



**A Spectrum of Light in the
Middle East**

March - April, 2004

The European Union Parliamentary Working Group on Budgetary Assistance to the Palestinian Authority finally tabled its findings and recommendations at the end of March 2004.

This newsletter is dedicated to that report.

International Funding of the Palestinian Authority:

One of the most important issues that The Prism Group has investigated is the issue of how the Palestinian Authority is using funds donated by the European Union and elsewhere. It was clear when we began our [initial report](#) that the Palestinian people were not benefiting from these vast amounts of money. Much of this money was being diverted elsewhere. There was substantial documentary proof, as provided by organizations as diverse as [Human Rights Watch](#) and the Israeli [Intelligence and Terrorism Information Center](#).

Almost from the beginning, we joined the call for an investigation into the alleged misuse of European funds, fearing (and suspecting) that these funds were making their way to supporting terrorist activity, rather than the humanitarian and educational purposes to which they were promised.

Following an initial investigation, we produced a Position Paper supporting the call for a convening of a Parliamentary Committee of inquiry into the alleged misuse of funds supplied to the Palestinian Authority by the European Union.

Instead of a formal inquiry, the European Union decided to create the "Working Group on Budgetary Assistance to the PA" in March 2003. A year later, the results were ready and should be received with mixed emotions.

There is appreciation that the European Union took our concerns and the concerns of many others seriously enough to establish the Working Group. There is disappointment that the conclusions reached were not always a reflection of the evidence presented. There is concern that the Palestinian Authority will still not reform their economic and political activities to be more in line with what one would expect. And there is sadness over the continued lack of urgently needed resources to help ordinary Palestinians, for whom the European funds were intended.

Finally, there is confusion.

How is it possible that the Working Group was unable to find any evidence of European funding being used for what it calls "illegal activities including the financing of terrorism", and yet it was able to make more than ten different recommendations for ways to improve the handling of finances transferred from the EU?

- ▶ Since 1993, approximately 4EUR billion has been transferred to the Palestinians, yet why was the EU Working Group unable, and seemingly unconcerned about explaining, where these funds have gone?

▶ One report from the Working Group acknowledges that \$17,500 was used to support terrorist groups, yet even the Al-Aksa Brigades themselves had publicly claimed to receive \$50,000 per month from Arafat's presidential budget.

▶ Why did the Working Group not complain about the then ongoing practice of paying up to 60% of PA employee salaries in cash, despite a demand by EU representatives at a donors' conference in Rome in December 2003?

▶ Why did the Working Group fail to examine whether everyday Palestinians, mothers, children, working men and women, have benefited from this European aid?

What is equally disturbing is that the Working Group was unable to provide a set of united conclusions. 6 of the 13 members produced their own minority report. This lambasted the system of direct handouts, implying that money was thrown away into the hands of those seeking to destabilize rather than to help the Palestinians.

The Prism Group was proud of its efforts in being among the first to reach out to the Members of the European Parliament and demand that the Palestinian Authority be held accountable to the Palestinian people, who deserve the funds allocated to them.

Ultimately, we are left to conclude that the Working Group's reports raise more questions than they answer. Once again, the sad losers are the Palestinians. As a leading World Bank official noted last month, they have received per capita the largest transfer of financial resources in history, yet they still need to ask for more. The Prism Group continues to insist that European taxpayers want to know where their money is going.

Toward this end we urge you to contact Members of the European Parliament. Ask them to implement all recommendations of the Working Group's report that increase the controls over funds provided to the Palestinians. You can find the details for your MEP by first clicking on the country or political party total at http://wwwdb.europarl.eu.int/ep5/owa/p_meps2.repartition?ilg=EN&iorig=home, and then selecting one of the names which are listed in the response.

Postscript:

In the first half of April 2004 two new reports came to light, which boldly illustrate the failure of European policy towards helping the Palestinians.

- 1) The Palestinian Human Rights Monitoring Center (PHRMC), established in December 1996 by a diverse group of well-established Palestinians, savagely condemned the lack of social and political norms in Palestinian Authority administered areas. (See <http://www.phrmg.org/intrafada.htm>). The issue is that the EU has always claimed that it has been able to promote reforms through its donations. These reforms are nowhere in evidence. The policy has failed.

This report was backed up by the startling claims of Mohammed Dahlan, a minister in the government of Abu Mazen. Quoted in the UK newspaper, "The Times", the former head of the Palestinian Authority's Preventative Security Forces in the Gaza Strip referred to Palestinian abuses committed during the Intifada: "Arafat's era is over and it is time for him to go home."

- 2) It is generally accepted that overseas donors provide the vast majority of the PA budget. Amongst other expenses, they support that the wage structure of public servants, including the Palestinian Authority's National Security force, which is ultimately responsible to Chairman Yasser Arafat.

It appears that General Haj Ismail Jabber, the force's commander, has been claiming salaries for 37,000 employees. A diskette recently provided to the Palestinian Finance Ministry reveals the names of only 30,000 people. The problem is that the general does appear willing to hand back the money. Of more interest is why the EU is refusing to ask for this money back from the PA. Surely, this is the least that the Commission can do on behalf of its own taxpayers?

The Prism Group Website:

Please visit our site and help direct others to the existing fact sheets. If you have ideas for fact sheets that you believe we should investigate and compile, please write to us at: info@theprismgroup.org.

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