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EU Official Development Aid to the Palestinian Authority and the Rise of Hamas

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Introduction

While the post-9/11 world witnessed the renewal of foreign assistance to Pakistan after a three-year suspension following Pakistani tests of its nuclear device in 1998, the security community worldwide started a massive debate about the causes of terrorism and the usefulness of poverty reduction as a strategy to eliminate them. By resuming its Official Development Aid (ODA) to Pakistan, the US hoped to help General Musharraf in fighting Taliban insurgents outside Afghanistan and disrupt their hotbeds in the northern Tribal Administered Regions like Waziristan. Five years on, both US-lead Operation Enduring Freedom and NATO-lead International Security Assistance Force fear the predicted spring offensive of the Taliban, grieving for 563 deceased soldiers (as of April 20, 2007). Meanwhile, the Taliban are believed to gain ground in Pakistan, right behind the border. The question about the efficiency of financial aid to a country in pursuit of security has become urging.

To explore the validity of the perceived consequence of ODA on the support for extremism and terrorism, it is useful to make comparisons with other parts of the world. One of regions most prone to conflict is the Middle East, particularly the West Bank and the Gaza Strip, with their anti-Israeli offensive, called intifada. The international community has long engaged in the region, revealing a wide arsenal of methods to calm down the passion on both sides on the conflict and diminish the support for a violent resolution. Along with persevering diplomatic efforts, Western countries have long supported moderate political representations in the region, hoping to dwindle down the support for extremist parties and factions, like Hamas. Yet despite these con-

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tinuous efforts, shortly before this organisation classified as a terrorist group by Western powers turned twenty, it won the legislative elections and became the ruling party of the Palestinian Administration. The international community responded by closing the tap of financial flows to the PA, confused and puzzled over the future of its financial assistance. Baffled, the leaders could not explain why the people of Palestine voluntarily gave up the aid they were receiving in turn for installing extremist figures as their leaders. This text offers an answer: the financial situation of the population has nothing to do with its willingness to support terrorist activity, and the belief in development aid as a means of promoting security and social integrity is based on false premises.

Contemporary Palestine in the Centre of Donors' Attention

The economic situation of the West Bank and the Gaza Strip is to a large extent determined by its security condition. Given that a considerable part of Palestinians work on Israeli territory, the 2000 intifada followed by the closure of the borders, stringent checkpoint controls and eventually leading to the construction of a security barrier physically barring Palestinians from crossing to Israel outside regular checkpoints, brought a 16 % increase in unemployment and 33 % drop in average per capita income by 2003. Although data on poverty rates in the West Bank and Gaza are scarce (even the annual World Indicators volumes by the World Bank leave the West Bank and Gaza Strip in the Poverty rate table blank), it can be estimated from other sources at around 50 %, with fluctuation of 10 percent to each side (European Union, World Bank). This indicator has doubled since the outbreak of the 2000 intifada (some 23 % were considered to live in poverty in 1998); the Gaza Strip is deemed to be more stricken with poverty than the West Bank.

Territories under the administration of the Palestinian Authority (PA) are particularly vulnerable to the way poverty is defined, as a considerable portion of the population live just above the official poverty line, which is estimated at 1 USD a day (Iqbal 2006, 4). More accurate measurements of poverty in the West Bank and Gaza conclude that some 16 % of the population live in subsistence poverty, i.e. with less income than 205 New Israeli Shekal (NIS) a month, which leaves them below the minimum caloric intake and without sufficient clothing and shelter (Poverty in the WBG 2005, 1). The same study however concludes that emergency assistance has succeeded to reduce the number of impoverished people by almost 1/3 (from a possible 22 %). Although it could have been allocated more effectively, exceeding in total the minimum aggregate needs by 40 % and hitting a leakage rate of 55 %, it still reached the most needy quite well in comparison with other regions. Nevertheless, it is not the purpose of this article to measure the efficiency of emergency aid provided to

PA, although it might be quite important[2]. Finally, simulation scenarios have revealed that major economic recovery would not alleviate poverty by much, given that a significant share of poor people already have jobs and some 10 % remain in structural, not temporary poverty.

Given this bleak record, it is understandable that the international community would engage in the region, struggling to alleviate poverty. It can be argued though that this involvement is considerably higher than in other parts of the world. In 2004, the Palestinian Authority received the largest sum of Official Development Assistance (ODA) per capita worldwide. With 324 USD per person annually, it well outmatched all other recipients, with Nicaragua on the second rank with almost a hundred USD less (at 229 USD per person annually). In the last five years, total ODA to the West Bank and Gaza has more than doubled (from 516 mil. USD in 1999 to 1,136 mil. USD in 2004). The EU alone was the 3rd biggest donor for the PA, providing funds worth 197 mil. USD in 2004, while the biggest donor (UNRWA) provided 290 mil. USD and USA 227 mil. USD. The EU however takes the lead over UNRWA if the total of its ODA flows to the PA includes bilateral ODA by EU member countries – around 650 mil. USD.

Regardless of the indisputable necessity and appropriateness of such support, when comparing the volume of ODA to the PA and to other countries, as well as regions worldwide, one might raise concerns over its distribution and the extent to which it is meant to answer the needs of the poorest. In the latter case, while the Middle East as a region has the second smallest share of population living on less than 1 USD a day (1.5 % compared with Sub-Saharan Africa 41.1 % as of 2005), it receives almost the same share of ODA per capita as Sub-Saharan Africa (around 35 %). Moreover, Sub-Saharan Africa is the only region where the total number of poor people increased (by 60 million in the period of 1990-2004) (World Development Indicators 2007, 4).

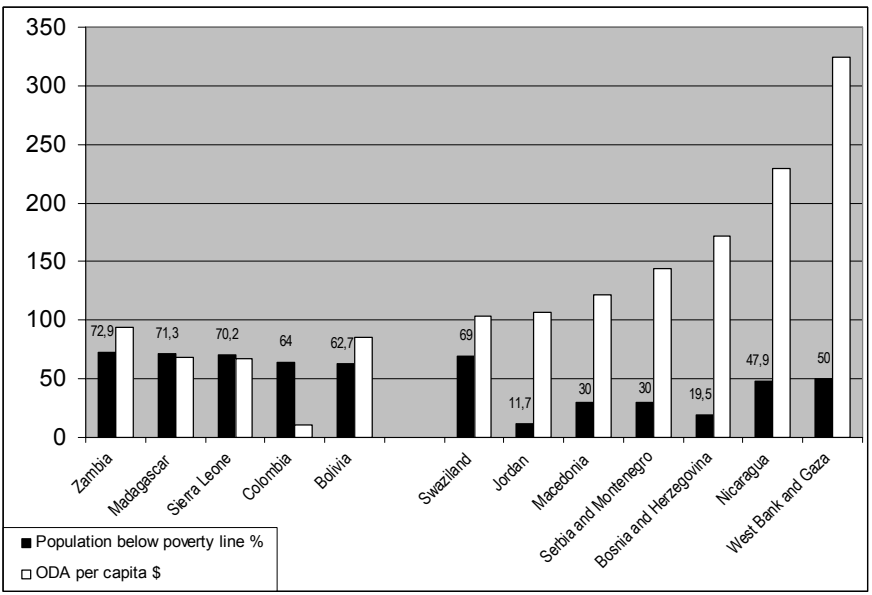
A closer look at different countries reveals even further disparities. The figure below compares countries with the highest shares of population living below the poverty line (left part, black columns) with countries with highest per capita ODA income (right part, white columns). It can be concluded that the biggest recipients of ODA per capita are not the most needy ones; furthermore, by juxtaposing the gap between the white and black columns, it is clear that rather than 'significant', the difference should be described as 'huge' or even 'alarming'. No country with a poverty line above 60 % of the population receives over 100 USD ODA per capita, while two countries (the West Bank and the Gaza Strip and Nicaragua) receive well above 200 USD per capita, while their poverty level is by 20 to 12 points lower than in the poorest five. Furthermore, countries like Bosnia and Herzegovina, Serbia and Macedonia

[2] A share of those 55 % funds provided to not-needy recipients might have been subverted to finance terrorist activities.

with a maximum 30 % of poor people receive between 120 to 172 USD per capita. Jordan, although little stricken with poverty (11.7 %), receives annually 107 USD per capita. The only exception is Swaziland, which receives 100 USD of ODA, but is severely affected by poverty with almost 70 % of its population living on less than 1 USD a day[3].

It must be noted though that the cases of the former Yugoslav republics are very specific, given their impaired infrastructure, legacy of war and the commitment of the EU to play a significant role in their rebuilding. Therefore, they should be considered outside strict comparisons; nevertheless this focus on regions with volatile security situations further supports my argument below.

Figure 1

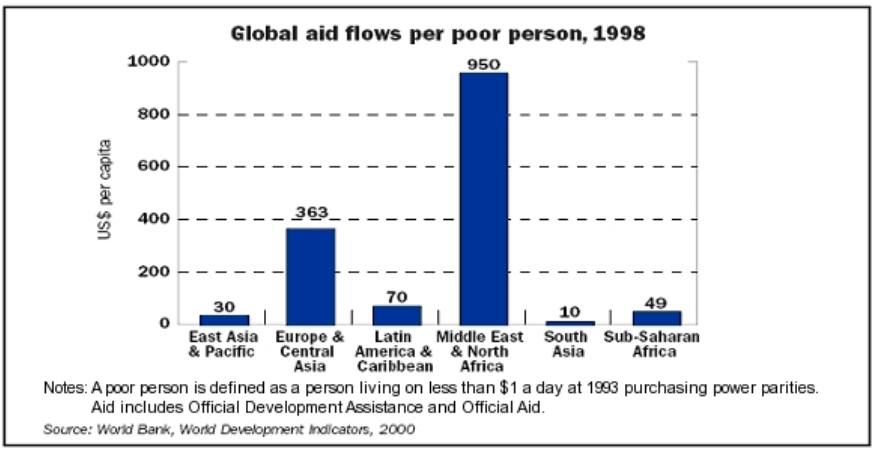


Sources: CIA World Factbook, World Development Report 2007, World Development Indicators 2006. Most figures as of 2004.

An even more clinching proof that ODA is being distributed according to other criteria than poverty indicators is the fact that the Middle East and North Africa is the region with the highest global aid flow per poor person, at the level of 950 USD per capita well above the rest – Europe and Central Asia at 363 USD on the 2nd place and Sub-Saharan Africa at only 49 USD per capita (White Paper 2000, 86):

[3] The analysis is deliberately oblivious of foreign direct investment and other aid instruments, as the primary focus of this study is ODA. The author is however understands that when framed in broader context of financial flows, conclusions may be altered.

Figure 2



Source: Graph taken from White Paper 2000, p. 86.

The reasons for such disparity in distribution of funds might be multiple, but one explanation seems to stand out well above the others. Given the half century history of ongoing conflict and the incredible amount of energy flung by political leaders worldwide in vain efforts to break this vicious circle of violence, the international community continues to perceive issues in the Middle East through the lenses of the Israeli-Palestinian conflict. The same argument would apply to the figures in the world of development aid and foreign assistance. Examples of the former Yugoslav republics in Figure 1 demonstrate the determination of the international community to promote security. When commenting on the recent spur of violence between Israel and Palestine following the kidnapping of Corporal Shalid in June 2006, the European Commissioner in charge of External Relations and European Neighbourhood Policy Benita Ferrero-Waldner asked the European Parliament: "Doesn't it threaten to reinforce the vicious circle of poverty and extremism?" (Ferrero-Waldner 2006, 4). On its Frequently Asked Questions webpage, the EU answers:

> "EU assistance serves to promote stability, security and prosperity, whether this is through the provision of humanitarian aid to Palestinian refugees or whether through the promotion of vital Palestinian institution-building efforts, internal reform and economic recovery, which will bolster the Palestinian Authority as a negotiating partner for Israel and the viability of the future Palestinian State." (EU FAQ).

Finally, after Alberto Alesina and David Dollar published their study on foreign aid distribution, no-one can any longer naively assume that donor funds may be distributed according to poverty indicators so that the most needy are prioritised. The authors have presented evidence that "[d]irection of foreign aid is dictated as much by political and strategic considerations, as by the economic

needs and policy performance of the recipients" and that "[c]olonial past and political alliances are major determinants of foreign aid" (Alesina and Dollar 2000, 1). Regarding the moral obligation the West feels towards the Middle East after re-designing the region after WW2 and the contemporary social construct of terrorism as a major threat, it is understandable that aid allocation to the region tends to be biased. Assuming that ODA is the international community's weapon in the battle over hearts and minds of the Palestinian people, the enemy is particularly strong and difficult to beat (see section III).

The European Union (then European Community) started its assistance to the Palestinians in 1971, when it submitted its first contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). This support continues, contributing to the main areas of UNRWA activities, health and education. In the Venice declaration of 1980, the Community expressed its support for Palestinian self-determination and launched the funding of various NGO projects. Since 1993, when the Oslo Accords were signed, the EU participated in the Ad Hoc Liaison Committee coordinating the donor's pledged 2 billion USD development aid. Over the next twelve years until the end of 2005, the EU had committed almost 3 billion USD, plus an even greater amount in bilateral aid from its member states. Since the Barcelona Declaration of 1995, the PA enjoys full benefits as a full and equal partner of the Euro-Mediterranean Partnership (MEDA), which provides instruments to facilitate the implementation of the Interim Association Agreement on Trade and Cooperation between the EC and the PLO (EU's relations with WBG).

After the outbreak of the second intifada (2000), the EU shifted its focus from long-term institution building to urgently needed humanitarian assistance, support to refugees (through UNRWA), and development assistance. Between 2001 and 2003 a significant part of the EU assistance was directly provided to the PA's budget, conditioned by improved fiscal transparency from the PA, such as consolidation of all sources into a single treasury account monitored by the IMF. After Israel resumed the monthly transfers of tax revenues collected on the behalf of the PA in late 2002, the EU tailored its support to better fit the PA's reform efforts and cooperated with the PA's Ministry of Finance to identify more specific needs of the society. Since 2004, the Commission has been the main donor for the Public Financial Management Reform Trust Fund, set up as an emergency response with limited duration to the continued fiscal crisis of the PA and let to expire after Hamas took over (EU's relations with WBG).

In June 2006, the European Commission established the Temporary International Mechanism (TIM), designed to facilitate the need-based assistance to the Palestinian people after virtually all the donors suspended their aid flow and Israel the tax revenues. The TIM was created to address the needs of the most needy people suffering from the absence of foreign aid, while circum-

venting the PA in order to deprive Hamas of any funds that may be abused for the support of terrorism. On its website (EU's relations with WBG) the EU boasts success with the TIM, claiming that 106,000 heads of households have received financial support, with 636,000 persons directly benefiting from the TIM apart from ongoing UNRWA assistance. Beneficiaries of the TIM include patients of public and NGO hospitals; 1.3 million of Gaza Strip inhabitants receiving access to water, health care and proper sanitation; 12,000 employees in public health facilities; 48,000 Low Income Cases among public sector workers; 6,400 pensioners and 40,000 Social Hardship Cases. Total funds released through TIM were the highest assistance provided annually to the West Bank and the Gaza Strip so far.

Nevertheless, concerns about the overall outcome of the international boycott of the PA remain. *The Economist* has warned that the boycott "produced small political gains and caused a lot of economic damage". With the GDP shrinking by 10 %, the number of families living below the poverty line has doubled; services (such as health and education) have deteriorated. Furthermore, assets have been frozen and old loans called back. The PA, formerly a regional leader in fiscal transparency due to the donors' conditions and IMF monitoring, suffered a blow in the eyes of international community. While the long-term structural damage to the economy is worrying, the Palestinians themselves are directly receiving more aid than ever before (estimated 1.2 billion USD). Apart from averting the worst collapse, such massive food aid might debilitate local agriculture and business, leaving Palestinians far more dependent on aid. After the situation will be normalized, with the economy contracted by 30 % and far less participation in business than before, it will be very difficult for them to free themselves from the so-called 'aid dependency trap' (The Economist 2007).

Hamas as an alternative to the PA

Following the example of the Muslim Brotherhood, areas most affected by outside intervention saw increasing Muslims efforts to replace failed social systems by their own social nets and Muslim relief organisations (Bureš 2006, Čejka 2005, 173-175). A large proportion of charities building schools, clinics and other facilities are strictly apolitical (sometimes even secular), but some of them have internal militant wings, that exercise armed resistance against entities considered as the enemy. The civilian wing of Hamas (Harakat al-Muqawama al-Islamia, Movement of Islamic Resistance) runs its own schools and social security system, while its militant wing (Kata'ib ash-Shahid Izz al-Din al-Quassam, The Brigades of the Martyr Izz ad-Din al-Quassam, shortly Quassam Brigades) has to date killed hundreds of people, making no distinction between Israeli Occupation Forces (IOF) or Israeli civilians, as it considers every citizen of the Israeli state, including women, as

an aide to the IOF. Paradoxically, in the beginning of its activities in the late 80s, largely aimed at civilian charity, Hamas enjoyed a silent support from Israel, which hoped to foster a potential moderate opponent to the then radical Palestine Liberation Organisation (PLO). Eventually, a radical faction took Hamas over and the group became terrorist (Čejka 2005, 173-174).

The concept of Islamic charity is institutionalized in the Koran in the form of Zakat (obligatory alms), sadaqa (voluntary alms) and kaffara (obligatory payment when one has committed a sin) (Bureš 2006). The Koran often reminds the obligation of paying alms and helping the poor. For example, Muslims in border areas with "enemy states" (i.e. a lot of Palestinians) are regular recipients of Zakat as a form of a pay-off to keep them living in the region in spite of the threat of being attacked. When assessing the role of Islamic tradition in the contemporary support for terrorism, it is vital to mention the issue of Jihad. Jihad, being in fact a much broader concept than usually understood in the West, is firstly an Arabic word for the effort to lead a good life, in consistence with Allah and the Koran. Therefore it allows scores of interpretations, but the one which is being described as 'holy war' is a very narrow and limiting one. Nevertheless, Muslims who identify themselves with this interpretation might exercise their Jihad not only by blowing themselves up, but also by providing financial and other support to people who eventually do so. In this context, it should be mentioned that the amount of remittances coming to the West Bank and the Gaza Strip in 2005 was 690 mil. USD, which is 18 % of the Gross National Income.

The majority of Zakat payments are gathered in waqfas, originally informal but increasingly formalized institutions concentrating on charitable and other beneficiary facilities. The immovable assets of these waqfas formally belong to God, as waqfas were originally created to absorb tensions among society. Since the 19th century an overwhelming majority of waqfas however moved under the administration of states (some Muslim countries have a separate ministry to run waqfas) and some countries have confiscated their property. Moreover, there is an ongoing debate in Muslim countries over whether the Zakat should be redistributed by the state or not. Some Islamists even claim that the whole tax system should be cancelled as illegitimate (Bureš 2006, 51-53).

Given such a deep tradition of social charities, independent of the state, in Islam, it is quite easy to raise enough resources to establish an independent educational and health care system. Regarding terrorist activity; potential risk stems from privately-run schools (madrasas),[4] and mosques, where unchecked extremist ideologies may spread. Mosques are much more complex institutions which do not only provide religious services, but might facilitate

[4] The role of madrasas in preaching violent extremism can be profoundly studied on the example of Pakistan, where it is a particularly hot topic regarding the strength of the Taliban and the porosity of the border with Afghanistan. See the studies of the International Crisis Group.

a whole range of social functions which are beyond the consent of the state. In this regard, mosques are incomparable to churches in Western society, which must maintain transparency.

Mosques can serve to spread an extremist ideology (as there are a variety of interpretations of the Koran – some are very extreme), or they may support the official policy of a state – it chiefly depends on who organises and runs them. Financial sources available to various charities, extremist or not, are vast. Bureš claims that the annual turnover of 'new economics of terror' reaches 1.5 trillion USD, accounting for 5 % of the world economy. Only part of it comes from 'dirty' business, e.g. the 9/11 attacks were mostly financed through legal means. Generally, these finances may come from state or pan-Islamic financial institutions5; covert global Islamic funds (these are difficult to unveil); the Muslim population (Zakat and other payments) and Islamic banks (Bureš 2006, 58). Sometimes finances may come from other sources, like the al-Aksa or al-Quds NGOs, which were established in Amman by madrasas, student associations and cultural institutions in 2000 after the outbreak of the 2nd intifada. Their official purpose is to protect the Arab-Islamic identity of Jerusalem and help the families of the victims in the fight against the "Zionists". Much of their resources have been diverted to Hamas (Bureš 2006, 59).

The ideological background of many of these charities show attributes of terrorist thinking, just like a simplified world view (strictly black and white). Also, in countries where political parties are forbidden, these Islamic charities unofficially substitute their role, so when they have gained enough ground to enter the political process they already have enough support so not to be simply disbanded. It can be concluded then that for many of the extremists, violence is simply the only resort left, as due to the absence of democracy, they cannot participate in politics. As the influence of indigenous Islamic NGOs is set to rise in the future, it is important to notice that liberalizing the economies of Muslim countries, often widening the gap between rich and poor, would only strengthen the role of Islamic NGOs. Moreover, as these focus mainly on the middle class, simply lifting the most miserable from their woe would not undermine the preponderance of Islamic NGOs that much.

Finally, Jaroslav Bureš explains that the refusal of western NGOs by Muslim population is often caused by these NGOs themselves; by being disrespectful to Muslim traditions. Besides that, the Muslim approach to the US and EU is schizophrenic, as they formally belong to the "grey zone" (i.e. not Muslim countries, but allowing their citizens to choose their own religion and therefore not hostile to Islam), but at the same time they are believed to cause harm to Muslim countries. Generally, EU-backed NGOs are being rejected as 'Western pawns' (Bureš 2006, 66).

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[5] Financed by Muslim World League (wahabist movement), Islamic Monetary Fund (Organisation of Islamic Conference), these include the Islamic Bank of Development and International Islamic Relief Organisation

It can be concluded, that given the complexity of indigenous Islamic charities and the debate over the role of Zakat and the way of its redistribution, such charities could be regarded as an alternative to state institutions. However, massive turnout at the last Palestinian polls has shown that the majority of the population still sees the official authority of the state as the key facilitator of the social system.

As for Hamas, it started in the wake of the First Intifada in 1987 as a branch of the Muslim Brotherhood. Building a social-security net, it created an alternative to the Red Crescent controlled by the Palestinian Authority. By focusing on refugee camps, youth and families of those killed in the armed resistance, it soon garnered considerable support from the population. Financed by Zakat payments, Saudi Arabia and other Arab states, Hamas rallied support mainly in the times of security hardship, e.g. after the Operation Desert Storm, when the Gulf Cooperation Council ceased to finance the Palestinian Authority, as the (then) leading party PLO backed Saddam Hussein. Another rise of Hamas was triggered by Ariel Sharon's shattering of the Palestinian Authority's infrastructure (Bureš 2006, 57).

A year after its success in the legislative elections, Hamas still copes with an international boycott and remains hard on its previous positions, denying the right of existence to Israel and denouncing the agreements that the former PA signed prior to Hamas' accession. It is unclear if the unity government brokered by Palestinian President Mahmoud Abbas, which Hamas entered after arduous negotiations, can be interpreted as a concession or not.

The Illusion of Development as a Weapon against Terrorism

Many have established a linkage between terrorism and poverty, unemployment and lack of education.

> "People are frustrated by the fall in their living standard, they lose self-confidence and become an easy prey for populists and extremists. It is no wonder then that among the less educated, Hamas is getting ground." (Čejka 2005: 229)

However, when submitted to rigorous investigation, this hypothesis starts to wobble and finally loses ground. Murphy (2007) notes that "[o]f the 50 poorest countries in the world, only Afghanistan (and perhaps Bangladesh and Yemen) has much experience in terrorism, global or domestic. … most of the 19 hijackers on 9/11 were middle-class sons of Saudi Arabia and many were well-educated." More thoroughly, two studies are essential to critically challenge the conventional wisdom.

(1) Alan Krueger and Jitka Maleckova (2002) have conducted polls throughout the Palestinian territories, finding that people who support armed attacks against Israelis are by 5 % more likely to be employed or studying than unemployed and are by 14 % more likely to have graduated from secondary school than illiterate.

Also, educated people refuse to classify the killing of 21 Israeli youths by a Palestinian suicide bomber in the Tel Aviv night club Dolphinarium as a terrorist attack at a rate of 6 % higher than the less educated part of the society.

Also, a study of deceased Hezbollah fighters' biographies has revealed they were slightly less likely to live in poverty than the rest of the society (by 5 %, statistically insignificant). Hezbollah members were also more likely to have attended secondary school, 4/5 of them outside the Hezbollah schooling system (Krueger and Maleckova 2002, 23). Similar characteristics have been observed with Jewish extremists attacking Palestinians from Israeli settlements, which were described as well educated and in highly regarded occupations (Krueger and Maleckova 2002, 26-27).

In terms of recruitment, poor education may actually be considered as a disadvantage rather than an advantage for engaging with terrorist organisations. As the demand for admission into Hamas largely exceeds the organisation's capacity, only a few recruits can be selected, leaving "countless others disappointed" behind (Krueger and Maleckova 2002, 8). The organisation can thus set strict admission criteria, including education requirements, which tend to increase the insurgents' chances for success in an operation. In addition, more educated segment of population can be more supportive of extremist opinions, for which Angrist (1995) provides a possible explanation (although he notes that the labour market in the Territories has many unique features).

When analyzing the economic returns to schooling in the West Bank and Gaza Strip in the 80s, Angrist finds out that (1) average education of Palestinian labour force increased substantially; (2) the most educated Palestinians became the most likely to be unemployed by 1986 and (3) average daily wages of the most educated were falling gradually since 1985, tumbling below the salaries of the least educated in 1988 and hitting their minimum a year later. The author also notes that "Israeli security forces have acknowledged that poor employment prospects for graduates are likely to have contributed to the atmosphere of frustration and discontent culminating in the 1987 Palestinian Uprising (Angrist 1995, 1066). This development was preceded by a rapid increase in college enrolment in the first half of the 80s, creating a mismatch in the expectations of students when entering and the perceived reality when graduating (during the time of their study, their wage premiums to high-school graduates fell by more than 20 %). Such a rapid decline in skill differential thus overruled one of the sharpest growths in real wages for both Israelis and Palestinians between 1985 and 1988. In contrast, the 2000 intifada was preceded by antonymous conditions, with a gradual economic growth and a bright outlook. Krueger and Maleckova then conclude that "violence and even terrorism can follow either a rising or declining economic tide" (Krueger and Maleckova 2002, 17-19).

Drawing on this conclusion, the authors correlated the number of major terrorist events in Israel to the rate of economic growth (in terms of GDP) in

the West Bank and Gaza. Presuming that economic deprivation would yield more violence, the two indicators should show indirectly proportional. Actually, "[t]he number of terrorist attacks moved pro-cyclically, not counter-cyclically, and the positive association is statistically significant." (Krueger and Maleckova 2002, 27-29).

In addition, the authors suggest that conditioning foreign assistance by the war on terror might actually induce some governments into promoting terrorist activity in order to draw donors' attention[6].

(2) Miller and Russel (1983) comprised a sample of more than 350 individuals from 18 revolutionary groups engaged in terrorism and studied their demographic information. They found that "…the vast majority of those individuals involved in terrorist activities as cadres or leaders is quite well educated. In fact, approximately two-thirds of those identified terrorists are persons with some university training, university graduates or postgraduate students." Also their socio-economic background is described as middle or upper class.

If poverty and poor education are not the constitutive factors of terrorists' motivation, then what is? Krueger and Maleckova suggest the most probable causes of terrorism grow from unfavourable political conditions, casting on peoples' "long-standing feelings of indignity and frustration that have little to do with economics" (Krueger and Maleckova 2002, 1). Looney considers "despair over sagging economies, high unemployment [and] poor education" as important, but only one in "a broader set of issues". Among the top factors he lists "feelings of humiliation and decline from past high achievements of Islam throughout the Arab countries" and "[r]esentment against the United States for its highly visible, seemingly unquestioning support of some Arab governments" (Looney 2002). These grievances are likely to be further exacerbated rather than diminished by protracted foreign aid flows, which demonstrate the incompetence of recipient countries and harm the credibility of their governments, exposing their dependency on a perceived enemy and allowing for extended corruption.

Gus Martin (2006) concludes that

> Extremists have a very clear sense of mission, purpose, and righteousness. They create a worldview that sets them apart from the rest of the society. Thus, extremist beliefs and terrorist behaviors are very logical from the perspective of those who accept the extremists' belief system, but illogical from the point of view of those who reject the system. (Martin 2006, 45)

These moral convictions, strong enough to bestow the fighters' determination to stand up for their cause even though hugely outnumbered (and that is why they resort to asymmetric battle), emanate either from the conviction that

[6] Should this assumption look over-exaggerated, consider the fact that the month after Iraq doubled its payments to suicide bombers' widows, suicide-bombings proliferated.

their nation has been wronged and a powerful, evil enemy is arrayed against it; or when a group of people feel morally superior to their perceived enemies (Martin 2006, 79). The latter case can be illustrated by examples from former Yugoslavia, but also by atrocities committed along tribal or ethnic lines in a number of African countries, the most eloquent example being Rwanda. The former case then quite precisely describes the situation in the West Bank and Gaza, where the underlying and ubiquitous argument pictures the Palestinian nation as unjustly deprived of its own land and continuously suppressed by the aliens.

The author further distinguishes between individual-level and group-level origins of terrorism, which result from one of the following possible reasons to engage in violence: logical choice and political strategy; collective rationality; lack of opportunity for political participation; disaffection within an elite. On the individual level, origins of terrorism can then be broken down into rational (cost-benefit analysis); psychological (dissatisfaction with one's life and accomplishments); and cultural (perception of outsiders constituting vital threat to a minority) origins. Group-level origins include the environment of political activism, where a group undertakes efforts to redirect the society's and/or government's attention towards a grievance of a particular social movement. Terrorism can also result from dramatic events, traumatizing the population beyond the bearable extent (Martin 2006, 76-78).

The latest classification applies best to the case of Palestinian people, as their opinion has been honed to its present state by decades of ongoing latent conflict, several times bursting out into an open war. Nevertheless, it cannot be neglected the second of origins of terrorism on the individual level, namely psychological origins, are likely occur in times of economic hardship, high unemployment rate or difficult economic conditions. The author also mentions a possible way of countering such a situation, through social reform responding to grievances.

> Thus, social reforms attempt to undercut the precipitating causes of national and regional conflicts. Reforms can include the improvement of economic conditions, increased political rights, government recognition of ethnonationalist sentiment, and public recognition of the validity of grievances. It should be noted that social reforms are rarely the only stratagem used by states to end terrorist campaigns. (Martin 2006, 506).

However, the author contends that social reform is primarily meant to reduce sources of tension leading to inter-group violence, assuming that the causes of terrorism "lie in political conflict between contending ideologies, ethno-national groups, and religions."

As for the more detailed motives of terrorism (Martin offers four of them – moral convictions; simplified definitions of good and evil; seeking utopia and codes of self-sacrifice), the final motivation of Hamas militants engaging in anti-Israel guerrilla-war would possibly combine more of these factors. While

moral convictions remain at the ideological base, some rules in Islam may be interpreted in a way that would potentially provide a sort of self-sacrifice code. Above all, the concept of simplified definitions of good and evil should be understood as intrinsic to virtually all cases of terrorism based on moral convictions or the conviction of moral supremacy, as these very examples presuppose a twisted and circumscribed interpretation of the world.

'Official' Means 'Inefficient'

William Easterly (2005) draws a distinction between "planners" and "searchers." The former administer huge sums of ODA, following previously agreed frameworks and guidelines, assigning it to governments for huge projects. Working from World Bank (WB) or Organisation for Economic Cooperation and Development (OECD) cubicles, they have little contact with the current on-the-field situation and often fail to reflect the dynamics of their target region. From their outside perspective they tend to construct big plans, centrally designed and taking into account every detail in their complexity.[7]

The latter, in contrast, have little global perspective and search to employ the scarce resources they have at their disposal to gain the highest possible benefit. They struggle to find a niche in the current system, usually striking at what is most in need at the particular moment. Being accountable for their decision, they quit their project immediately after realizing it is inefficient. Easterly's image of 'searchers' resembles that of private businessmen operating in a free market.

Yet such claims are being persistently undermined by ODA backers. For instance, Steve Radelet concludes that even though much of the resources have undoubtedly been squandered, still a lot of good has been done through ODA and hence it is better to keep doing something and try to improve the way it is done rather than jettison the whole instrument at a stroke (Easterly and Radelet 2006).

Regardless of their opposing standpoints, both authors agree that creating a foreign assistance system that held the planners accountable for their decisions would boost the efficiency ratio of the funds spent on development. Were we to draw a parallel for the situation in Palestine, the pre-2006 PA[8] would be identified as a planner, while Hamas would represent a searcher. While the PA

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[7] Easterly offers the example of the 1958 commitment by the DAC countries that they will step up their ODA spending up to 1 % of their GNI, later GDP, by the year 1968. Fifty years on, average ODA from DAC members remains at around 0.30 %. From similar perspective he criticizes plans like the then Big Push or today's Millenium development Goals.

[8] Here, I assign the PA a twin identity: (1) Political system designed to run a quasi-state, therefore covering basic needs of its population plus providing security and necessary services (*government*). (2) Political parties representing the government, living representatives identified with the state (*establishment*). Hamas, in contrast, enjoys a single identity of opposition: alternative system of services, represented by personalities criticizing the establishment.

receives its funds merely on the basis of its existence and compliance to a minimal set of rules, Hamas has to persuade its sponsors it is worth supporting the organisation. Its self-definition is thus positive – it has got a clear vision of its role and task in the society. From its very nature as the government that runs the country, parties representing the PA supposedly start with maximum support from their inhabitants and can only lose it. Therefore, all the PA needs to do is level off, it can lose only when committing serious mistakes (which has repeatedly happened in the past). Hamas, on the other hand, from its opposition role, needs to persuade the majority of population that it is superior to the PA – ideologically and practically. Most importantly, Hamas is perfectly accountable for all its activities: it built its complex system of schooling and social security services primarily in pursuit of new members. Disregarding the fact that it was not obliged to adopt and implement unpopular measures, which is the only disadvantage intrinsic to the PA as the government, the full freedom of actions that Hamas was enjoying was balanced by absolute accountability on the other hand, allowing it to review and adjust its steps in real-time. Through identifying and addressing the niches in the society that the PA had failed to handle and patiently waiting for Fatah to discredit itself before the public through numerous fraud affairs and continual cooperation with the West and an appeasing stance towards Israel, which by the majority of Palestinians is regarded as cowardly, Hamas eventually rallied enough support to beat Fatah in legislative elections.

Finally, it is important to note that both types (planner and searcher) as drawn by Easterly are somewhat ideal extremes; real subjects should then be placed somewhere on the axis in between them. Taking that into account, the comparison of the PA and Hamas, regardless of how flawed it might be, would hold at least to a limited extent.

Conclusion

After all, the dynamics of ODA to the Palestinian Territories, when put into a broader context of political and social developments in the region, might lead to some assumptions. Far from claiming any definite results, it may be worth to review the most important facts and parallel events:

(1) As I have noted in the first part, the total volume of ODA to the PA has doubled over the last five years. One of the underlying targets of such funding was to prevent further radicalization of the Palestinian population and dilute their possible support for terrorist organisations, incl. Hamas.

(2) Despite this effort, Hamas has succeeded to rally enough backing to first gain control over 21 % of municipalities in the 2004 elections and then beat Fatah in the legislative elections in January 2006 by 3 % votes and 29 mandates, showing its strength mainly in the regions by winning 45 district seats to 17 of Fatah.

(3) Similar confluence can be traced when investigating the case of Lebanon: just like in the West Bank and Gaza, ODA has been stepped up over the last few years (although not that significantly). Meanwhile in the 2004 elections, Hezbollah won the largest number of seats in its history (14) after a continuous decline of two seats each year since 1992.

Understanding the complexity of the election process and the vast number of factors affecting the final polling results, I cannot draw any definite parallels based on the findings presented in this paper. Moreover, using collected data to dismiss all links between ODA and the support for extremist parties and organisations might be premature. One cannot deny that the examples of the West Bank and Gaza, as well as Lebanon, considering their difficult security conditions, might be well beyond the general characteristics, common in other countries.

Neither was it a purpose of this article to claim that EU funds to PA are (or were) being subverted to fuel terrorist activities. As a recent European Anti-Fraud Office (OLAF) investigation has concluded, such an assumption would most probably be false.

Additionally, political opinion among the Palestinian population is still overwhelmingly formed by internal matters. Hamas won its support mainly by its schooling system, social program and ability to address the needs of the society. It is this dimension of its activities that was central to its success, as the faltering support for Palestinian Islamic Jihad, a militant group with no charity programme whatsoever, demonstrates (Čejka 2005, 176). In reports after the 2006 legislative polls, analysts often explained Hamas' victory by the frustration of the Palestinian population caused by ubiquitous corruption in the Palestinian Authority and its (then) ruling Fatah party. Political analysts did not interpret the outcome of the elections solely as a result of radicalisation of Palestinians, but rather as a signal of frustration growing from increasing mistrust in the ruling elites. Regarding its civilian branch, Hamas has successfully built and retained the reputation of reliability and moral integrity, showing a categorical restraint to graft and fraud (Čejka 2005, 174).

I admit this paper raises many questions, but answers only a few. I am also aware that it is easy to criticise and point at mistakes, and difficult to find solutions and create new approaches and policies. Nevertheless, in order to avoid the same mistakes from being made in the future, it is vital to recognize them at present. Far from invoking definite conclusions, this study aims to open ground for discussion. In order to fully understand the role of ODA in the fight against violent extremism and terrorism, its possible effects as well as non-effects, it is necessary to conduct more research into both theoretical concepts and their practical implementations. Contemporary world, with massive financial flows from whole rich regions to poor ones, offers many examples to explore the connections that are generally considered as clear. However, it might eventually turn out that such causal links have never existed.

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