

Appendix B

Interpretive Standards for Middle East Reform

Commitment:

“We support Mr Wolfensohn’s intention to stimulate a global financial contribution of up to \$3bn per year over the coming three years. Domestic and international investors should be full partners to this process. We are mobilising practical support for Mr Wolfensohn’s efforts and look forward to further development of his plans and their presentation to the Quartet and the international community in September.”

-Middle East Peace Process¹³³⁰

Interpretive Standards:

1. What was Wolfensohn’s intention?

“We support Mr Wolfensohn’s intention to stimulate a global financial contribution of up to \$3bn per year over the coming three years.”

Mr. Wolfensohn’s intention is to stimulate the global financial contribution to the Palestinian Authority. This intention is not affected by the fact that he no longer holds the position of the Quartet’s Special Envoy for Gaza Disengagement, because the intention still exists as expressed.

On June 30, 2005, just prior to the Gleneagles Summit, Mr. Wolfensohn outlined his 3 year development and aid plan for Palestinian development:

A Stable Medium-Term Financial Plan for Palestinian Development: **Over the medium term, the PA should create a broad development plan that is linked to a fiscally sound financial plan. This leaves donors with the choice of funding piecemeal programs, or financing a hand-to-mouth operation.** I propose that the PA, with the help of the international community, engage in a fully participatory process of developing a consolidated plan, which donors can then approach in a coordinated and comprehensive way.

Support for this plan from the international community, including the Arab countries, **must be substantial if the existing dynamic is to be changed. Both sides should receive a clear message that donors stand united in their willingness to use this opportunity to work toward a lasting solution.** This support should of course be contingent on Palestinian reforms and on security for Israel. I have met separately with many of the G8 leaders, and will meet in a few days with them together in Gleneagles to solicit their strong endorsement of this approach.¹³³¹

¹³³⁰ Middle East Peace Process, G8 Gleneagles 2005 (Gleneagles), 8 July 2005. Accessed: 15 January 2006. www.g8.utoronto.ca/summit/2005gleneagles/mepp.pdf.

¹³³¹ Testimony of James D. Wolfensohn, Quartet Special Envoy for Disengagement to the Foreign Relations Committee, US Senate (Washington DC), 30 June 2005. Accessed: 16 June 2006. www.senate.gov/~foreign/testimony/2005/WolfensohnTestimony050630.pdf.

Mr. Wolfensohn's intention is thus to stimulate the global financial contribution to the Palestinian Authority in a demonstration of unity of purpose among the members of the international community.

2. How much of the global financial contribution should the G8 contribute?

“Domestic and international investors should be full partners to this process.”

The G8 will support Mr. Wolfensohn's intention to stimulate a global financial contribution to the Palestinian Authority, but the G8 is not expected to contribute all funds. Domestic and international investors should be full partners in this process. The G8, in order to comply with this commitment, must contribute their “fair share.”

The G8's “fair share” is based on the precedent of past G8 contributions to the Global Fund, which the G8 supports but while also has many domestic and international investors. Using the Global Fund as a referent (total G8 funds contributed in USD from 2001 to June, 2006 divided by the total funds contributed in USD from 2001 to June, 2006), the G8 should aim to contribute approximately 78% of the total needed.

3. How much of the money should be given in year 1?

“We support Mr Wolfensohn's intention to stimulate a global financial contribution of up to \$3bn per year over the coming three years.”

The global financial contribution of up to \$3 billion per year over the next three years implies that in the end goal of the commitment is to have a \$3 billion donation by the third year. This should not be understood to imply an intention to disperse this commitment evenly over the three-year period.

4. What allowance should be made for the term “up to \$3bn”?

“We support Mr Wolfensohn's intention to stimulate a global financial contribution of up to \$3bn per year over the coming three years.”

The term “up to” leaves some room for interpretation. Based on past G8 Research Group compliance reports, “up to” generally means reaching more than 70% of the goal. In this case, “up to \$3bn” would equate to at least \$2,100,000,000 by the end of the third year, or using the \$1 billion in the first year rationale, the financial contribution would be at least 700,000,000 for 2005-6.

5. How much money are private investors expected to contribute?

There is no evidence to suggest that beyond “Domestic and international investors,” private investors should also contribute. Therefore, private investment in the Palestinian economy will not be included toward the goal of \$700,000,000 for 2005-6.

6. How much weight should be given to the final sentence?

“We are mobilising practical support for Mr Wolfensohn’s efforts and look forward to further development of his plans and their presentation to the Quartet and the international community in September.”

The first part of the final sentence reiterates the commitment of the first sentence, to mobilize the practical (monetary) support to undertake Mr. Wolfensohn’s intention to stimulate a global financial contribution to the Palestinian economy of up to \$3 billion per year over the coming three years. The second part of the final sentence, “[we] look forward to further development of [Wolfensohn’s] plans and their presentation to the Quartet and the international community in September” is not a commitment and thus deserves very little attention in the final analysis of the commitment. This also suggests that changing circumstances will not change the commitment to the financial pledge.

7. Who was the money to go to—the Palestinian Authority or President Abbas?

On June 30, 2005, just prior to the Gleneagles Summit, Mr. Wolfensohn outlined his 3 year development and aid plan for Palestinian development:

A Stable Medium-Term Financial Plan for Palestinian Development: Over the medium term, the PA should create a broad development plan that is linked to a fiscally sound financial plan. **This leaves donors with the choice of funding piecemeal programs, or financing a hand-to-mouth operation. I propose that the PA, with the help of the international community, engage in a fully participatory process of developing a consolidated plan, which donors can then approach in a coordinated and comprehensive way.**¹³³²

According to Mr. Wolfensohn’s intended plan for Palestinian development, the Palestinian Authority is responsible for creating the broad development plan. Although the Palestinian Authority is identified as the designated recipient of help from the international community, this does not preclude the dispersal of financial support directly to actors and agencies in the Palestinian Territory. Moreover, Mr Wolfensohn explicitly endorses a program of options and choices for donors.

8. Who is expected to undertake the reforms and ensure security for Israel—the Palestinian Authority or President Abbas?

On June 30, 2005, just prior to the Gleneagles Summit, Mr. Wolfensohn outlined his 3 year development and aid plan for Palestinian development:

A Stable Medium-Term Financial Plan for Palestinian Development: Over the medium term, **the PA should create a broad development plan** that is linked to a fiscally sound financial plan. This leaves donors with the choice of funding piecemeal programs, or financing a hand-to-mouth operation. **I propose that the PA, with the help of the international community,**

¹³³² Testimony of James D. Wolfensohn, Quartet Special Envoy for Disengagement to the Foreign Relations Committee, US Senate (Washington DC), 30 June 2005. Accessed: 16 June 2006. www.senate.gov/~foreign/testimony/2005/WolfensohnTestimony050630.pdf.

engage in a fully participatory process of developing a consolidated plan, which donors can then approach in a coordinated and comprehensive way.¹³³³

According to Mr. Wolfensohn's intended plan for Palestinian development, the Palestinian Authority is responsible for creating the broad development plan.

Final Judgement:

The G8 committed to support Mr. Wolfensohn's intention to stimulate the Palestinian economy by promoting a global contribution of at least \$700,000,000 in 2005-6 of which the G8 must contribute 78% or \$546,000,000 (according to G8 Research Group methodology). It was hoped this global contribution would coincide with Palestinian reforms and security guarantees for Israel. It was also hoped the Palestinian Authority, led by the democratically elected Prime Minister, rather than the President, would be the recipient of the international contribution to stimulate the Palestinian economy. Although the covenant of the creation of Hamas proclaims that "Israel will exist and will continue to exist until Islam will obliterate it,"¹³³⁴ this does not relieve G8 members of their obligations to this financial pledge. Additionally, although Mr. Wolfensohn's condition of "security for Israel" cannot be ensured with the current Hamas government in control, it could neither be assured in the event of alternate election outcomes and cannot thus be considered a condition of the financial pledge. Therefore, the pledge to stimulate contributions of up to \$3 billion per year remains the standard for compliance to this commitment.

¹³³³ Testimony of James D. Wolfensohn, Quartet Special Envoy for Disengagement to the Foreign Relations Committee, US Senate (Washington DC), 30 June 2005. Accessed: 16 June 2006.
www.senate.gov/~foreign/testimony/2005/WolfensohnTestimony050630.pdf

¹³³⁴ The Avalon Project at Yale Law School, Hamas Covenant 1988 (accessed June 26, 2006),
www.yale.edu/lawweb/avalon/mideast/hamas.htm