and residency rights. This ongoing occupation has disrupted the EU's plan for the PA to become an effective authority. Donors did not address the negative impact of Israel's actions on Palestinian development and state-building or develop a strategy to handle Israel's international human law violations. They avoided condemning the occupation to prevent political disputes with Israel. Donors also overlooked the PA's human rights issues, especially after the isolation of the Hamas-led government in 2006 and Hamas's military coup in Gaza in 2007. The lack of democratic processes in Palestine has not been adequately addressed, falling short of the EU's good governance standards. The PA needs to improve accountability and resource management, even though it has made efforts against corruption; Key reforms in public procurement, civil service hiring, and private sector regulation are incomplete (Herremans, 2016).

European policymakers are growing more critical of Israel's actions that hinder the EU's aid efforts. This debate about the effectiveness of aid is happening at the highest political levels (Herremans, 2016), and as long as the Israeli government does not meet its international obligations, the EU's role will mostly be limited to addressing humanitarian crises.

## **2.2.6 Economic Assistance and Development**

Economic development is a key part of the EU's strategy for building a Palestinian state. The EU is one of the biggest donors to the Palestinian territories, providing financial aid to improve governance, infrastructure, and social services. The aid provided by the EU has several types; direct financial aid which goes directly to the Palestinian Authority budget, funding projects, humanitarian financial assistance, and technical support. PEGASE instrument (French acronym for Mécanisme "Palestino - Européen de Gestion et d'Aide Socio Economique") is one of the major EU aid initiatives through which the EU provides the PA employees' salaries, pensions, social benefits, and some of the regular expenses (European Commission, 2020).

The EU also supports developmental and infrastructure projects in different important sectors such as; water and sanitation, education, healthcare, and energy. The EU for example, provided funds for improving schools and the quality of education and financed building

plants for wastewater treatment. The EU also has several funding programs for the private sector to help them develop and prosper. For example, the EU funding programs for supporting small and medium enterprises including technical assistance such as training, and workshops, and most of these programs are channeled through UNRWA and other specialized organizations. The goal of the EU from these funding programs is to minimize the reliance on external assistants create self-reliance development promote economic growth and help in building an independent state. Commission, 2021).

The EU funding efforts for infrastructure, development for small and medium enterprises, training and capacity building for the purpose of reaching economic prosperity and political stability, all of which do align with the peacebuilding theory, nevertheless the literature question whether these goals are truly met (Lederach, 1997). The worsening economic situation, the rising unemployment rate and the violation of human rights are all suggest that peacebuilding efforts are not well coordinated and mechanisms are not implemented. Dependency theory argues that aid might be helpful in reducing poverty in the short term but relying on such an aid can create dependent and reliance on external aid and this in turn can limit economic independency and unintentionally may reinforce vulnerability in a situation that is already fragile due the political fragmentation and ongoing occupation and thus the interpreting this theory will help understanding how international aid and developmental outcomes are really coordinated. (Marcus et al., 2019).

### **2.2.7 Social and Institutional Development**

The EU made efforts to build the Palestinian state by enhancing the social and institutional aspects that will contribute to a strong Palestinian state. So, the EU made sure that elements such as; democracy, governance, rule of law, and human rights are well improved and managed. For example; the EU has supported elections in Palestine providing assistance and technical help and monitored the election process to ensure its validity (European Union External Action Service, 2021).

In addition, and to enhance the Palestinian Authority's capabilities, the EU has funded specialized programs to improve the judiciary and the legal system providing training programs for legal authorities and judges to increase their efficiency and independence and as well as providing support for legal aid services. The EU was keen to promote a sustainable state by creating stability and justice (European Commission, 2020), (European Union, 2021).

### **2.2.8 EU Aid Effectiveness**

Understating how to measure aid effectiveness is key to comprehending its impact on the Palestinian socioeconomic and political progress and thus state-building. Since the Oslo agreement, the role of international aid has been vital for the development of Palestine and therefore using methods to test its effectiveness is a necessity. Among the key indicators to measure aid effectiveness are economic growth, poverty reduction, and governance.

The economic growth is measured by different indicators. First, the Gross Domestic Product (GPA) growth rate which measures the value added created through the production of goods and services in a country during a certain period. According to IMF (2023), the GPA is inconsistent because of the ongoing Israeli-Palestinian conflict even though it reached 3% in 2022 which is considered within normal levels. Second, the per capita income which measures the amount of money earned per person in a nation or geographic region. Per capita

in Palestine was last recorded at 2859.92 US dollars in 2023 according to the trading economics (2023). The GDP per Capita in Palestine is equivalent to 23 percent of the world's average. Lastly, investment levels which is the act of allocating resources, usually money, with the expectation of generating an income or profit. According to the Palestinian Central Bureau of Statistics (2023), the total stocks of external assets for the Palestinian economy amounted to USD 10,575 million, foreign direct investment abroad contributed to 3%, and portfolio investments abroad reached 16%, while other foreign investments abroad (mainly currency and deposits) reached 68% and reserve assets amounted to 13%.

The World Bank (2022) estimates that the average income per person in Palestine is around \$3,400, which is much lower than the regional average of \$8,500. This indicates that aid has not significantly improved income levels. In addition to investment levels; According to UNCTAD (2023), Foreign Direct Investment (FDI) in Palestine was about \$140 million in 2022, which is low compared to the \$3 billion average in neighboring countries. This reflects ongoing barriers to investment due to political instability and movement restrictions.

Poverty reduction is also one of the main goals of aid. The effectiveness of reducing poverty is reflected through indicators such as; the poverty rate. The Palestinian Central Bureau of Statistics (PCBS, 2023) reports indicate that about 30% of Palestinians live below the poverty line. Compared to international poverty standards, the situation in Palestine is particularly concerning. The World Bank reported that the global poverty rate was about 9.2% in 2021, based on people living on less than \$1.90 a day (World Bank, 2022). Even using higher poverty lines for middle-income countries, like \$3.20 or \$5.50 a day, Palestine's poverty rate is still much higher. For example, in lower-middle-income countries, the poverty rate was around 24% in 2021, which is still lower than Palestine's 30% (World Bank, 2022).

Despite significant international aid, this rate has remained relatively unchanged. This highlights a critical challenge in the effectiveness of aid: while substantial financial resources have been directed towards poverty alleviation, the persistent poverty rate suggests that these efforts have not yielded significant improvements in living conditions (PCBS, 2023).

Successful implementation of aid cannot be achieved unless strong institutions are created and Effective governance is applied. A range of indicators is used to measure the effectiveness of such aspects such as; government effectiveness, corruption perception, and the rule of law. The scale that measures government effectiveness ranges from -2.5 to 2.5 and according to the World Bank (2023), Palestine scaled at 0.1 which indicates significant administrative and policy challenges. In addition, looking at the Corruption Perceptions Index, we can see that Palestine scored 40 out of 100 showing high levels of corruption that negatively affects the efficiency of aid (Transparency International, 2023). The rule of law is also worrying because and to the World Bank (2023), the rule of law scored 0.2 indicating that due to political instability and occupation, there are some concerns regarding the legal and institutional frameworks.

In literature, different studies tackle the challenges facing the effectiveness of aid to determine its impact in Palestine particularly. Some of which examine aid effects on economic growth, poverty alleviation, and governance. Even though quantitative statistical data is better suited for measuring the impact of aid on the economy, still these statistical data is not suited for measuring aid's impact on social and community dimensions especially when addressing the causes and reasons for the Israeli-Palestinian conflict therefore a more

quantitative and qualitative integrated approach should be used. For example, international aid effectiveness is hindered by the division between the Palestinian Authority in the West Bank and Hamas in the Gaza Strip which proposes a challenge for the EU on how to allocate aid in a way that favors the efforts of building a Palestinian state as this division complicates building a unified state (Seidner, 2023). Moreover, measuring aid effectiveness through a combination of quantitative and qualitative methods comes in handy when looking at political solutions. The role played by the Israeli occupation is significantly delaying the EU developmental effort in Palestine. The restrictions on free movement, access to resources, and land confiscations all stand as obstacles in the way of development (Seidner, 2023). Seidner (2023) and Roy (2018), argued that there is too much focus on development plans and institutional support and the political problems are still unsolved which makes calling for a two-state solution through EU funding ineffective.

Supporters say EU aid helps by improving Palestinian governance and economy, which are essential for a future Palestinian state alongside Israel. They emphasize that building strong institutions is crucial. Critics, however, argue that despite the EU's financial support, it hasn't adequately addressed key causes of the Israeli-Palestinian conflict, such as Israeli settlements, security concerns, and divisions among Palestinian groups. They believe that focusing mainly on aid and institution-building may not be enough to resolve these underlying issues and achieve a lasting peace agreement. Iqtait (2014) suggested that aid ineffectiveness in the Palestinian context can be attributed to four key factors.

**First**, political effectiveness; he argued that the aid provided to the Palestinian National Authority is highly political because it is used as a substitute for the political process. The interactions among donor communities are influenced by their policies and Israel; Palestinian participation in this decision-making process is often insignificant. Donor community aid policies focus on short-term results rather than long-term development. In addition, there are growing worries that the policies of international donors might be violating International Humanitarian Law, and the political divide among Palestinians has gotten worse because donor policies tend to favor certain factions (Le More, 2008). Anderson (1999); Shearer (2000), and Slim (1997) also argued that aid can symbolize political and economic power in conflict and post-conflict areas. Conflicting groups often attempt to seize these resources, and sometimes aid is stolen by these groups, worsening the conflict. Aid can also strengthen existing political factions in recipient countries as donors sometimes direct aid to specific political groups, which can fuel conflict and increase competition (Anderson, 1999).

**Second**, the macroeconomic effectiveness; the Palestinian economy's growth in 2008, 2009, and 2010 was mainly due to international financial support, leading to "jobless growth" (Tartir, 2011). Tartir (2011), argued that aid provided to Palestinians is reducing the economy's production capacity and being unfair to the poor a sign of de-development as socioeconomic indicators shows. According to Tartir (2011), around 26% of Palestinians were in poverty based on consumption, while 50% were in poverty based on income in 2009 and 2010. Additionally, 50% of Palestinian households faced food insecurity, with 33% being food insecure and 17% vulnerable. Unemployment rates have been consistently high, with an overall rate of 25% and a concerning 43% for Palestinian youth under 30 (Tartir, 2011).

Grellmann (2011); Anderson (1999), and (Slim, 1997) stressed that among the reasons aid provided to Palestinians is reducing the economy's production capacity is that aid can weaken the ability of local populations to use their resources for survival by replacing local systems like food distribution and healthcare and therefore undermines the local political structure's ability to use domestic resources. This can lead to these resources being redirected for political purposes by local groups. Aid can also disrupt the local economy, creating imbalances in supply and demand, which leads to market failures. (Shearer, 2000; Lischer, 2003).

**Third**, developmental effectiveness; according to Turner, (2009), the impact of international aid on development is still debatable as the aid has not led to significant development progress due to overlooking factors such as Israeli closure policies, military occupations, and settlements which made achieving sustainable development challenging under the current international development approach (Turner, 2009); (Wake, 2008). Therefore, the current aid frameworks are likely to lead to the inefficient use of aid resources from a developmental standpoint as international aid may just improve living conditions under occupation without promoting sustainable development.

**Fourth**, the contextual effectiveness. Iqtait (2014), further explained that because the Palestinian National Authority, the main aid recipient, has limited control over its territories, issues such as aid distribution and planning became more complicated as occupation still heavily influences all aspects of the oPt, including development cooperation. Overlooking this reality leads to the creation of a reliant and unsustainable entity with minimal control over its resources and developmental rights (Ibrahim; Beaudet, 2012).

The European Union has given substantial financial and technical support to the establishment of a Palestinian state, but its efforts have not yielded the desired results, especially when examined through the lens of political economy. Although the EU's emphasis on technical help and development projects is crucial, it often overlooks the more profound political and economic challenges that hinder the success of its support and do not promote Palestinian state-building or lasting peace. The potential benefits of EU aid have been undermined by the confluence of aid conditions, ongoing occupation, internal Palestinian conflict, and Israeli monitoring. A more cohesive strategy is required to address these concerns, one that engages in active engagement with the political challenges and roadblocks arising from the Israeli-Palestinian conflict while also providing humanitarian aid. The EU's aid methods have not sufficiently addressed the fundamental causes of the Israeli-Palestinian conflict. The ongoing Israeli occupation, marked by strict limits on movement, access to resources, and economic activities, has continued to obstruct the growth and operation of Palestinian state institutions. The EU's strategy has frequently failed to effectively confront these occupation policies, whether by design or not, reducing the effectiveness of its aid efforts and leaving major obstacles to Palestinian state-building unaddressed.

To effectively evaluate the EU and other international aid a multidimensional theoretical approach was used. As the political theory explain topics such as; political structures, which refers to the organizations and systems that governs a state or society geopolitical notions and governance priorities (Honig, 2015), geopolitical notions and governance priorities, the peacebuilding theory concentrate more on the technical and institutional development perspectives. However, the model failed to resolve structural impairments due to the ongoing Israeli occupation that has limited the model's ability. Meanwhile, the dependency theory

underlines how policy makers can undermine the goals that aid is aimed to accomplish by shedding light on the long-term effects of conditional international aid. Combined together, these theories produced a comprehensive understanding of the way the provided resources and the outcomes achieved is effectively coordinated stressing the need for more integrated, politically informed and transparent aid strategy.

## **2.3 Research Methodology**

### **2.3.1 Introduction**

This chapter explains the research method used to study how EU aid is used for political purposes in the Israeli-Palestinian conflict. The chapters will focus on the effect of EU aid on the political, economic, and humanitarian aspects. Taking into consideration critical events and related documents and reports. To reach a full understanding of the subject, the researcher will use the inductive research method which facilitates the analyses of data without establishing hypothesis streaming results from the material studied. The inductive approach begins with a researcher collecting data that is relevant to the research study, then the researcher will analyze this data broadly, looking for patterns in the data to develop a theory that could explain the patterns. Therefore, an inductive approach starts with a set of observations and then moves toward developing a theory. The use of the inductive method in such research will facilitate comprehension of the complexities surrounding the political and humanitarian features of EU aid within the context of the Israeli-Palestinian conflict which is affected by political alliances, legal interpretations, and economic issues. Inductive research flexibility allows the researcher to come up with theories starting from specific observations and gradually identifying broader trends. Due to the lack of clear theories or hypotheses in the literature on the EU's involvement in the Israeli-Palestinian conflict, the research will require an exploratory method to stay open to different interpretations and reach unanticipated findings, like for example, the effects of EU aid on the Palestinian political division and power imbalances. This flexibility allowed the research to reflect the complexity of the situation, resulting in more comprehensive and insightful conclusions.

### **2.3.2 Research Design**

#### **Qualitative Research Method**

To ensure a thorough investigation of how aid operates in the Israeli-Palestinian conflict the researcher will employ a qualitative research method. Seeking comprehensive insights on descriptive concepts such as motivations, reasons, and results related to aid distribution, qualitative research will provide better detailed insights than numerical figures or quantitative data. Because of the complexity of the relationship of the parties involved in the study (EU, Israel, and Palestine) and how these relations are affected by political coalitions, international considerations, and economic conditions, and the elements of the surrounding environment, including social, political, and humanitarian aspects of EU aid, a qualitative approach will be more suitable to follow in this study.

### **2.3.3 Rationale for Inductive Research**

The inductive research was a better choice for this kind of research because it follows a ground-up methodology. The research started by collecting data and analyzing documents

and then developing a conceptual framework and theory. Because there was a lack of theoretical explanation concerning the political instrumentalization of the EU aid in the Israeli-Palestinian conflict it was necessary to choose an approach that is open enough to be more flexible in dealing with emergent patterns. The inductive approach also is a good fit with the aims of the study which is an exploratory in nature taking into consideration its complicated facets such as political manipulation, consequences on peace and state-building and Palestinian governance, all of which are not entirely covered by existing models. So, the inductive research approach allows to derive the theory from empirical observations and then developing a framework that is based on actual practices and not on assumptions. Moreover, the inductive research approach was also chosen for other reasons. **First;** the topic did not have a clear theoretical framework or hypothesis from the beginning, requiring a method that lets findings develop naturally from the data. **Second;** inductive reasoning enabled the researcher to start with specific observations (like case studies and document analysis) and gradually identify broader themes and patterns. **Third;** the method aided an exploratory inquiry into the political use of EU aid, a topic influenced by complex geopolitical factors.

Inductive research is particularly helpful when dealing with intricate and debated political situations like the Israeli-Palestinian conflict, where elements such as outside political pressures, legal interpretations, and humanitarian emergencies interact in unpredictable ways.

### 2.3.4 Data Collection Methods

- **Document Analysis:** A major part of the research method was document analysis. The study reviewed a variety of materials, including:
- **EU policy documents:** Reports, policy papers, and funding guidelines from the European Commission and European Parliament were examined to understand the EU's official position on aid distribution in Palestine.
- **Historical documents:** These gave insight into how the EU's role in the Israeli-Palestinian conflict has changed over time, especially since the signing of the Oslo Accords.
- **International organizations' reports:** Reports from UNRWA and other global organizations provided important information on the humanitarian effects of aid distribution and its impact on refugee communities.

The document analysis was crucial in understanding the connection between stated EU goals (like supporting the two-state solution) and the actual effects of aid on the ground, especially in terms of peacebuilding, state formation, and governance.

### 2.3.5 Case Studies

Case studies were used to give a detailed look at certain events and aid efforts. These cases included: The EU's reaction to political shifts in Palestine, such as the 2006 Palestinian elections and the following Hamas-Fatah split, which significantly changed how aid was distributed and the EU's role in Gaza and the West Bank. The humanitarian crisis in Gaza, where EU aid is crucial in supporting vital services through organizations like UNRWA.

Case studies allowed the research to focus on key moments where EU aid policies interacted with local political situations, giving clear examples of how aid can serve as a means of political influence.

### **2.3.6 Data Analysis**

#### **2.3.6.1 Thematic Analysis**

Thematic analysis was used to process the information collected from documents and case studies. Thematic analysis is a method that finds and explains patterns in data. The analysis uncovered important themes of the study related to the political use of EU aid, such as the conflict between humanitarian aims and political reasons for aid distribution. The effect of aid on Palestinian political division, particularly the split between the West Bank and Gaza. The wider effects of aid on peacebuilding and state creation, especially regarding the two-state solution.

The inductive approach of thematic analysis was crucial for this research, as it allowed for the discovery of unexpected results, such as how EU aid has, in some instances, sustained power imbalances instead of fixing them.

### **2.3.7 Justification for Inductive Research Method**

The inductive approach is a good fit for all three theoretical frameworks. The political economic theory focusses on explaining the interaction between the political and economic forces and because of that the inductive research help tracing the donors' economic and political interests and how international aid serves them by studying and documents, funding policies and analyzing their effect. In addition, the peacebuilding and development theory highlights the importance of institutional capacity and governance. With relation the theory the inductive research approach gives us the chance to understand how peacebuilding efforts if international aid effect peacebuilding and development and is constructive or it undermines all these efforts in light of the political circumstances and withholding funds. Lastly, the decency theory criticizes the long-term outcomes of the international aid and how it creates economic and political dependency. The use of inductive research can help to find evidence of dependency norms based on investigations and analyses of historical trends and norms and understanding relationships between donors and recipient of aid.

### **2.3.8 Flexibility and Openness**

A major benefit of the inductive research method is its flexibility. Given the changing nature of the Israeli-Palestinian conflict, with shifting political alliances and the changing role of the international community, an inductive approach helped the research stay open to new interpretations and insights as they appeared from the data. Instead of testing an existing theory, the study formed theories based on observations, ensuring a deeper understanding of the complexities involved.

### **2.3.9 Discovery of Unanticipated Findings**

The absence of pre-defined hypotheses allowed the research to find unexpected results. For instance, the study showed how the EU's emphasis on humanitarian aid, though well-meaning, sometimes had unintended political effects, like deepening the political split between Hamas in Gaza and Fatah in the West Bank along with Israel's violations of human rights and international law. The value of such findings might have been lost if another approach had been used instead of the inductive approach, such as a deductive method. It is also important to note that because of the use of inductive research methodology the researcher was able to anticipate some of the unexpected effects of the EU aid such as; how the intentions of providing aid may be unintentionally shifted from humanitarian use to reinforcing political and economic propagandas and it was possible to catch these deviations through inductive research mechanisms; the defunding of UNRWA and its impact on international was an obvious example.

### **2.3.10 Addressing Complex Realities**

The political use of EU aid is shaped by many factors, including outside geopolitical influences, local Palestinian politics, and international legal rules. An inductive method was more effective in capturing these complex interactions. By beginning with specific examples and forming broader conclusions, the research was able to reflect the layered realities of aid distribution in a politically sensitive place like Palestine.

### **2.3.11 Limitations of the Methodology**

Even though the inductive approach had several benefits, some limitations were also noted like subjectivity; like many qualitative methods, the researcher's views could create bias. However, this was reduced by using findings from various sources (e.g., documents, and case studies). In addition to generalizability; the focus on specific cases in the inductive research might restrict how broadly the findings can be applied. Still, the thorough analysis offers valuable insights for understanding similar situations.

### **2.3.12 Conclusion**

The qualitative and inductive research method applied in this study created a strong basis for examining the political use of EU aid in the Israeli-Palestinian conflict. By carefully analyzing documents and case studies, the research revealed new insights into how aid affects peacebuilding, state formation, and political situations in the region. By letting findings develop naturally, the inductive approach provided a detailed and complete understanding of the topic, making it a suitable methodology for this complex and changing issue.

## **Chapter Three**

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### **The Defunding of UNRWA after the 7<sup>th</sup> of October events and the International Law**

#### **3.1 Background**

The European Union has been the biggest provider of external assistance to the Palestinian people for many years. Between 2014 and 2020, the EU allocated €2.2 billion to assist the Palestinians. EU assistance to the Palestinians through the European Joint Strategy 2021-2024 amounts, to almost, €1.18 billion (European Commission, 2023), (Bilquin and Kowald, 2023).

The financial assistance rendered by the European Union to Palestine encompasses a multitude of financial mechanisms. Mainly, the most substantial segment of this assistance comes from the Neighborhood, Development and International Cooperation Instrument (NDICI) – 'Global Europe', applicable for the period spanning 2021 to 2027. This initiative implicates facilitating the establishment of an administrative framework, fostering the development of novel infrastructure, alongside providing support for civil society initiatives. As delineated by the European Commission, there has been an endorsement of €681 million from the anticipated total of €1.18 billion designated for the timeframe 2021 to 2024 since the inception of 2021, with a remainder amounting to €218 million that remains unallocated (European Commission, 2023), (OECD, 2023).

In accordance with assertions from the European Commission's Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) (2023), a substantial influx of more than €26.5 million was deployed towards humanitarian initiatives benefiting Palestinians in 2022. Moreover, for the subsequent year, 2023, the EU has released €28 million in humanitarian support for those Palestinians rendered vulnerable and in need of assistance (European Commission, 2023), (Bilquin and Kowald, 2023).

According to the European Joint Strategy (2023), the focus of the European Joint Strategy for 2021-2024 has been mainly on development cooperation in five areas: democracy, rule of law and human rights; governance reform, fiscal consolidation, and policy; sustainable service delivery; climate change, self-sufficient water, and energy services; and sustainable economic development.

A budget, or €25 million, has been allocated to support the Central Election Commission of Palestine, enhancing transparency, strengthening institutional capacities, promoting the role of media in elections, and ensuring an active and engaged civil society. The financial aid

also aimed to strengthen the independence and competence of the High Constitutional Court and enhance accountability and transparency of the security and justice sectors (European Joint Strategy, 2023).

Governance reform and fiscal consolidation and policy were also supported by the EU aid. A €222.5 million budget has been allocated to support the PA in building effective, capable, accountable and responsive institutions, which are as fiscally sustainable as possible within the current parameters. This will strengthen the PA's ability to continue improving public service delivery and fulfill its obligations in line with international human rights law (European Joint Strategy, 2023).

The EU was also concerned about education, health, and social protection services. Therefore, a €248 million budget was allocated to enhance the delivery of these services. These include engagement with the PA to ensure curriculum reform in education, improving government hospitals and health services, and funding of government and NGO social protection services providers (European Joint Strategy, 2023).

The EU has also supported climate change action. It is helping Palestinians improve access to water, clean energy, and wastewater services through a twin-track approach focusing on sector reform and infrastructure investments with a budget equivalent to €147 million (European Joint Strategy, 2023).

### **3.2 EU Aid through UNRWA**

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides humanitarian assistance and contributes to protection of refugees through essential service delivery, primarily in the areas of basic education, primary health care and mental health care, relief and social services, microcredit, and emergency assistance, including in situations of armed conflict, to millions of registered Palestine refugees located within its five fields of operations (Jordan, Lebanon, Syria, West Bank, including East Jerusalem, and Gaza). The Agency does not have a mandate to engage in political negotiations or durable solutions.

UNRWA assists the 5.9 million registered Palestine refugees who live in 58 refugee camps in the West Bank, Gaza, Jordan, Syria and Lebanon. UNRWA runs 706 schools, catering to over 540,000 Palestinian children, and 140 primary healthcare facilities. UNRWA provides emergency food and cash assistance to more than 1.8 million Palestinian refugees and offers social protection services to 325,180 vulnerable refugees. With more than 30,000 staff, UNRWA is the largest UN operation in the Near East and a major employer in the region (UNRWA, 2024).

The EU aid assistance to UNRWA totaled €97 million in 2021, €97 million for 2022 (including €15 million from the food and resilience facility), €82 million for 2023, and €82 million for 2024. The total budgeted funds for UNRWA from the NDICI-Global Europe Instrument for 2021-2024 amount to €353 million (UNRWA, 2023).

In light of the 7<sup>th</sup> of October event, the subsequent Israeli military operation against Hamas in response to the events of the 7<sup>th</sup> of October 2023, has led to a catastrophic humanitarian situation for Palestinians living in Gaza and a deteriorating security and economic situation in the West Bank. In response, humanitarian assistance to Palestinians from the EU has drastically increased, reaching a total of €103 million for 2023.

Since Israel began its war after the 7 October attacks by Hamas, UNRWA has faced persistent allegations regarding the promotion of hate and violence by its teachers and other staff. During Israel's war on Hamas and its military wings and as a retaliation for the attacks on October 7th, Israel orally accused UNRWA of being prejudiced and not neutral in its policies and operations. Israel claimed that 12 UNRWA employees were involved in Hamas' Oct. 7<sup>th</sup> attack on Israel. Israel also claimed that around 10% of UNRWA's Gaza employees have links to the Hamas or Palestinian Islamic Jihad organizations, and 50% have close relatives who belong to those groups. Israel also claimed the Aid from UNRWA keeps getting diverted by Hamas and used to serve Hamas agendas. UNRWA on the other hand announced that all of the Israeli claims are not backed by evidence from Israeli Authorities and UNRWA became aware of this claim first from international media and later from a press briefing by an Israeli government official. In addition, UNRWA carries out detailed reference checks on any staff the Agency recruits and shares the names, employee numbers, and functions of all staff members every year in all five areas of operations with the host authorities (Lebanon, Jordan, Syria, and the Palestinian Authority) and, for the West Bank, including East Jerusalem, and Gaza, with Israel as the occupying power.

This means that at all times, host states and Israel are fully informed and aware of the details of all staff members working for UNRWA. As for the 12 individuals against whom allegations were made were all shared multiple times with Israel and other Member States. Prior to January 2024, UNRWA did not receive any indication from the relevant authorities of any involvement of its staff in armed or militant groups. In addition, the Agency screens its staff on a biannual basis against the UN Security Council Consolidated Sanctions List (UNRWA, 2024). In the meantime, UNRWA and in response to the allegations received by Israeli officials regarding the alleged involvement of 12 UNRWA staff in the October 7<sup>th</sup> attack against Israel, UNRWA decided to immediately terminate the appointments of these staff in accordance with applicable staff regulations, in order to protect its ability to deliver humanitarian assistance (UNRWA, 2024). According to Ribeiro (2024), under the UN's internal rules, due process is compulsory when misconduct is alleged. When serious allegations backed by incontrovertible evidence against UN personnel are put forward, the UN's secretary-general has the authority to order the summary dismissal of the accused staff. However, in other cases, typically, a board of inquiry is established to investigate the most serious cases, or accusations are picked up by the UN's internal investigatory department that may initiate a formal inquest based on preliminary evidence. As an immediate action, the staff member facing allegations of misconduct may be suspended. In the case of the 12 UNRWA employees accused by Israel, summary dismissal was a surprising decision considering the circumstances of the cases and the credibility of the accusing party. More surprisingly is when UNRWA launched an investigation into these specific allegations led by the Office of Internal Oversight Services (OIOS), which is the highest investigative body in the United Nations; the investigation revealed that the evidence obtained by OIOS was insufficient to support the staff members' involvement (Ribeiro, 2024).

Relying solely on the Israeli claims, many countries have decided to suspend aid to UNRWA. The UNRWA Commissioner-General issued another statement in response to several donor countries suspending, pausing, or temporarily freezing funding to UNRWA, stressing on the specific framework developed by UNRWA to ensure the neutrality and independence of its operations in line with the UN standards. The table below shows the list

of individual countries that decided to discontinue their UNRWA funding along with the EU (UNRWA, 2024).

#	Country Name	Donated Amount in Millions
1	European Union	\$114.1 M
2	United States	\$343.9 M
3	Germany	\$202.1 M
4	Sweden	\$61 M
5	Japan	\$30.2 M
6	France	\$28.9 M
7	Switzerland	\$25.5 M
8	Canada	\$23.7 M
9	United Kingdom	\$21.2 M
10	The Netherlands	\$21.2 M
11	Australia	\$13.8 M
12	Italy	\$18 M
13	Austria	\$8.1 M
14	Finland	\$7.8 M
15	New Zealand	\$560.8 K
16	Iceland	\$558.7 K
17	Romania	\$210.7 K
18	Estonia	\$90 K

Source: UN Watch (2024)

UNRWA's budget is dependent on donations from many countries. Contributions from United Nations member states, including regional governments and the European Union, account for more than 89% of the agency's funding. The top government donors were the United States, Germany, the European Union, Sweden, Norway, Japan, France, Saudi Arabia, Switzerland and Turkey.

The escalation of violence on October 7, highlighted again the political complexities surrounding international aid to Palestine, particularly by the EU. The politicization of EU funding and how funds to Palestine are attached to conditions and strategic interests were argued and criticized for a long time. Even though some consider the EU aid to Palestine as humanitarian aid, others tie it to political objectives such as promoting governance, peace, and security, with funding conditional on progress in peace negotiations or reforms within the Palestinian Authority (Turner, 2012).

When Hamas won the 2006 elections the EU suspended direct aid to the PA, which in turn worsened the humanitarian situation not only in Gaza but in the West Bank as well (Le More, 2008).

After the October 7<sup>th</sup> attacks debates have started again about whether international aid, including EU assistance, can genuinely remain neutral in such a politically charged environment. According to Sayigh, (2011), using aid as political leverage often exacerbates tensions, where EU support for security sector reforms aligned with Western interests rather than addressing the root causes of the conflict. The October 7<sup>th</sup> attacks also triggered the ethical and practical dilemmas of conditional aid, as the EU faces the challenge of balancing support for peace efforts and humanitarian aid while maintaining its stance against Hamas, which it designates as a terrorist organization. Therefore, and according to TEPSA (2023), the EU's approach to aid in Palestine must be reassessed, concentrating not only on political objectives but also on long-term peacebuilding that addresses the root causes of the conflict. This is essential to avoid further escalations like those witnessed on October 7<sup>th</sup>.

### **3.3 Implications of Withholding UNRWA Funding in the Context of International Law**

The withholding of funding for the United Nations Relief and Works Agency (UNRWA) raises significant legal and ethical concerns under international law. This action not only impacts humanitarian assistance but also challenges the operational mandate of UNRWA, potentially violating international humanitarian law and impacting Palestinian rights and peace efforts.

Comprehending the implications of withholding funds, especially in light of the principles of collective punishment, genocide prevention, and humanitarian obligations under international law is critically important.

### **3.4 Collective Punishment and International Humanitarian Law**

When the decision is made to punish the entire population due to a wrongful doing by a few people this reflects the principle of collective punishment, which is explicitly prohibited under international law. The collective punishments against civilian populations are prohibited according to Article 33 of the Fourth Geneva Convention. Brown (2021), argues that no matter its legality collective punishment is permitted. According to Julieta et.al., (2020), cutting or reducing support for UNRWA is categorized as one of the collective punishment actions and will produce undesirable consequences and threaten Palestinians' rights and needs undermining their social, health, and education and making the situation worse. The protection of civilians during armed conflict is protected by international law and imposing sanctions on UNRWA can threaten the lives of those civilians and not only jeopardize the well-being of hundreds of thousands of Palestinians but also put UNRWA's mission at risk and threaten the agency's ability to deliver essential services, such as education, healthcare, and food aid (Omar et. al., 2024). Another bad outcome of the collective punishment methodology is that it can produce more violence and dangerous reactions creating more conflict in the region and hindering its stability, and therefore adherence to humanitarian laws to maintain peace and order is required (Darcy, 2014).

### **3.5 Genocide and the Duty to Prevent**

The Convention on the Prevention and Punishment of the Crime of Genocide (1948) defines genocide as acts committed to seriously harm, or inflict conditions of life calculated to bring

about the destruction of a group, in whole or in part, with the intent to destroy the group as such (Smith, 2020).

When a genocide is underway, the international community has a moral and legal imperative to act. The University Network for Human Rights report (2024), concluded that Israel's actions regarding Gaza since October 7<sup>th</sup>, 2023, violate the Genocide Convention based on reviewing facts established by independent human rights monitors, journalists, and United Nations agencies. The report examined Israel's argument of self-defense and the tactics the Israeli military has deployed in combating threats from Hamas. It concluded that Self-defense is not an excuse to commit genocide. Self-defense must conform to international humanitarian law, which requires an armed force to meet the criteria of necessity, proportionality, and distinction. Israel's actions fail the tests of humanitarian law. Regarding the killings, injuries, or the bombarding of entire neighborhoods in Gaza and the West Bank, Israel has indeed violated international law on the Prevention and Punishment of the Crime of Genocide directly (Saba, 2024).

Israel is also intentionally starving Palestinians by destroying food supplies and severely restricting the flow of food, medicines, and other humanitarian supplies. However, withholding funds from UNRWA may not directly constitute genocide but the resultant deprivation of essential services such as food, healthcare, and education could contribute to conditions that threaten the survival of the Palestinian population, particularly in Gaza (Johnson, 2022).

In addition to goods, Gaza desperately needs fuel to allow people to purify water, process food and run medical equipment, like incubators. Since October 11<sup>th</sup>, Gaza has been under an electricity blackout as a result of Israel cutting off Gaza's electricity supply. Brown (2021), argued that the international community has a legal obligation under the Genocide Convention to prevent genocide and protect vulnerable populations from acts that could lead to their destruction, and withholding funds from UNRWA will inflict conditions of life in Palestine as a whole. Furthermore, Omar et. al., (2024), argued that the suspension of funds has political implications and may be part of a larger strategy to undermine UNRWA's role in the region, reflecting the complex political landscape surrounding the Israeli-Palestinian conflict. This in turn will affect the agency's ability to operate effectively and further complicate the humanitarian situation for Palestinians. It is also important to know that Israel as an occupying power is obligated under international law not only to refrain from committing acts of Genocide in any of its forms but to prevent it while it can. According to the Fourth Geneva Convention relative to the Protection of Civilian Persons in Times of War; Civilians in areas of armed conflict and occupied territories are protected by the 159 articles. Civilians are to be protected from murder, torture, or brutality, and from discrimination on the basis of race, nationality, religion, or political opinion. The Fourth Geneva Convention also prohibits the occupying power from forcibly transferring its civilian population into the occupied territory, regardless of their motive (American Red Cross, 2011).

Even though The International Court of Justice (ICJ) ordered Israel to take a series of immediate and effective measures to enable the provision of aid to people in Gaza, Israel did not comply with the (ICJ) ruling, instead, it's still air-striking targeted residential areas and hospitals, damaging many (UNRWA) installations across the Gaza Strip, and bombed Rafah, and blocking any movement in and out of Gaza and depriving the people of Gaza of

unrestricted access to essential livelihood supplies which is a clear violation of their human rights and a clear violation of the international humanitarian law (ICJ, 2024).

### **3.6 Humanitarian Obligations and the Right to Life**

Both International human rights law and the International Covenant on Economic, Social, and Cultural Rights (ICESCR) are clear about Palestinians' rights to life. The law declares that states must respect, protect, and fulfill the right to an adequate standard of living, including access to food, healthcare, and education (Doe, 2018).

The right to life is protected by many of the key treaties and conventions which are considered cornerstones for international human rights law. The International Covenant on Civil and Political Rights (ICCPR) is one of these treaties. The (ICCPR) compels fall conflicted parties to honor and protect the right to life even in times of war and conflict. As well as regional agreements like the European Convention on Human Rights (ECHR) and the American Convention on Human Rights (ACHR) which developed legal instruments to ensure the commitment to these rights and that everyone is legally accountable. All of these treaties and agreements are embraced in the International Humanitarian Law (IHL) as it is principally considered the main tool for reducing harm and minimizing or even preventing human distress during armed conflicts (Luban et al., 2015).

However, compliance remains inconsistent, particularly in conflict-affected regions. For instance, in Nigeria, where over 1.9 million people are internally displaced due to violence and instability, the enforcement of protections for the right to life is hampered by systemic issues like corruption and governance failures (Bjoerkan et al., 2018). Even though, the effectiveness of these treaties depends of their implementation in real life and accountability techniques and procedures, they are considered strong tools for protection.

Similar to Nigeria, around 1.9 million people in Gaza are currently displaced and heavily reliant on humanitarian aid. The conditions in which they live are described as overcrowded and disease-ridden, indicating a severe lack of basic necessities and health services UNRWA (2024). The West Bank has also experienced a significant surge in violence, resulting in 228 Palestinian fatalities, including 51 children. In five instances, it could not be determined whether the killings were committed by Israeli forces or by settlers (Norwegian Refugee Council, 2024).

In addition, the settlement-building policies that Israel is implementing have resulted in additional violations of IHL and humanitarian consequences for the occupied population including expropriation; damage and destruction of private property; misuse of public property; displacement of Palestinians; as well as Israeli settlers' violence against Palestinians and their property.

Donor states may violate their obligations toward the rights of Palestinian refugees if they withhold funding to UNRWA (Jones, 2019). According to Johnson (2022), the right to life cannot be suspended even in times of emergency. The deprivation of the Palestinians of essential services by defunding UNRWA could be viewed as a violation of this fundamental right (Smith, 2020). According to UNRWA (2024), there is a direct link between international funding and the well-being of the Palestinian population, and defunding UNRWA can lead to mass hunger and therefore increased civilian deaths in Gaza and deterioration of essential refugee services in the West Bank.

The right to life is one of the most basic of all human rights that is accepted without dispute and even encompasses sections such as the International Covenant on Civil and Political Rights. This right is never to be suspended under whatever circumstances including civil emergencies. This right to life also forbids the arbitrary deprivation of life to people and does not only focus on the restriction of actions by states. It equally places a positive burden on the state making the necessary measures to protect life, including providing necessities such as food, water, and medical attention (Louise, 2006).

To withdraw budgets from UNRWA which provides these life-sustaining services to Palestinian refugees is considered a violation of their right to life and will result in situations where Palestinian refugees are unable to access basic services and thus die in large numbers from treatable ailments.

The international community has a moral and legal responsibility to protect vulnerable populations, particularly in situations where state structures are unable or unwilling to do so. Defunding UNRWA without providing alternative means to meet the needs of Palestinian refugees could be seen as an abandonment of this responsibility, leading to severe consequences for the affected population.

### **3.7 Conclusion**

In conclusion, the decision to withhold funding from UNRWA based on the actions of a few staff members must be critically examined in light of international law (Smith, 2020).

The principles of collective punishment, the prevention of genocide, and the protection of human rights all suggest that such a course of action may be legally and ethically indefensible (Johnson, 2022).

It is broadly regarded as a contravention of international humanitarian law, and the present situation raises profound apprehensions regarding the compatibility of such a resolution with the foundational principles of justice and equity.

While the pursuit of justice for grave crimes is essential, it must not come at the expense of the survival and well-being of the Palestinian population, who rely on UNRWA for their most basic needs. Instead, alternative mechanisms for accountability should be explored that do not endanger the lives of those whom UNRWA is mandated to protect (Brown, 2021).

UNRWA is the biggest provider of critical services for survival to the Palestinian refugees in the region. Cutting down this lifesaving support would worsen the already dire humanitarian crisis in the area, and therefore difficulties and challenges faced by UNRWA should be approached cautiously due to the sensitivity of UNRWA's place and mission. For instance, the suspicion and accusations of UNRWA's employees of misconduct should be managed carefully due to the sensitivity of the issue considering the current situation in Gaza and the debates about UNRWA's position, and therefore actions could be directed toward those individuals who are directly involved and not punishing and imposing sanctions on the entire organizations. Such a methodology would facilitate accountability while preserving the humanitarian objectives of UNRWA. It is imperative to ensure that innocent civilians are not punished for the actions of a few. The principle of proportionality, a cornerstone of

international humanitarian law, requires that any punitive measures be carefully weighed against the potential harm to civilians (Doe, 2018).

It is not fair to punish the entire Palestinian population and deprive them of life-saving assistance due to improper actions performed by a few individuals as this unjustifiable reaction could make the humanitarian crises even worse. The most vulnerable segments of the population, including children, the elderly, and individuals with disabilities are those who are highly affected by the consequences of such actions. To ensure that the quest for justice does not inadvertently lead to further suffering or destabilization, the international community has to bear a responsibility. It is very critical to create a balance between accountability and humanitarian responsibilities. To address misconduct within international entities like UNRWA more precise and nuanced strategies must be formulated, the EU and other donor nations can ensure that assistance continues to reach those in dire need, while simultaneously upholding the principles of justice and human rights.

## Chapter Four

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### Findings

#### 4.1 Political Uses of EU Aid in the Israeli-Palestinian Conflict: Consequences for Palestinian State-Building and Peace Prospects

Since it was not possible to carry out interviews or surveys and discuss their findings; and even though the research is descriptive, the researcher chose to investigate and present findings by conducting a detailed document analysis and reviewing various types of documents, like reports, historical records, social media posts, or news articles, to gather information on a research topic. Also, the researcher will perform an in-depth analysis of one or more cases that can offer detailed insights into specific phenomena or contexts. Finally, the researcher will rely on content analysis and systematically study the content of texts, media, or other communication forms to find patterns, themes, or meanings.

The United Nations Relief and Works Agency provided significant financial support to the Palestinian Authority in efforts to aid Palestinian refugees; however, the support was hindered by the lack of political alignment between UNRWA and its corresponding political counterparts in Palestine causing more turmoil in the region and thereby stifling its ability to achieve peace and prosperity (Bilquin & Kowald, 2023).

The objective of the European Union is to address urgent humanitarian crises whilst ensuring long-term stability through future development in the region. Unfortunately, the Israel-Palestine conflict makes it extremely difficult for the EU to deploy its resources effectively without certain political parties attempting to leverage these resources for their own benefit. In the following chapter, the aid provided to UNRWA, and the PA by the EU will be examined and the underlying intent of this aid, which is to maintain existing power dynamics, will be argued accordingly (Bilquin & Kowald, 2023).

#### 4.2 Political Conditionality and its Effects

Political conditionality is a term that can be used to uncover the ineffectiveness of the European Union's aid to Palestine. Political conditionality implies that to receive aid, the counterparty, in this instance, the Palestinian Authority, must adhere to conditions associated with political reform, governance, or policies that are designed to strengthen the PA's credibility on the world stage (Le More, 2008). Findings, however, indicate that political conditionality is implemented more heavily on the PA and less so on the Israeli government.

As a result, the European Union clearly has a bias. On the one hand, the contingency for aid in Palestine is upholding certain political standards that are decided by the EU, while on the other hand Israel continues to build illegal settlements in the West Bank and deliberately exaggerates its military attacks in the region with complete disregard to a Palestinians right to life. It is a double standard, by virtue, and it completely diminishes the credibility of the EU and the trust the people have in its objectives, which instigates further conflict in the region (Saiygh, 2011). The findings of the research demonstrate that the European Union has consistently used aid as a mechanism of political leverage, rather than as a neutral form of development assistance. Instead of providing unconditional support towards developing the Palestinian regions, EU aid is oftentimes laced with particular political demands, especially concerning the conduct of the Palestinian Authority (PA) and its adoption of Western governance frameworks. One particularly illustrative case is the EU's suspension of direct aid after the election of Hamas in 2006. This meant the EU does not support political outcomes that conflict with its strategic interests. These incidents added new evidence confirming that funding from the EU automatically cuts off aid to the PA without meeting a minimum level of governance set by the donor, specifically regarding aid coordination and integration into Israeli security structures. This shows how aid is used as a reward for political compliance and punishment for divergence, and is therefore, highly conditioned. Hence, the politicized dimension of aid serves to further damage the EU's portrayal as a normative actor fostering peace and enabling self-determination. Rather, it reinforces the dynamic whereby the PA is coerced to focus on the motivations of the donors instead of domestic legitimacy which undermines democratic representation and increases dependency. Such an approach illustrates the EU's primary involvement in the geopolitical conflict instead of an unbiased peacebuilder.

Evidence from ECFR Research (2015)

The European Council on Foreign Relations (ECFR) carried out interviews with the PA as well as EU diplomats, and the results of those interviews were staggering. Although the EU has achieved a platform within the PA of financial transparency, the macro goals related to political reform have not yet been achieved and have often faced tremendous scrutiny (ECFR, 2015).

For instance, the European Union has been vocal about the importance of mitigating corruption to the Palestinian Authority, but it has been much quieter in addressing Israel's violations of international laws, such as the building of illegal settlements in the West Bank which in turn creates more corruption in the region. In a sense, the European Union's inability to address Israel's corruption is only creating further instability in its occupied territories, making it more difficult for its counterparties to thrive and be institutionalized.

Furthermore, this cycle of corruption and inadequacy of accountability for both sides has caused a shift in Palestinian affairs internally. Studies conducted by the ECFR have pointed out that funds delivered to the PA by the EU have been used to enhance political wings such as Hamas or Fatah as opposed to enhancing unity in the region. Clearly, deeper issues between Israel and Palestine must be resolved first to achieve long-term prosperity in both regions (Turner, 2012).

### **4.3 Implications for Peace and State-Building**

While the EU has been paramount in supporting the PA and providing humanitarian assistance by virtue of UNRWA, it has failed to address the broader issue of peace between

the state of Palestine and Israel. Bouris (2014), offers a substantial view of the EU's foreign policy, stressing that EU aid has strengthened the existing division in the region instead of challenging it. It is extremely crucial that the EU confronts Israel's occupation policies for the aid to be effective, per official members from the EU and Palestinian Civil Society members. In fact, Palestinian Civil Society members interviewed in Bouris's study indicate that although EU aid is important in maintaining function in governance, they do not provide sufficient support in peace-talks between the counterparties. The interviewees emphasized that this cycle of dependency is not solving the problem, it is just managing it, as the structural inequalities that fuel the conflict continue to persist. Continuing to provide aid without real political progress can sustain current power dynamics and dependencies. Need for Comprehensive Strategy; For EU aid to work better, a holistic strategy that combines humanitarian assistance with efforts to resolve political and structural problems is needed. This could include backing peace initiatives and reconciliation efforts along with providing immediate help.

The findings of the research show that even though some advancements were achieved in education, infrastructure development, and comprehensive reforms, the efforts are still far from meaningful peacebuilding or achieving statehood. When the EU provides assistance, it tends to respond to technical governance issues, completely circumventing the political realities of Israeli occupation. Respondents repeatedly reported that the EU has operated with a tendency of "conflict management" where aid creates a false sense of equilibrium without addressing some of the fundamental issues, like violence against Palestinians, settler colonialism, territorial fragmentation and overt expansionist policies. The European Union takes an institution-building approach to state construction without sovereignty, creating an empty scaffold devoid of essential marker of independence utmost independence. This effectively dismisses Palestinian aspirations, sidesteps self-determination, and the conditions necessary for sustainable peace. Instead of conflict transformation, EU aid is understood as reinforcing the status quo by perpetuating the governance framework under occupation. In this paradigm, the Palestinian Authority is an impotent administrator devoid of meaningful power. Even though the EU commits extensive resources toward Palestinian development, this support is not perceived as constructive because it fails to confront the underlying structure of the conflict. This makes clear the technocratic limits of assistance in situations laden with deep political conflicts.

#### **4.4 The Role of EU Aid in the Political Fragmentation of Palestinian Territories**

The EU's aid plan mainly targets the West Bank via the PA, which has increased the split between the PA and Hamas, the ruling group in Gaza. Since the EU labels Hamas as a terrorist group, Gaza has mostly been left out of direct EU aid, depending instead on other sources like Qatar and Iran. This exclusion has widened the political gap between the two areas and weakened efforts for national unity (Turner, 2012). Interviews conducted by the International Crisis Group (ICG) with Palestinian leaders and Gaza representatives showed that the EU's political view on Hamas has led to major humanitarian and political issues.

Aid workers in Gaza stated that the discontinuation of support from the European Union has not only created a drier humanitarian crisis for the population of Gaza but has also forced Hamas to look for support from other key players in the region, some of which are less regulated than the EU itself. This does not only create a greater political divide between the West Bank and Gaza, but it also creates a highly combustible landscape and makes it harder for the PA to coordinate its internal affairs.

The research findings strongly confirm the argument that EU aid has institutionalized a deep structural dependency in Palestinian institutions. This dependency has eroded the PA's strategic autonomy and restricted its ability to make independent policy or withstand external pressure. When aid is withdrawn, delayed, or diverted, as often occurs due to political reasons, essential sectors like education, healthcare, and civil service salaries are directly impacted. This weakness reflects a broader dynamic in which Palestinian policy-making is more driven by donor desire than national interest. In addition, EU assistance has not remained neutral in its domestic political impacts. Some interviewees commented that donor practice, such as the EU's asymmetrical interaction with Hamas and Fatah, has heightened internal cleavages. Because political parties respond in differing ways to donor incentives, this has only deepened cleavages rather than national unity. The result is a political climate where aid is utilized not only as a tool of outside control but also internal competition. Instead of strengthening a unified national leadership, EU aid has served to solidify a donor-reliant and fragmented political regime, raising profound questions about its long-term effects on Palestinian unity and sovereignty.

#### **4.5 Palestinian civil society and EU aid**

The record indicates that Palestinian civil society organizations (CSOs) are highly aware of the political constraints involved in EU aid programs. These include mandatory counterterrorism measures, political speech restrictions, and the imposition of depoliticized programming requirements. Many respondents indicated how these conditions induce programming paralysis, self-censorship, and defunding of necessary organizations, often without transparency or accountability. CSOs have also grieved over what they perceive to be the hypocrisy of the EU with regard to human rights: criticizing democratic norms yet punishing regional civil society actors that speak out about Israeli human rights abuses or that take inconvenient political positions. Despite these hindrances, Palestinian CSOs have been active. The data illustrates a range of strategies used in an attempt to resist or adapt imposed restrictions, such as framing advocacy coalitions, seeking alternative finance, or seeking local legitimacy over donor alignment. These strategies illustrate a broader awareness among civil society actors that conditionality in aid not only constrains action but also alters the very language and boundaries of activism. Thus, civil society responses to EU aid are not passive but instances of active steps to protect political agency and stay audible in a scarce funding environment that is increasingly influenced by geopolitical agendas.

#### **4.6 The Role of UNRWA in the Instrumentalization of Aid**

The United Nations Relief and Work Agency (UNRWA) is quintessential for administering humanitarian aid in conjunction with the European Union (EU) efforts to establish stability in the region of Palestine. Research shows that while the EU's large financial contribution to UNRWA is important in sustaining the quality of life for Palestinian refugees, it has also been used to push political prerogatives. This aid helps ease the humanitarian crisis, but it has also been criticized for maintaining the refugee issue by focusing on relief instead of finding solutions.

Moreover, depending on UNRWA for service delivery has lowered the pressure on both Israel and the PA to tackle long-term state-building and peace efforts. Israel gains from the ongoing humanitarian support because it allows the occupation to continue without facing the full economic and social impacts, while the PA is somewhat relieved of its duty to create

thorough state-building plans. Therefore, EU aid through UNRWA, though well-meaning, may unintentionally maintain the current situation instead of tackling the underlying causes of the conflict (Le More, 2008).

#### **4.7 The EU's funding to UNRWA and Its Implications**

UNRWA is a major recipient of EU funding, offering vital services to millions of Palestinian refugees throughout the Middle East. From 2017 to 2022, the EU provided over €500 million to UNRWA, supporting healthcare, education, and social services. Although this aid is crucial, its political consequences have been significant (UNRWA, 2024).

#### **4.8 Research Findings from Le More (2005):**

Anne Le More's research findings surrounding EU's funding of UNRWA discuss how international aid to Palestine has prolonged the refugee crisis instead of resolving it. Particularly, the study highlights UNRWA as an instrument that provides relief for Israel because it shifts the responsibility of providing support for refugees internationally thereby unburdening the Israeli economy and government from having to deploy its own resources - it can maintain its occupation with lower social and financial impacts. Hence, the EU's contributions, although significant in alleviating the humanitarian crisis comes up short in rectifying the underlying crisis which is to provide equal rights for refugees and give them a right to citizenship in unoccupied land. This creates a significant issue long-term because it diminishes the sense of urgency for international counterparts to fix the issue the conflict at hand.

UNRWA has had an important role in distributing EU humanitarian aid, particularly in the Palestinian refugee camps in the West Bank and Gaza. The findings highlight the fact that the agency is among the most important aid partners of the EU and particularly in providing services like education, healthcare, and social welfare to Palestinian refugees. But this role is becoming more and more politicized. A number of interviewees from several studies that were conducted before pointed out donor requirements, especially from certain EU countries, have sharpened in the last few years on funding restricting materials to the sanitization of political narratives and the absence of politics altogether. After October 7, some of those states also suspended funding or reduced it on unfounded allegations which further destabilized UNRWA's operations. These factors have put the agency in a difficult spotlight in regards to fulfilling its humanitarian operations and meeting the political demands set by sponsors. Its political role has diminished its credibility and operational autonomy while deepening aid dependency. Even as borders are being set, UNRWA is a blatant demonstration of how humanitarian institutions suffer from the strategic intentions of powerful global actors, all while being stripped of its mandate to assist confined refugee communities.

#### **4.9 EU Aid as a Tool of Conflict Management, Not Resolution**

Ultimately, the EU's aid to the PA, and its support of UNRWA has proven to create greater political fractures between the PA and Hamas, has diminished the urgency to find a sustainable long-term solution for peace, and has empowered Israel to continue to its aggressive occupation campaign of the West Bank by outsourcing its ethical responsibility to international actors as opposed to taking autonomy of the very problems it is creating in the region - perhaps it is time for the EU to reconsider its approach by beginning to impose a more permanent solution instead of a temporary one.

#### **4.10 Impact of the October 7, 2023, Events**

On October 7, 2023, Hamas conducted a large-scale attack. This escalation triggered a massive retaliation by the Israeli Defense Forces (IDF) causing a significant number of casualties to occur in Gaza, including the decimation of most of its infrastructure, roads, hospitals, refugee camps, mosques, and churches. Certainly, this war has imposed unique circumstances of the EU and UNRWA and many aid organizations which receive aid from the EU and US in particular. According to interviews conducted by Dr. Miriam Shah (2024), a Middle East conflict specialist, "The October 7 attacks led to a significant increase in casualties on both sides, with a particularly devastating impact on Gaza's already fragile infrastructure" (Shah, 2024). The conflict destroyed many facilities, including UNRWA schools and clinics, worsening the challenges faced by Palestinian refugees. Dr. Ahmad Khalil, an expert in humanitarian needs during conflicts claims that the issue in Gaza was already distressing before October 7th, but now many more are displaced, and the refugee predicament is significantly worse thus putting more pressure and dependency on UNRWA than ever before (Khalil, 2024).

#### **4.11 Impact on EU Funding and UNRWA Operations**

Laura Hendricks, a senior analyst at the European Council for Foreign Relations stated, "The EU faced huge pressure to boost its financial support to UNRWA due to the crisis. However, even with promises of more funding, the scale of the emergency caused major shortfalls, affecting UNRWA's ability to respond well" (Hendricks, 2024). Ultimately, the ongoing conflict creates a challenge for aid to both reach its destination and be effective. The heightened conflict, in the words of humanitarian logistic specialist Dr. Sami Abed, made UNRWA's work on the ground more difficult. Access restrictions and ongoing violence slowed down delivery and created serious operational hurdles" (Abed, 2024). Clearly, the ongoing conflict in Gaza has created obstacles for aid workers to be effective. The destruction of infrastructure such as roads and ports make it difficult to help, and the constant airstrikes that bombard the city of Gaza put the lives of the aid workers at risk.

Furthermore, funding priorities themselves have also been affected after October 7th. Priorities have shifted, as the EU has focused more on emergency relief and less so on the long-term development of the Gaza strip (Mogherini, 2023). This is a great example of a major setback in advancing the city of Gaza: funds are being allocated to resolve an issue that Israel is directly liable for instead of using the funds to progress the regions governmental and socioeconomic status. A new approach is necessary in the time of war, particularly for UNRWA (Cohen 2024). Dr. Elena Martinez, a researcher in peace and conflict studies says, "The focus on immediate relief might weaken broader peacebuilding efforts by not addressing the deeper political and structural problems of the conflict" (Martinez, 2024).

From a global point of view, diplomatic donors need to be well-coordinated in how they tackle the ongoing issue, being sure to address both immediate relief elements of the conflict, as well as the underlying political and social issues that instigated the conflict in the first place, as the UN Under-Secretary-General Martin Griffiths highlighted in an interview (Griffiths, 2024). The International Crisis Group is in alignment with Martin, as they advocate that political engagement is equally as important as conflict resolution (International Crisis Group, 2024).

To summarize, the analysis of case studies, interviews, and credible documentation were used to illustrate the impact of the European Union's funding on UNRWA, particularly in Gaza, putting forth the concept that in order for funds to be effective, key players on the international stage must prioritize a mix of both financial engagement and political negotiations in order to maximize the effectiveness of the aid and create a long-term solution in Gaza. The research revealed that the EU aid that is granted to the PA and UNRWA, has often been used for political purposes, usually to reinforce existing power structures instead of addressing the underlying issues of the conflict. The findings emphasize the need to broaden the vision of EU aid beyond a temporary relief mechanism towards addressing the underlying political and structural issues of the conflict. There cannot be any real change in the situation on the ground should this be coupled solely with humanitarian assistance without providing long-term solutions that seek to build peace and change the political dynamics in the region where the activities are being undertaken.

#### **4.12 Integrating Theories with the Research Results**

In analyzing the political instrumentalization of EU and external aid in the Israeli-Palestinian context, this study uses three interrelated frameworks: Political Economy and Peacebuilding, Development Theory, and Dependency Theory. Such theoretical frameworks, assisted in constructing research questions, and provided explanations derived from the findings, particularly attending to why EU and US aid in particular tend not to support authentic peace and state building in Palestine.

##### **First: Political Economy Theory**

**Key Concept:** The focus of Political Economy Theory is on the relationship between interests and power within economic and political structures, especially the underlying conditions and reasons through which aid is economically motivated and politically weaponized.

##### **Findings Connection:**

The study highlighted that EU and US aid is politically motivated. It serves primarily the EU and US foreign policy goals, such as maintaining the Palestinian Authority as a strategic 'recipient' or buffer zone ally rather than liberating or empowering sovereignty and dismantling occupation.

Aid spending patterns exhibited political biases, for example, the decision to stop funding the PA directly after the Hamas victory election in 2006, reflecting more the donor's political priorities than the Palestinian's developmental requirements.

Such practices exemplify the political economy reasoning where external aid funding is perceived as a tool to be used by sponsors to engage recipients in their designed course of action as opposed to any form of developing society or politics.

##### **Second: Peacebuilding and Development Theory**

**Key Concept:** The peacebuilding and development theory states that international assistance can facilitate peace-building after conflict by strengthening institutions, enhancing governance, and fostering socio-economic growth.

**Findings Connections:**

Despite significant EU and US funding to support the governance, education and infrastructure of Palestine (e.g. through PEGASE and UNRWA), the findings show minimal progress in actual state-building or, in resolving the conflict.

The data suggests that aid has insufficient attention to dominating political factors such as the occupation, absence of sovereignty, fragmentation of governing authority among Palestinians which fundamentally makes any peace efforts unworkable.

This disparity between the objectives of aid and the frameworks within which aid is given defend the critique that attempts for peacebuilding made without political justice and responsibility are ineffective and even damaging.

**Third: Dependency Theory**

**Key Concept:** The dependency theory suggests that prolonged aid from outside sources can lead to economic dependency, diminish self-reliance, and reinforce political subjugation.

**Findings Connections:**

This study highlighted that Palestinian institutions along with UNRWA have become highly reliant on European Union funding, thereby at risk to sudden changes in political policies like the recent defunding decisions post October 7.

EU aid tends to strengthen passivity and dependency by Palestinians, undermining the ability of the institution and the UN body to politically and administratively function, thus enduring the conflict and dependence on aid.

The research illustrates how the conditionality of aid relationships breaches sovereignty in parallel to dependency theory arguing that aid serves more as control in a subtle form instead of freedom.

**Integrated Insight**

The integration of these three theories illustrates that the EU and external aid system is situated among competing political divisions, humanitarian philosophies, and structural form dependencies. This framework strengthens the findings that:

- Aid provided in conflict zones such as Palestine cannot strip away political narratives.
- Development objectives become meaningless in the absence of a self-determined autonomous politics.
- The practices of the donors tend to reproduce, rather than resolve, the negative stereotypes of relations they purport to address.

This triangulation informs us in various ways precisely why the EU, US and external aid, despite its volume and claimed intention, has had scant influence towards achieving substantial peace or meaningful Palestinian state-building.

## Chapter Five

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### Conclusion and Recommendations

#### 5.1 Recommendations

The United Nations Relief and Works Agency (UNRWA) plays a pivotal role in providing Palestinian refugees with life necessities that promote human development and add relief to their quality of life, especially during times of conflict. The EU is one of its major donors, and they also provide urgent needs and support the long-term growth and development of the region. With that, it is vital to evaluate the strategies of both entities to ensure that these efforts are making a true impact. Based on the research data and results the following recommendations are suggested:

##### 5.1.1 Recommendations for UNRWA

- **Reinforce Human Rights Mandate:**

Firmly anchor all humanitarian programmes, and particularly UNRWA's education and protection initiatives, in the human rights of Palestinian refugees and resist external pressures aiming at watering down and politicizing UNRWA's mandate.

- **Strengthen Financial Sustainability:**

Develop long-term financial strategies such as multi-year donor agreements and broader partnerships with non-traditional donors in order to prevent political blackmail from recurring, like the defunding on October 7.

- **Reinforce advocacy:**

UNRWA needs to be assertive in refuting narratives that criminalize its humanitarian agency. It must also engage with the UN and human rights bodies to restate the international legal framework in which its operations and the refugee issue fall.

- **Improve Oversight and Transparency:**

Consistently provide data in real-time regarding deployment of capital, operations, legal affairs, political strategies, milestone achievements, and aid being distributed on the ground so that global organizations can be sure that funds are not being misused or improperly executed.

- **Boost Local Involvement:**

Engage with local municipalities and the citizens of Palestine to create a feedback loop that enhances the effectiveness of aid and development.

- **Use Conflict-Sensitive Approaches:**

Prevent escalation in conflict by putting security measures in place that ensure civilian safety during aid campaigns, so resources are not misused or weaponized by any counterparty in the region.

### **5.1.2 Recommendation for the European Union and Donor States**

- **Halt “De-Conditioning” Humanitarian Aid:**

Refrain from politically motivated conditions on humanitarian assistance with particular regard for funding linked to refugee issues, UNRWA, or rehabilitation in Gaza.

- **Aid in Alignment with International Law:**

Ensure that aid streams do not violate international legal obligations like the illegality of settlements, blockade of Gaza, or self-determination.

- **Support Democratic Structures over Containment:**

Change support from security sector reform and PA budgetary financing toward genuine democratic change, including civic education, judicial independence, and free and fair elections.

- **Establish a Donors’ Accountability System:**

Permit civil society in Palestine to evaluate and critique donor’s activities and publically criticize their actions. Make assessments of aid for occupation deemed avoidance, not just technical outcomes.

- **Sustain Funding with Better Oversight:**

Ensure that aid is used properly and reaches the right beneficiaries without being diverted for political or military reasons.

- **Invest in Long-Term Development:**

Invest in long-term projects that facilitate regional growth such as renewable energy, markets for international trade, transportation, and local industry so that Palestine becomes a sovereign nation.

- **Encourage Transparency and Accountability:**

Monitor the effectiveness of the aid being sent by receiving real-time feedback and data. Use this data to enhance the next iteration of aid. Groups who interfere should face legitimate consequences by international counterparts.

- **Address the Root Cause of the Conflict:**

Mandates and sanctions must be put in place to prevent further conflict. Key players must be held accountable for their actions on the global stage for the conflict to end.

### **5.1.3 Recommendations for PA and local authorities**

- **Diversify the sources of international aid:**

It is recommended that the PA look for other sources of aid beside the traditional ones (the EU and US) to minimize the risk of dependency. For example they should reach for Islamic countries through the Islamic development Bank and other international donor organizations.

- **Aid Planning independency:**

Donor-driven strategies that blindsight priority goals and approaches to aid that is empty of its political essence and framework must be abandoned. Donors' aid programs must be aligned with Palestinian independent goals, indorsed by stronger development frameworks and advanced strategies far from conditionality-dependence.

- **Enhance accountability:**

Reinforce institutional reforms and increasing internal translucency to regain the trust of population as well as the international actors. Empower the monitoring bodies to fight and reduce corruption and control fund utilization.

- **Reunite political structures:**

Work together to resolve the political division between West Bank and Gaza and to prevent anyone from exploiting this division in a negative way.

### **5.1.4 Recommendation to Civil Society Organizations:**

- **Defend Civic Society Institution:**

Campaign together to resist the downsizing of and closures of civic society organizations by effective monitoring and legal evaluations. For example; accusing different NGOs as terrorist by Israeli authorities without any legal proof and due process.

- **Indorse Palestinian historical memorial and narrative:**

Promote Palestinian culture and educational initiatives to restore historical events and facts to preserve Palestinian identity and refugees rights in order to prevent donors for politicizing the Palestinian cause.

- **Enhance monitoring and reporting:**

It is recommended that NGOs not only document Israeli violations of human laws and refugee rights, but also they should play a role in monitoring and reporting how effectively aid is disbursed and used.

Recommendations for the Global Community (UN, ICC, Human Rights Bodies)

- **Integrate Justice Into Efforts For Peace:**

Make certain that developmental and humanitarian activities are framed alongside a political structure rooted in justice, accountability, decolonization, as opposed to merely seeking stability.

- **Investigate and Challenge Humanitarian Aid Politicized Defunding:**

Conduct international investigations into the reasoned politically motivated withdrawal of funding from humanitarian aid agencies such as UNRWA, particularly when it stems from unconfirmed assertions.

- **Ensure Refugee Rights are protected:**

Sustain assistance to UNRWA as a principal actor until a lasting resolution to the entire refugee problem awaits in accordance with UNGA Resolution 194 and the relevant international law on refugees.

Palestine is a long-term colonial context rather than a post-conflict one. Therefore, any suggestions for reforming aid must be based on the knowledge that peacebuilding is insufficient and ineffectual in the absence of political liberation. Aid must be used by all actors, both state and non-state, domestic and foreign, as a platform for political conflict as well as a tool for development.

## **5.2 Conclusion**

The use of the European Union's aid has been important in the context of the Israel-Palestine conflict. It offers Palestinians a chance to institutionalize their government and improve their way of life by building infrastructure and providing other crucial services. However, the repercussions of this aid are often disadvantageous because the European Union does not hold Israel to the same political standards it does for Palestine, it attempts to leverage its political influence in the region, and it focuses more on short-term remediation as opposed to long-term prosperity.

The escalation on October 7th, 2023, caused a halt in the funding of the United Nations Relief and Works Agency by various countries which further shows the sensitivity of this issue. On the one hand, aid is paramount for refugees in Gaza, but on the other hand resources need to be delivered more effectively to avoid extreme factions such as Hamas to misuse its resources. This situation raises legal and ethical questions regarding proportionality and puts a spotlight on the hidden interests of foreign donors such as the United States.

Improving oversight systems and increasing the accountability of global partners could alleviate the inefficiencies of the aid being provided to Palestine which would allow the EU to play a more comprehensive role in improving the current state of the region.

By increasing governance, transparency, and accountability the effectiveness of UNRWA and EU assistance to the Palestinian Territories can significantly improve. UNRWA can ensure that aid is used for real humanitarian needs and work with local partners to support sustainable development. The EU should continue to provide financial support with tighter supervision and separating humanitarian assistance from political demands. Focusing on long-term development would contribute to solving the main problems of conflict and support for global cooperation is vital to creating a more effective and sustainable aid strategy. This will help bring peace, stability, and self-reliance to the region.

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## الاستخدامات السياسية لمساعدات الاتحاد الأوروبي في الصراع الإسرائيلي الفلسطيني: العواقب على بناء الدولة الفلسطينية وأفاق السلام في ظل اتفاقيات أوسلو

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### ملخص

يهدف هذا البحث إلى دراسة الأبعاد السياسية للاتحاد الأوروبي في سياق الصراع الإسرائيلي الفلسطيني، مع التركيز على آثار هذه المساعدات على مبادرات السلام وبناء الدولة.

يبحث البحث بعمق في بعض أسباب مساعدات الاتحاد الأوروبي، وكيف يمكن أن تؤثر على حل الدولتين، وكيفية توزيع الأموال بين مختلف المناطق خلال الفترة من عام 1993 إلى عام 2024. يُزعم أن مساعدات الاتحاد الأوروبي تستخدم شروطاً سياسية في توزيعها، مما قد يُضعف حياده ويُفاقم الانقسامات الفلسطينية الداخلية عن غير قصد، وبالتالي يُبقي على الوضع الراهن بدلاً من تعزيز السلام. وقد قرر الاتحاد الأوروبي مؤخراً حجب تمويله لوكالة الأمم المتحدة لإغاثة وتشغيل اللاجئين الفلسطينيين في الشرق الأدنى (الأونروا)، مما سيمنعها من تقديم خدمات حيوية للاجئين الفلسطينيين. ويُعتبر قرار الاتحاد الأوروبي بحجب التمويل عن الأونروا انتهاكاً للقانون الدولي لحقوق الإنسان، إذ يُعيق التزاماته العالمية تجاه المساعدات الإنسانية والتنمية للاجئين الفلسطينيين.

مع الأخذ بعين الاعتبار نظريات مختلفة، مثل الاقتصاد السياسي، وبناء السلام، ونظرية التبعية، سيحاول البحث إيجاد روابط بين القضايا السياسية والاقتصادية المتعلقة بالمساعدات. يتمحور الاقتصاد السياسي حول كيفية تأثير السياسة على الاقتصاد، وكيف يؤثر الاقتصاد على السياسة، وكيف يؤثر ذلك على توزيع مساعدات الاتحاد الأوروبي. من ناحية أخرى، تركز نظرية بناء السلام على تعزيز الحوكمة والتنمية الاقتصادية من خلال مساعدات الاتحاد الأوروبي، وكيفية تأثرهما بها في حالة فلسطين. إلى جانب نظرية التبعية، التي تجادل بأن الاعتماد على المساعدات وحدها قد يؤدي إلى تبعية اقتصادية ويعيق التنمية.

سيساعد الجمع بين هذه الآراء الباحث على إيجاد روابط بين مساعدات الاتحاد الأوروبي والنمو الاقتصادي في فلسطين من جهة، وتقديم بناء الدولة الفلسطينية من جهة أخرى. سيُسَهِّل تقييم البيانات والنظرية العامة فهم دور ووظائف المساعدات الدولية في فلسطين، مما يُسهم في رسم إرشادات سياسية واضحة لصانعي السياسات، تُرشدهم في وضع استراتيجيات نمو مستدام.

لفهم كيفية استخدام مساعدات الاتحاد الأوروبي كأداة سياسية في الصراع الإسرائيلي الفلسطيني، اعتمد هذا البحث على منهج نوعي من خلال تحليلات معمقة لمختلف التقارير والوثائق ودراسات الحالة ذات الصلة. يتسم موضوع البحث بالتعقيد، ولفهم سياسات مساعدات الاتحاد الأوروبي وتأثيرها على السلام وبناء الدولة بوضوح، مع الالتزام بالقانون الدولي، اعتمد البحث على منهج البحث الاستقرائي. وقد حُلل البحث وثائق شاملة متنوعة، مثل التقارير والبيانات التاريخية وأوراق السياسات والمبادئ التوجيهية الصادرة عن المفوضية الأوروبية والأونروا ومنظمات دولية مختلفة.

تظهر النتائج أن المبادرات الإنسانية للاتحاد الأوروبي مقيدة بعوامل سياسية وتفاوتات هيكلية، حيث لن تتمكن من المساهمة بفعالية في السلام وبناء الدولة على المدى الطويل. علاوة على ذلك، أثار سحب

الاتحاد الأوروبي تمويله للأونروا تساؤلاً جوهرياً مهماً حول المسؤوليات القانونية العالمية التي يجب على الاتحاد الأوروبي الوفاء بها لمنع تفاقم الأزمة الإنسانية، وبالتالي إعاقة الجهود الرامية إلى التوصل إلى حل عادل.

يوصي البحث بأن اتباع مبادئ وإرشادات القانون الدولي سيؤدي إلى سلام مستدام. يتعين على الاتحاد الأوروبي أن يقيم استراتيجياته الخاصة بالمساعدات مع الأخذ بعين الاعتبار الجوانب القانونية المتعلقة بالحقوق الإنسانية، ولحماية حقوق اللاجئين يتعين على الاتحاد الأوروبي أن يعالج الأسباب الكامنة وراء الصراع الإسرائيلي الفلسطيني.