

THE 'ARC': A SOLUTION FOR PEACE?
**FINDING A TWO-STATE SOLUTION THROUGH INFRASTRUCTURE
STRATEGIES IN THE ISRAELI / PALESTINIAN CONFLICT**

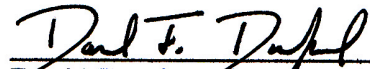
By

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ABSTRACT

The Israeli/Palestinian conflict is one of the longest-standing discords in modern history. International actors have attempted innumerable approaches to create a decisive and lasting peace, to little avail. This thesis investigates the realistic potential of a large-scale infrastructure project to alter the conflict status quo and lay the foundations for a peaceful two-state solution.

Operating on the premise that a two-state solution is the only feasible outcome, this thesis investigates the potential of ‘The Arc’ – a corridor of infrastructure linking the physically separate halves of Palestine (the West Bank and the Gaza Strip) – to create the necessary preconditions for a unified Palestinian Authority. This in turn could be the tipping point towards a lasting two-state solution.

Building on previous research from the RAND Corporation, this dissertation analyzes the degree of the total project potential, the necessary components, the outcomes, and what success could mean for all parties involved. Through case studies of similar projects it is possible to extrapolate theory applicable to conjoining the Gaza Strip and the West Bank. This analysis will also determine the extent of monetary risk any third-party will endure. The conclusion highlights the findings of this investigation as well as strategic policy suggestions.

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GLOSSARY

AHLC	Ad Hoc Liaison Committee (principal policy-level coordination mechanism for development assistance to the Palestinian people)
APOPS	Asset Procurement and Operating Partnership System (South Africa)
BOT	Build, Operate and Transfer schemes (United Kingdom)
B'Tselem	Information Center for Human Rights in the Occupied Territories (Israeli)
ECHO	European Community Humanitarian Office (European Commission)
CCN	Carrying Capacity Network
COGAT	Office of the Coordinator of Government Activities in the Territories (Israeli)
DBFO	Design, Build, Finance and Operate projects (United Kingdom)
DESA	Department of Economic and Social Affairs (within United Nations)
DoP	Declaration of Principles (the 1993 'Oslo Accords')
DNH	'Do No Harm' Project (see chapter seven)
EU	European Union
FDI	Foreign direct investment
GoI	Government of Israel
ICJ	International Court of Justice (The Hague, Netherlands)
IDF	Israeli Defense Forces
MOPIC	Ministry of Planning and International Cooperation (Palestinian)
NGO	Non-governmental organization
OCIDNP	Oversight Committee on Infrastructure Development for a New Palestine
O&M	Operation and maintenance
oPt	Occupied Palestinian territories
PA/PNA	Palestinian National Authority
PCBS	Palestinian Central Bureau of Statistics
PFI	Private Finance Initiative (United Kingdom)
PLO	Palestinian Liberation Organization
PPP	Public Private Partnership
Quartet	United States, European Union, Russia and the United Nations
RAND Corp.	Research and Development Corporation
TFPI	Task Force on Project Implementation (a representative forum of the donor community in their dialogue with the Israeli government)
UN	United Nations
UNISPAL	United Nations Information System on the Question of Palestine
UNSCO	Office of the United Nations Special Coordinator for the Middle East Peace Process
US	United States (in reference to the United States government)
USAID	United States Agency for International Development
USCB	United States Census Bureau
WBGS	West Bank and Gaza Strip

| All prices herein are expressed in US Dollars. |

“INFRASTRUCTURE HAS BEEN SEEN HAVING A CONSPICUOUS IMPACT ON GROWTH AND ECONOMIC DEVELOPMENT OF A COUNTRY IN ADDITION TO IMPROVEMENT ON THE QUALITY OF LIFE OF THE PEOPLE.”¹

¹ Iyer, K.C. and Balamurugan, R. “Infrastructure Financing: Case Studies from Developing Countries.” in Kalidindi, Satyanarayana N., and Koshy Varghese, eds. Project Procurement for Infrastructure Construction. New Delhi: Narosa Publishing House, 2004. Print. p. 53.

1 INTRODUCTION

Since the end of the Six-Day War in 1967 the Palestinian territories of the West Bank and the Gaza Strip (WBGS) have been heavily influenced by Israeli policies. These Israeli policies have served to establish Israeli political, military and economic control over the WBGS and to subtly undermine the local Palestinian authority in each area. This has primarily served to lessen the Palestinian Authority's ability to negotiate with Israel and its ability to establish terms of collaboration and mutual accountability towards a lasting peace agreement. As current Prime Minister of the Palestinian National Authority (PNA), Salam Fayyad has undertaken many efforts to enable and equip a future Palestinian state that can claim to possess all the necessary institutions that comprise a nation. However, many of his and other Palestinians' efforts have been hampered by Israeli efforts to exercise authority in what should be a sovereign territory. In addition, the unbridled growth of Israeli settlements and control in the West Bank further enables Israeli intervention in the area.

Since 1967, one of the most important political divisions within Israel has been between those Israelis who favor land acquisition versus those who favor land relinquishment. Those who favor acquisition believe in retaining and officially incorporating the land of the historical *Eretz Yisrael* (Land of Israel), which includes the WB territory conquered in the 1967 Six-Day War. Those Israelis who favor ceding the WBGS areas to the Palestinians and a future Palestinian state believe such action is necessary to resolve the Palestinian conflict. For most, this situation is considered a security, ideology or diplomacy issue, however Ian Lustick properly identifies that "the uncertain disposition of the West Bank and Gaza Strip can most usefully be analyzed as a state-building problem."²

² Lustick, Ian. "Israeli State-Building in the West Bank and the Gaza Strip: Theory and Practice." *International Organization*, Vol. 41, No. 1 (Winter, 1987), pp. 151-171. <<http://www.jstor.org/stable/2706673>>.

Considering this issue as a ‘state-building problem’ allows for a more evenhanded approach to the issue, leaving matters of ideology or religion behind. What a future peace needs most is pragmatic, unbiased, and non-partisan action to ensure that a future Palestinian state possesses the essential elements of a sovereign nation. The first article of the widely recognized Montevideo Convention on the Rights and Duties of States recognizes that “the state as a person of international law should possess the following qualifications: a) a permanent population; b) a defined territory; c) government; and d) capacity to enter into relations with the other states.”³ Many scholars agree that a ‘defined territory’ tacitly suggests a unified, contiguous area that is interlinked both physically (with rare exception) and economically. This thesis focuses on the necessary element of assembling a unified territory as part of the foundation for a new Palestinian state.

Necessary for Palestinian statehood and regional stability both the Israelis and the Palestinians must equip themselves with the necessary tools before commencing formal conflict settlement talks. History shows us that successful negotiations occur when the parties involved demonstrate two tangible things: first, the ability to entertain a *quid pro quo* of various terms that so often helps parties come to a more solid agreement; and secondly, the ability to demonstrate certain capabilities as a means of proving their ability and good faith. In this instance, the Israelis must make certain concessions (on various issues), while the Palestinians must uncover new ways to help themselves become more autonomous. Palestinians must prove to Israel that they are ready to function independently. Parag Khanna addresses this need, suggesting that “the crisis of high unemployment, weak infrastructure, and rampant population growth could be

³ “Montevideo Convention on the Rights and Duties of States.” Council on Foreign Relations. 26 December 1933. <<http://www.cfr.org/sovereignty/montevideo-convention-rights-duties-states/p15897>>. Online.

addressed by building a corridor of rail, telecom, electricity, and gas lines linking the West Bank with the Gaza Strip.”⁴

Realizing this need, the RAND Corporation in cooperation with Suisman Urban Design published a study in 2005 entitled ‘The Arc: A Formal Structure for a Palestinian State,’ which proposed a novel framework of transportation infrastructure and urban planning in the WBGS. Their proposal, which lacks a timeline or deadline – making it pertinent to the current situation – aims to facilitate economic growth and increase societal development in the context of a rapidly growing population and currently inadequate physical infrastructure. The study also examines a number of related policy challenges, which this thesis goes on to investigate in further detail.

The aim of this thesis is to thoroughly examine the ‘Arc’ proposal and to investigate its potential to overcome the decades-long impasse between Israelis and Palestinians. The second section of this thesis looks at the current situation of the WBGS, specifically future demographic concerns and economic pressures, as well as investigating where the responsibility for change lies. In the third section, we look more closely at the details of the proposed infrastructure project and its practicality and potential for change. In the fifth section we put these theories under the microscope and into the Palestinian context, looking at both the direct and indirect costs of the proposed ‘Arc’ and the impacts of its construction and completion. This section is also used to examine and uncover potential donors and capital inflows crucial to the project’s success. The sixth section looks at the flipside, examining both the short and long-term benefits of construction and completion. Following that, the seventh section is an exploration into private infrastructure considerations, examining capital-generation campaigns and methods as well as operation and maintenance considerations. In section seven we then delve into the ‘realities on

⁴ Khanna, Parag. The Second World: How Emerging Powers Are Redefining Global Competition in the Twenty-first Century. New York: Random House Trade Paperbacks, 2009. Print. p. 209.

the ground' and the challenges both sides and the international community face in attempting to realize this venture. Section eight looks at conflict mediation concerns that are applicable to this issue, and what techniques can be used as leverage to facilitate change. To give the reader a more complete understanding of the potential costs and gains, as well as the potential for success, section nine presents several case studies of projects roughly similar in scope and complexity. Finally, the conclusion aims to tie together all the presented information and to determine whether or not foreign donors and the international community should more seriously consider investing in this project. Lastly, after positive affirmation, we devise a strategic plan of implementation to bring sustainable peace to Palestinians and Israelis.

2 OVERVIEW OF A PALESTINIAN STATE

Demographics, Carrying Capacity and Density

One of the main concerns that a future Palestinian state must face is figuring out how to address the current and predicted youth bulge and how to accommodate a rapidly expanding population within such a small territory. UN estimates of female fertility rates in the WBGS are some two to three times higher than the global average, and in an area already stricken with humanitarian concerns, this is cause for alarm. Any plan that is implemented in the WBGS must not fail to address demographic issues, especially considering the Palestinian refugees that are a factor in the equation and have been historically omitted from the picture with the assumption that a Palestinian “right of return” is not viable. The ‘Arc’s’ intent is to not only address the needs of the population, but to establish conditions on the ground such that a future Palestinian state will be equipped with an infrastructure network capable of accommodating a sizeable refugee influx.

To better understand the refugee issue, we must examine the historical side of the issue. In May 1948, Israel’s claim to the land of Palestine solidified in the form of an official declaration of statehood, creating a massive exodus of Palestinian refugees as a result of the Arab-Israeli War. Known in Arabic as *al-Nakba* (the disaster or catastrophe), well over a half million Palestinian Arabs left, fled or were expelled from their homes. Most fled to neighboring countries of Jordan, Syria and Lebanon, where they began to live in settlement camps. Again in 1967, Israel triumphed over its neighbors during the Six-Day War, resulting in the flight of approximately 300,000 more Palestinians from the conquered territories to join their brethren in exile. Many official estimates claim that should those refugees and their descendants return en masse back to WBGS, it is reasonable to assume that around 600,000 people would return. The

current population and its rapid growth rates already promise to strain the ability of a new Palestinian state to provide basic services, housing and facilities, not to mention an approximately 12-14% increase in the population over a very short time span should the refugees return.

The Palestinian population is rapidly expanding and current estimates place the overall population of the WBGS at around 4.33 million inhabitants.⁵ Of note, the UN Department of Economic and Social Affairs (DESA) estimates that the global total fertility rate for the period 2010-2015 is expected to be 2.36. However, in the WBGS, fertility rates of Palestinian women are some of the highest in the world, at 5.6 (West Bank) and 6.9 (Gaza Strip) children per woman of childbearing age.⁶ Very soon, the combined population of the occupied Palestinian territories (oPt) will be over 5 million. Add to that an influx of approximately 600,000 returnees and the total population of the WBGS could easily approach nearly 6 million within the coming decade. By 2020, it is estimated that the population in the WBGS will near 6.6 million people, yielding an extraordinarily high-density rate and creating cause for further demographic complexity and concern. Much of the aim in the 'Arc' plan is to alleviate the projected population swelling and allow for the establishment of a stronger physical support network to disperse the population more evenly among the oPt in the coming decades.

The 'Arc's' implementation will have many far-reaching benefits affecting population growth and state carrying capacity should the plan succeed. Projections of future population growth reveal that the rate of childbirths will undoubtedly increase in the near future, as the

⁵ Estimates for July, 2012. "CIA World Factbook." *Gaza Strip and the West Bank*. <<https://www.cia.gov/library/publications/the-world-factbook/>>.

⁶ Suisman, Douglas R, et al. *The Arc: A Formal Structure for a Palestinian State*. Santa Monica, CA: The Rand Corporation, 2005. Electronic PDF. p. 2.

number of Palestinian women of childbearing age will more than double.⁷ However, as history shows us, fertility rates will eventually begin to decline, at a rate dependent upon the degree to which education levels and labor force participation of Palestinian women rises. One of the key elements and aims of the ‘Arc’ is to enable greater accessibility for all Palestinians to healthcare, education, and critical family services. This increased accessibility is especially prudent in the population’s educational needs and the aforementioned population youth bulge that is ongoing and expected to continue for some time.

Currently, U.S. Census Bureau (USCB) data reveals that there is a very pronounced youth bulge (persons under age 20) in the population pyramid for both the West Bank and Gaza Strip.⁸ This bulge places a huge strain on and demand for key services like education and health, which will only continue to rise. This is a problem however, as the proportion of the population that supports these services (e.g. taxpaying and working adults) continues to decline. The USCB and the Palestine Central Bureau of Statistics (PCBS) data also reveal that the share of population (2009-2012) less than 15 years of age is approximately 42% and above 65 years of age is approximately 3%.⁹ Suisman et al. address this growing concern, citing that the “ratio of workers to preschool and school age children in Palestine is 0.73 in the West Bank and 0.60 in Gaza...[whereas] in developing countries the ratio is 1.2; in the rest of the Middle East it is 0.96...[and] in developed countries the ratio is 3.1.”¹⁰ It is crucial to recognize that these figures do not take into account any refugee influx predictions.

Historically, one of the largest determinants of refugee relocation patterns has been the economic condition of both their location of origin and their resettlement location. Assuming

⁷ Ibid.

⁸ See Appendix B: Figure 1. Population Pyramids.

⁹ “Palestine in Figures 2009.” Palestinian Central Bureau of Statistics. Ramallah, Palestine, 2010. Stable URL: <http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1661.pdf>. Electronic PDF.

¹⁰ Suisman, Douglas R, et al. p. 2-3.

this, it is fair to say that the same set of concerns will factor into this situation. Thus, we can reasonably assume that the least likely Palestinian refugees to return to Palestine will be those who are currently in countries with high levels of political and economic stability. Therefore, the most likely refugees to return will be those leaving conditions of economic despair, which is common in the refugee camps in Syria, Jordan and Lebanon. In addition, these camps experience fertility rates near those in the West Bank. The RAND report points these facts out, noting “the natural population growth of Palestinians now in the West Bank and Gaza and the influx of refugees and the children they will bear in the coming years will confront the new state with major challenges.”¹¹

Among these primary challenges to a new Palestinian state lies the future need of the state to be able to physically accommodate all of its citizens. The Carrying Capacity Network (CCN) highlights the importance of not equating open/unused spaces with the necessary set of resources requisite for supporting human life under modern conditions. As such, the determinant for whether a given territory is overpopulated or not is considered the land’s ‘carrying capacity.’ The CCN defines carrying capacity as “the number of individuals who can be supported in a given area within natural resource limits, and without degrading the natural social, cultural and economic environment for present and future generations.”¹² Palestine’s carrying capacity is already quite stretched, and without drastic action in the coming decade, its population will exceed capacity, leading the state to utter failure.

According to one of their more recent publications on population statistics, the PCBS noted the overall Palestinian population density in 2009 was 654 capita/km², of which 433 capita/km² were in the West Bank (including Jerusalem) and 4,073 capita/km² were in the Gaza

¹¹ Ibid. p.3.

¹² “What is Carrying Capacity?” *Carrying Capacity Network*. March 2012. <<http://www.carryingcapacity.org/>>. Online.

Strip.¹³ With a total population of 4.33 million in an area of only 6,020 km² (2,324 square miles), Palestine has about 1,863 people per square mile. Assuming an additional 600,000 refugees, that number swells to 2,121 people per square mile, nearly on par with Bangladesh, the world's densest country with approximately 2,200 people per square mile. For perspective, the Netherlands – Europe's densest country – has 1,200 people per square mile, while among Palestine's neighbors, Israel has 770 people per square mile and Lebanon 870. Following the growth trends we previously observed in the population pyramids for the WBGS (Appendix B, Figure 1), Palestine's rapidly increasing population will place it at the highest spot in the world in terms of population density within the decade.

High population density has many negative connotations; oftentimes, laypeople will associate very high-density levels with overcrowding, disease, traffic congestion, environmental degradation and poverty. However, as the RAND Corporation's "Key Findings" summary points out, high population density in itself is not necessarily a prescription for national failure. The summary makes the distinction between individual city and overall nation densities and reveals that a growing corpus of research suggests a reverse correlation when measuring the densities of the two. "In a number of domains—sustainability, environmental performance, reduced energy consumption, livability, even social equity—cities with higher densities may perform better than those with lower densities."¹⁴

The "Key Findings" study reveals that in the United States and other more land-rich countries, the typical average metropolitan density is around 3,000 people per square mile. It also points out that less land-rich but nonetheless prosperous Asian and European cities such as

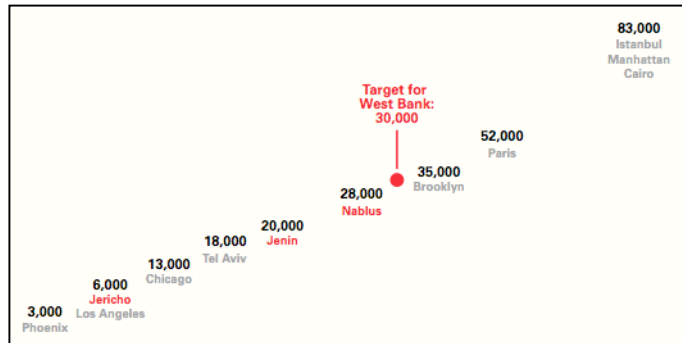
¹³ "Palestine in Figures 2009." Palestinian Central Bureau of Statistics. Ramallah, Palestine, 2010. Stable URL: <http://www.pcbs.gov.ps/Portals/_PCBS/Downloads/book1661.pdf>. Electronic PDF. p.9.

¹⁴ "Helping a Palestinian State Succeed: Key Findings." Santa Monica, CA: The RAND Corporation, 2005. Stable URL: <http://www.rand.org/content/dam/rand/pubs/mono_graphs/2007/RAND_MG146.1-1.pdf>. Electronic PDF. p.18.

Singapore, Paris, and Munich all have densities at least ten times as high, averaging 30,000 people per square mile across their metropolitan areas. In Palestine while the total national density is one of the highest in the world at around 2,000 people per square mile, their average metropolitan density averages anywhere from about 25,000 in Gaza City to around 20,000 in Hebron and some of the more heavily settled urban hubs elsewhere in the WB.¹⁵

According to the study, the successful high-density development of many European and Asian cities is a result of ‘compact urban form,’ high-density housing, and a strong and reliable network of public transportation. Given these conditions that have yielded high-density success elsewhere in the world, we needn’t consider the current and projected higher population density of a future Palestinian state as a negative factor. If the PA recognizes that the aforementioned factors, most notably a strong public infrastructure system, can yield sustainable high-density

cities which in turn support a sustainable nation-state structure, they can act quickly to develop such necessary infrastructure. This is how the ‘Arc’ can best play a role in helping a future Palestinian state: by



allowing for greater transportation and communication efficiency, it indirectly enables more efficient housing and increased societal economic cooperation, all factors that help promote a strong, independent state.

The considerably high Palestinian density figures signify more than just high population numbers – they also reveal quite serious realities of daily life. Suisman et al. point out that Palestinian per capita water consumption is now at half of the UN minimum daily standard.

¹⁵ For a map conveying these density figures and to better understand the correlation between density and land area, see Appendix A: Figure 1.

From firsthand observation and research, Suisman's team also found that while the demands on Palestine's limited land area for agriculture, infrastructure, economic activity, and housing are growing, "the physical infrastructure is grossly inadequate, particularly for housing water, electricity, and sewerage." To accommodate a growing population and refugee influx, Suisman found that approximately 320,000 new housing units would have to be constructed by 2015. Regarding the physical infrastructure, he writes that a new state "would face demands to upgrade or replace a deteriorating physical infrastructure...solid waste disposal is grossly inadequate, power supply is uneven and sporadic, water supply systems are severely degraded, and the road net is so deteriorated that past investment may be lost."¹⁶

To conclude this section on demographics, carrying capacity and density issues, it is prudent to acknowledge that the CCN argues that the carrying capacity for any given area is not fixed, and can be altered by improved technology. The CCN website points out that while carrying capacity can be improved, historically, "[carrying capacity] is mostly changed for the worse by pressures which accompany a population increase." Studies show that as an environment is degraded, the carrying capacity of the given area is reduced, "leaving the area no longer able to support even the number of people who could formerly have lived in the area on a sustainable basis." The effects of unregulated and unchecked population growth have the potential to drastically reduce the carrying capacity of a future Palestinian state, and it is absolutely critical to acknowledge this and plan for a critical infrastructure system that can accommodate the construction and development of a new, modern Palestinian state that is capable of addressing the needs of its society in a timely and effective manner.

¹⁶ Suisman, Douglas R, et al. p. 3-4.

Security, Governance, Social and Economic Pressures

Past attempts at and failures to achieve lasting peace have created among many Palestinians a widespread sense of despair with the status quo. There are a wide range of pressures on the population and government coming from all sides of the equation – the international community, Israel, and from within. These pressures threaten to exacerbate the current plight of the Palestinian economy and social conditions if they are not addressed in a timely manner. It is crucial that the international community and Israel recognize the pressures that the oPt faces at present, as well as how they can be mitigated for a future Palestinian state.

There have been many attempts to secure a peace and relieve the conflict of numerous ‘pressures,’ but no attempts so far have thoroughly addressed major issues of contention that have for so long fueled the fire of hostility. Khanna writes “the various iterations of the Israeli-Palestinian peace process always saw small, peripheral measures as major victories, leaving aside the big issues...that spoilers on both sides have used to derail the [peace] process at the final moments of truth.”¹⁷ The major attempts at peace in Oslo in 1993, Camp David in 2000, and Taba in 2001 all failed to address certain issues, the primary four of which we will look at here. While there are numerous issues of concern, the four primary concerns worth examining closely are: security concerns; governance and sovereignty concerns; social and daily living concerns; and lastly, economic development concerns.

Undoubtedly the foremost concern that underlies the whole premise of a future independent state is the issue of security. The success of an independent Palestine is implausible without a stable, peaceful coexistence between Israelis and Palestinians. Achieving a sufficient level of security sets the foundation for the entire ‘Arc’ plan, and allows for the remaining pieces

¹⁷ Khanna, Parag. The Second World: How Emerging Powers Are Redefining Global Competition in the Twenty-first Century. New York: Random House Trade Paperbacks, 2009. Print. p. 208.

of the puzzle to fall into place. One of the primary concerns is assuaging the concerns of the international donor community and proving to them that any investments they make will be secure from derailment. One such group of high importance is the Task Force on Project Implementation (TFPI), which acts as a representative forum of the donor and aid community in the ongoing dialogue with the Government of Israel (GoI) on issues related to access and other impediments to the effective and efficient implementation of aid projects and programs in the WBGS. Given Israel's effective control over and political dominance in most of the WBGS, it is crucial that any proposed plan offer incentives not only for Palestinians, but also for Israel, so as to ensure their cooperation.

To ensure a lasting settlement of the conflict and to assuage concerns on all sides of the issue, it is of utmost importance to establish strong security measures from the beginning of the project. Subsequently, security must also be most prominent on the agenda of a new Palestinian state from the moment of its inception, for as the "Key Findings" survey points out, "unlike infrastructure or industry, security is not something that can be built gradually."¹⁸ While Israel would assert that its role in security entails keeping a tight leash on the Palestinian state, it must come to terms with a self-governing and self-securing Palestinian state. This necessitates Palestinian success on other fronts, namely in the form of good governance, sound economic policy, and a strong social welfare system, none of which can be realized at current time due to the lack of territorial contiguity.

In the current noncontiguous situation, the security situation facing the PA is overly complex and therefore overly weakened. The 'Arc' – in linking WB and GS – establishes a profound territorial linkage and eliminates much duplicative security measures, establishes

¹⁸ The RAND Palestinian State Study Team, Multiple Authors. "Building a Successful Palestinian State." Santa Monica, CA: The RAND Corporation, 2005. Stable URL: <http://www.rand.org/content/dam/rand/pubs/monographs/2007/RAND_MG146-1.pdf>. Electronic PDF. p. 5.

greater financial efficiencies, and eliminates a surprising problem uncovered by the RAND Palestinian State Study Team – rivalries among security officials. The RAND team asserts, “greater border permeability is essential for economic development,” but notes that such permeability “significantly complicates security.”¹⁹ This is all in support of the ‘Arc,’ which would maintain a secure and relatively impermeable border while accommodating inter-Palestinian permeability and continuity.

The second major concern is that of governance and sovereignty. The internal and external pressures on the future Palestinian state to ensure good governance and maintain aggressive sovereignty are very high. The long-term success of the ‘Arc’ is mostly dependent upon the quality of governance and control over it, and it so it becomes necessary to briefly examine the qualities and issues that make up – and affect – a future Palestinian state. Clearly, the most basic components of good government are accurate and fair representation (commitment to democracy), exercise of rule of law, absence of corruption and popular support – the latter of which cannot be had without legitimacy and constant exercise of the former.

Good governance does not fall into place overnight. It must be built up slowly over time and leaders must demonstrate their ability to remain steadfast in their pursuit of attainable conditions of statehood, as Salaam Fayyad has demonstrated. Many conditions must coexist to allow for good governance, which the RAND’s “Key Findings” team observes: “good governance will be more easily achieved if Palestine’s borders are open, its economy prosperous, its refugee absorption manageable, its security guaranteed, and its early years bolstered by significant international assistance.”²⁰ This international assistance is highly critical, and will not come without reforming current institutions and practices. The process is a step-by-step one,

¹⁹ Ibid p. 7.

²⁰ Ibid. p. 8.

allowing for careful and deliberate progression from the current situation, into a state conditioned to accept the 'Arc' plan into a state that eventually possesses the 'Arc' and its enabling features of continuity and empowerment. While empowerment will come predominately after the construction and implementation, commencing delegation of power and empowerment of non-executive-branch officials/institutions now will consist of much of the trigger of the avalanche of change that is to come.

For this avalanche to begin, the GoI and the PA need to come together and begin an internationally mediated open dialogue with the goal of fostering a transition of the locus of control. Alissa Sufyan nails this concern, writing how the 1993 Oslo Accords limited from the start the PA's mandate over the WBGS and its ability to determine political and economic policies. She writes, "in addition, [the accords] set out the nature, structure, and capacity of the PA institutions...allowing the government of Israel to exercise political and economic power over the territories, both directly through controlling more than half of the WBGS and indirectly through the type of PA institutions constructed as a result of the accords."²¹ This limitation is still omnipresent, as evidenced in current PA President Mahmoud Abbas' recent letter to Israeli Prime Minister Benjamin Netanyahu. Abbas writes, "you have made the Palestinian Authority a non-authority...you have taken from it all its specializations and commitments."²² In the coming decade, Israel will need to begin a process of relinquishing much of its established power and nodes of control in the oPt, transitioning from such heavy-handed policies of control to more foreign policy-oriented means of exercising their international control.

²¹ Alissa, Sufyan. "The Economics of an Independent Palestine." in Hilal, Jamil, ed. Where Now for Palestine?: The Demise of the Two-State Solution. London: Zed Books, 2007. Print. p. 123.

²² "Israel's Netanyahu to meet Palestinian PM Fayyad." European Jewish Press. *AFP & EJP*. 4 April 2012. <<http://www.ejpress.org/article/57268>>. Online.

The process of forming a self-governing Palestinian state will be equally hard for Arabs and Israelis alike. While the PA government has much of their work cut out for them, the Israelis will have to disassemble their post-Oslo framework substantially. Sara Roy argues that the outcome of the Oslo process left the Palestinian society “in a weakened and internally fractured state, a direct result of Israeli and PA policies that simultaneously demobilized and disempowered the population.” The ‘cantonization’ of the WB by the Israeli government in the first half of the current decade into eight non-contiguous zones around the areas of Jenin, Nablus, Tulkarem, Qalqilya, Ramallah, Jericho, Bethlehem and Hebron severed the once-contiguous area into physically and demographically isolated and dysfunctional parts.²³ Roy argues that the Israeli policy of annexation countered the fundamental objectives of Oslo, accelerated the disintegration of the Palestinian economy, encouraged political fragmentation, and internalized violence.²⁴ All this will have to change for any international-sponsored infrastructure project to take shape.

The third major pressure facing Palestinians today is the societal pressure coming from within. This includes a wide range of concerns, covering – but not limited to – living conditions, education systems, healthcare systems, community welfare networks, and other basic civil services that allow for a successful foundation for community networks that will be the backbone of a future Palestinian state. Part of the impetus for the installation of the ‘Arc’ is the enormous benefits it will provide in the realm of social well-being. As it stands now, because of the impassable physical divide between the WB and GS, healthcare and education systems are

²³ See the section entitled ‘*Bantustanization*’ in chapter seven for further reading on the Israeli policy of ‘cantonization,’ or separation of the WB into separate entities.

²⁴ Roy, Sara. “Palestinian Society and Economy: The Continued Denial of Possibility.” *Journal of Palestine Studies*, Vol. 30, No. 4, pp. 5-20. University of California Press (on behalf of the Institute for Palestine Studies), 2001. Stable URL: <<http://www.jstor.org/stable/10.1525/jps.2001.30.4.5>>. Electronic PDF. p. 14.

inadequate for the populations they serve, and thus they are some of the primary limiting factors hampering advanced growth.

The Oslo Accords in 1993 sought to mitigate these limiters by increasing the economic interdependency between Israel and Palestine, but instead of increasing economic integration the reality since 1993 has been further segregation and “a deepening fragmentation of the Palestinian population – between the WB and the GS and into more than 60 semi-isolated blocs in the WB.” Karma Nabulsi writes that this segregation has also been accompanied by “the... ‘de-democratization’ of the Palestinian cause by the ‘hollowing out’ of the coping capacities of Palestinians living the WBGS and by their precipitate descent into poverty and dependence upon external assistance.”²⁵ Nabulsi highlights this process of ‘de-democratization’ beginning in 1993, stating that it has deprived Palestinian political and civil society “of the benefits and of the legitimate associations and parties that had served them hitherto, on both a local and a state level.”²⁶

Nabulsi continues, asserting that following Oslo, the Palestinian Authority (PA) that emerged from the disbanded Palestinian Liberation Organization (PLO) possessed a “limited, weak, temporary and inherently undemocratic mandate” and was formed concurrently with “undemocratic sub-state institutions (NGOs) [that had the] aim of fostering ‘civil society,’” neither of which Nabulsi asserts have since been able to adequately serve the Palestinians’ basic political and civic needs. Given this, it is fundamental that the societal pressures be addressed in both a thoughtful and thorough manner. The ‘Arc’ will open up access to school and universities, as well as hospitals and specialty clinics, to all Palestinians and will provide them with the civil needs that can empower them to become a significantly stronger society.

²⁵ Keating, Michael, Anne Le More and Robert Lowe, eds. Aid, Diplomacy and Facts on the Ground: The Case of Palestine. London: Chatham House, Royal Institute of International Affairs, 2005. Print. p. 3.

²⁶ Ibid. p. 117.

The fourth and final pressure that needs to be addressed before considering a practical application of the ‘Arc’ is that of Palestinian economic development. Alissa Sufyan succinctly states the current economic situation among Palestinians, writing, “since the second *Intifada* (uprising against Israel) in September 2000...Israeli policies in the WBGS have taken yet another dimension: to control the WBGS and to destroy its economy.”²⁷ World Bank statistics show that in the 1990’s, per-capita income was in the range of “lower middle income” countries before spiraling downward by more than half since 2000. In such financial doldrums, a future program of economic and state revival cannot succeed without the backing, resources, and support of the international community – namely, the United States, the European Union, the United Nations, the World Bank, and the International Monetary Fund. Of all the issues, this one is considerably long-term, as the RAND findings survey states, noting “resource requirements will be substantial for a decade or more.”

This means that the Palestinian state will need to work quickly and with determination to succeed and convince its investors that their money is not squandered. The RAND Corp.’s findings survey suggests, “during the period of international assistance, the Palestinian state should invest aid, not merely consume it.”²⁸ The aforementioned youth bulge in the demographic profile of Palestine means that in the coming years there will be huge demands for labor opportunities, and coupled with a potential refugee influx this actually presents a chance for the Palestinians to invest not only in the ‘Arc’ but in their labor force.

Jimmy Weinblatt argues against the economically headstrong approach to the greater Israeli/Palestinian conflict, stating “the first lesson that should be drawn from the evolution of

²⁷ Alissa, Sufyan. “The Economics of an Independent Palestine.” in Hilal, Jamil, ed. *Where Now for Palestine?: The Demise of the Two-State Solution*. London: Zed Books, 2007. Print. p. 123.

²⁸ “Helping a Palestinian State Succeed: Key Findings.” Santa Monica, CA: The RAND Corporation, 2005. Stable URL: <http://www.rand.org/content/dam/rand/pubs/mono_graphs/2007/RAND_MG146.1-1.pdf>. Electronic PDF. p. 6.

the peace process between Israelis and Palestinians is that politics, not economics, dominates the fate of this process... a reality which undermines the concept of a ‘New Middle East.’”²⁹ If this is true, such an argument would place much disbelief in the ability of the ‘Arc’ to become widely accepted and implemented as a measure of economic assistance. For it would need to first hurdle innumerable political obstacles and barriers. While one cannot deny the tough reality that lies ahead, it is fair to apply the maxim ‘there is nowhere to go but up’ in this instance, and argue that there is little to lose and much to gain. Weinblatt suggests that an economic approach to peace relies on the presumption that economic incentives should be created, “by means of economic cooperation and joint projects at both the micro and macro levels, to establish the atmosphere and economic gains necessary for peace and its promotion.”³⁰ So thus, it becomes necessary to establish an atmosphere of cooperation, interdependence and trust that will overcome the political hurdles and enable the ‘Arc’ plan to begin. As much as politics play a role in the development of the state, “ultimately, an independent Palestinian state cannot be characterized as successful until the state becomes largely self-reliant” – which is nearly guaranteed with the existence of the ‘Arc.’³¹

Whose Responsibility?

In a conversation between the author of this work and Mr. Alon Pinkas, president of the U.S.-Israel Institute at the Rabin Center in Tel Aviv and former consul general of Israel to New York (2000-2004), Mr. Pinkas rebuffed the idea that the Quartet or even the greater international donor community would come forth to provide assistance in this project. Rather he asserted that primary funding would have to come almost entirely from the United States for the project to be

²⁹ Weinblatt, Jimmy (Chapter 9) in *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*. London: Chatham House, Royal Institute of International Affairs, 2005. Print. p. 108.

³⁰ Ibid.

³¹ “Helping a Palestinian State Succeed: Key Findings.” supra at p. 6.

truly successful. In this instance, the author agrees, citing the invaluable resources the United States can present to both parties. This is not to say the United States will assume full responsibility at all, but rather that it should and needs to act as the foremost supervisor of this project. Both the GoI and the PA have necessary obligations they must be held to fulfill for a successful outcome, and the United States is easily the most capable third-party entity that can ensure compliance by employing various carrot-and-stick methods.

The Israelis must take responsibility for their control over the oPt and ease their vice grip on the WBGS and the PA. As shown herein, Jewish settlements in the WB have historically segregated the existing communities and rendered the WB into a non-contiguous society that is nearly incapable of implementing its own infrastructure lest it be demolished or appropriated by the GoI. In the West Bank Data Project's survey of Israel's policies in the WBGS, they determined that "the criteria to determine priorities of settlement regions are '*interconnection (havirah)* between existing Jewish areas for the creation of Jewish settlement continuity' and '*separation (hayitz)* to restrict uncontrolled Arab settlement and the prevention of Arab settlement blocs.'"³² Such a process needs to be reversed or at the very least, substantially reduced.

Knowing that territorial unity and sovereignty is of utmost importance for both parties involved, current Israeli Prime Minister Benjamin Netanyahu has agreed to freeze West Bank Jewish settlements only in exchange for Palestinian recognition of Israel as a Jewish state – a demand instantly rejected by the Palestinians. Khanna points out that this demand is absurd and that "until Palestinians are granted statehood, pressure on Hamas to recognize Israel is premature and ironic precisely because Palestine is an entity, not a state, and thus is in no position to offer

³² Benvenisti, Meron. *The West Bank Data Project: A Survey of Israel's Policies*. Washington, DC: American Enterprise Institute for Public Policy Research, 1984. Print. p. 27.

such legal recognition.”³³ Clearly, both sides need to do their part to avoid political gridlock and empty promises, so as to avoid establishing demands that have so often spoiled previous efforts at peace.

The Palestinians must also make a concerted effort as they have begun to under the leadership of Salam Fayyad, to undertake efforts to build and strengthen all the necessary institutions that comprise a nation. Whether or not Hamas and the PA establish a joint government, the PA must induce Hamas to cooperate and consider the long-term goals and stability of a future state in lieu of short-term rewards and punishments aimed towards the Israelis. They must bear responsibility for their economy, their people, and their government, and must garner the support of the international donor community by proving their readiness and capability for change.

Now, as in 2012, a critical majority of Palestinians and Israelis, as well as the United States, the European Union, and other international entities, remain committed to a negotiated settlement leading to an independent Palestinian state. The settlement and ‘Arc’ construction depend on the responsibility of both sides to account for their actions. If they both do so, they will garner the interest, investment, and aid of many: the Palestinian and Israeli communities; policymakers in the Quartet (the United States, the European Union, the United Nations, and Russia); foreign policy experts; public and private organizations and individuals committed to helping establish and sustain a new state; and negotiating teams charged with the responsibility of establishing a successful outcome to the current situation.

³³ Khanna, Parag. The Second World: How Emerging Powers Are Redefining Global Competition in the Twenty-first Century. New York: Random House Trade Paperbacks, 2009. Print. p. 210.

3 OVERVIEW OF ‘THE ARC’ - A FORMAL STRUCTURE FOR A PALESTINIAN STATE

Who, What, Where

Now that we have thoroughly given context to the ‘Arc’ project and have covered what must happen for the project to take shape, we turn towards looking at the project proposal itself. The idea of such linkage between the WB and GS is not new, and many researchers, academics and others have suggested time and again roadmaps to peace and cooperation. However, what differentiates the ‘Arc’ proposal is the scope and density of the proposal; it is the first of its kind to give a complete picture of the situation, how the plan fits, and the costs and benefits associated with it. Since 2002, a multidisciplinary team of experts at the RAND Corporation has been working with Palestinians, Israelis, and the international community to develop the ‘Arc’ plan, which aims to facilitate “comprehensive nation-building.”

The proposed ‘Arc’ itself consists of a framework of connections between existing Palestinian urban centers, inside of and between the WB and GS. The connections consist of inter-city rail lines, roads, energy and telecommunications lines, water and sewage lines and other related infrastructure. The proposed framework has several key features, namely: the ability to accommodate existing population centers, the ability to reduce the new state’s overall environmental impact and increase sustainability measures, and the ability to accommodate a potential influx of refugees in the coming decade.

The ‘Arc’ envisions the West Bank and Gaza as an integrated region of connected cities. The rail line linking the main cities within the WB, and the WB with the GS is proposed to take 90 minutes, including a stop at the international airport in Gaza. The ‘Arc’ is planned to link Jenin in the northern WB all the way down and across to Gaza City through intermediate stops corresponding to Palestine’s major cities and towns: (in the WB) Tubas, Nablus (and Tulkarm^{*}),

Salfit (and Qalqilya*), Ramallah/Jericho, Jerusalem, Bethlehem, Hebron, (and in the GS) Rafah, Khan Yunis, and Deir Al Balah. The rail and other infrastructure connection spanning the width of Israel connecting the two Palestinian spheres will need to be negotiated between the Israelis and Palestinians, and will potentially require some Israeli concessions.



As the plan elaborates, each major city would have a rail station on the main line, located several miles from the historic urban center. Outlying cities will contain transit stations that will be connected via a transit boulevard making use of express and local bus lines to bring people to the main inter-city urban connection stops. This will allow for the creation of new economic and residential developments along the length of each boulevard to both stimulate the economy and accommodate population growth respectively. These developments are all planned to be within walking distance of the transit system. Not only does this benefit the users, but such development will also revitalize economic activity in the historic city centers – a strategy that also creates the groundwork for a tourism industry that has the potential to bring in enough revenue over time to substantially mitigate high costs associated with the construction and implementation of the ‘Arc.’ This is one step of many that demonstrates Palestinians working in their own interest to assure the international community they are trying with what little funds they have to generate further national income.

In addition to the rail and bus transit network, the ‘Arc’ plans also call for “concurrent, cost efficient, parallel construction of electricity, natural gas, telecommunications, and water

* Both Tulkarm and Qalqilya are outlying towns on the eastern WB border with Israel and will be connected to the “trunk” of the design with “branches” that extend to around 16 miles away from the mass transit locations.

connections.”³⁴ In addition, a national park following the line of the Arc would provide recreation space within each city, and allow for construction of fitness paths and other well-being lifestyle measures. To accommodate vehicular traffic, the plan calls for a toll road running adjacent to the rail line, to be used primarily for trucking and seaport/airport access. The plans make a concerted effort to create not only a more efficient state, but also one that is highly sustainable and environmentally friendly. Thus people are encouraged to use rail or bus over personal cars, to make us of the park and natural spaces linking the cities, and to implement more sustainable technology in their lives from solar and wind power.

The name of the project, “The ‘Arc,’” comes from the fact that the existing Palestinian cities in the WB form an arc in their geographic distribution from north to south. Thus, it is most practical to apply a ‘linear’ model of transportation along a single ‘trunk’ from which branches extend out, yielding a more compact and sustainable urban form that is favored over what the ‘Arc’ plan calls “undirected and unbounded growth.” The ‘Arc’ plan also has the potential to “create a strong national symbol (of Palestinian statehood and progress) through the connective infrastructure itself, rather than exclusively through expensive and possibly wasteful individual architectural monuments.”³⁵

Timeframes

The need for a project like this is urgent and the conditions are such that planning and fundraising can begin anytime. The project is such that its applications are timeless and it can be instituted at nearly any phase of a negotiated settlement. Work can begin anytime, in a series of construction phases. The project is divided into three main phases: “Quick Impact,” “Sustainable

³⁴ “The RAND Palestine Initiative: Helping a Palestinian State Succeed.” p. 3.

³⁵ Suisman, Douglas R, et al. The Arc: A Formal Structure for a Palestinian State. Santa Monica, CA: The Rand Corporation, 2005. Electronic PDF. p. 19.

Investments,” and “Guiding Vision.” All of this could become fully functional and operational within a decade.

The “Quick Impact” phase aims to be solely a bus transit line composed of twelve stations in and around Jenin, Nablus, Ramallah and Hebron. This phase would aim to be complete within three years and would set the framework up for what would be left to come. It is the author’s opinion that the plan would need to also consider Jerusalem as an early key point of transit. As far as the GS is concerned, the first phase excludes it as early transit systems there will most likely be wasteful and any physical infrastructure within Israel proper would need to be extensively negotiated, funded and approved.

The second phase, “Sustainable Investments,” aims to create model urban districts around these established transport stations. Each city would have three primary nodes of transit, and thus development. One station being in the historical city center, one along the main arterial boulevard linking the city center with the ‘Arc’ connection point, and one node at the ‘Arc’ connection point itself located along the north-south axis line and just outside of the historical city limits. This stage requires that the roads around the city be built and that the bus transit line is fully operating. Other key projects will break ground during this point. This could mean anywhere from three to ten years depending on the financing situation. At this stage, similar construction will occur in the GS, and phases one and two can occur simultaneously there.

The third and final phase, “Guiding Vision,” consists of the actual physical construction of the heavy infrastructure and the ‘Arc’ itself, altogether which will be the national physical plan for Palestine. This is obviously the most time and money intensive phase and will require enormous amounts of pre-approval, studying, planning, drafting, negotiating, and fundraising. This phase could begin sometime after the completion of phase two, so anywhere from around

six to fifteen years. Completion of this phase would signify completion of the largest precondition necessary for an independent Palestinian state, so it is safe to say that when complete, we can expect a full, formal, and recognizable declaration of Palestinian statehood. This means that by completion of phase three, Israel will have had to diminish its presence in the WB and final status issues like water, the separation barrier, settlements and Jerusalem ownership will need to be resolved.

While these timeframes are heavily simplified for purposes of this thesis, they do represent significant research and appreciation of the complexity of the issue. The planning and development thus far has focused on being as practical and applicable as possible, ensuring that as little spoilage and corruption of the plan as possible occurs. In the next section, we turn to looking and the giant elephant in the room- the enormous costs associated with bringing the vision to reality. Later, we discuss capital fundraising issues and briefly examine similar projects and investigate their phased plans and their effectiveness and comparability to the 'Arc' plan.

4 COSTS OF BUILDING ‘THE ARC’

Overview

The ‘Arc’ promises to be one of - if not the most - expensive projects ever implemented in the region. The costs associated with it are enormous, and both Israel and Palestine will bear much of the financial burden. Currently, neither country is in a financial position to fund the main project goals, nor are potential donors adequately briefed on the costs and benefits of their potential investments. For purposes of simplification, the investments can be divided into two categories: transportation infrastructure (rail line, water/energy/telecom lines, boulevard and highway lines), and housing infrastructure to accommodate a more homogenous and more populated Palestinian state.

Before we look at the numbers themselves, we have to devise a system of determining costs. Working off of the pre-existing literature on the subject, the author will correspondingly make use of a “parametric” method for estimating costs, in which we take information from comparable construction products in other places (particularly Israel and Jordan) and adjust their costs to reflect the details pertaining to the Arc. The largest unknown variable in this whole situation is the cost of the land acquisition for the proposed areas of infrastructure growth. Such costs are unknown because land values in this area are difficult to ascertain without the help of an assessor, because the prices may fluctuate dramatically over time depending on the political situation, and because the Palestinian government may eventually have eminent domain over the land and therefore determine its cost outside of land market considerations. Given this, it is difficult to determine realistic land costs based off of other similar projects. Rather than to give precise budget figures, the costs given herein intend to give the reader a sense of the magnitude

of infrastructure investment that would be needed to build the ‘Arc.’³⁶ Undoubtedly, the economic costs associated with the ‘Arc’ borne by both Israel and Palestine will require very substantial resource investments. However, as we explore in the following chapter, the benefits of employment combined with the longer-term economic and social benefits associated with such major infrastructure projects are enormous, especially for a fledgling Palestinian state.

Infrastructure Development

The infrastructure costs constitute the bulk of the overall project cost and are projected to exceed six billion dollars according to some of the initial RAND reports. However, it is foolish to assume this cost is fixed and will not exceed projected costs once construction is underway. RAND estimates that the cost of constructing the core element of the Arc - the rail infrastructure, from Jenin in the north WB (and first last stop in the north) to Gaza City in the south (and last southern stop), is approximately \$3.556 billion, including the costs of the trains and stations. This estimate is taken from the parametric calculation of similar existing rail lines (primarily the Jerusalem-Modi’in railway) valued at \$21.27 million per mile multiplied with the proposed length of 154 miles. The \$3.556 billion also factors in a proposed 14 rail stations estimated to cost around \$20 million per station (based off of Jerusalem rail station prices).

The other primary component of the “trunk” of the project consists of the national toll highway running adjacent to the rail network. Based off of similar highway figures in Israel and Jordan, the RAND Corp. estimated that the main highway along the Arc would cost approximately \$2.065 billion. The arterial branching boulevard roads leading to the city centers along the route and connecting with the highway are estimated to cost approximately \$275.04 million (72 miles of road at \$3.82 million per mile). These roads will also have 108 transit

³⁶ All subsequent data can be found on the table in Appendix B: Figure 2, taken from the original ‘Arc’ report published by the RAND Corporation.

stations in the historical city centers and along the connection boulevard towards the ‘Arc,’ at a cost of approximately \$250,000 per station for a total cost of \$27 million (based on similar existing stations in Haifa and Tiberius). Given this information, total costs of the core rail and road infrastructure of the ‘Arc’ are expected to be around \$5.922 billion.

Housing Development

The other significant price factor in this project is the development of residential housing units to better accommodate population growth and prevent urban sprawl. The planned approach is such that these new housing units are to be developed alongside the arterial boulevards spanning the distance from the ‘Arc’ station into the historic city center. While this cost is not a direct need of the cost of complete installation of the ‘Arc,’ new housing is necessary to house the influx of laborers required to complete the project. In addition, the broader scope of this project is to enable the eventual independence of a Palestinian state, which will ultimately require new housing developments.

Funding and constructing new housing developments concurrent with ‘Arc’ development is smart for a number of reasons. It allows for shared use of construction equipment and labor, and allows for simultaneous buildup of compact urban zones around the new areas. This approach may potentially disadvantage eastern and western zones of the WB that are not well connected with the urban zones, and if incorrectly implemented the project may create too much urban development along the line of the arc itself. However, the underlying concept of sustainability across all sectors of development helps ensure that no projects grow boundlessly and inefficiently.

The development of housing is split into two sectors. One sector of housing growth is considered natural growth and refers to the standard housing growth we would expect

Palestinians to have in the absence of any international assistance. The second sector, which we look at more closely, involves the construction of ample housing to accommodate both immigrant and natural growth. Assuming the average Palestinian household density of around six people per unit (data from PCBS), and an estimated influx of approximately 600,000 immigrants within the coming decade, an additional 100,000 housing units are needed to accommodate the future population. The most recent World Bank housing loan to the WBGS used a target range of \$20,000-\$30,000 per unit, so at an estimated average cost of \$25,000 per unit, internationally-funded (i.e. non-natural growth) housing development can be reasonably estimated to cost around \$2.5 billion.

Israeli Impacts

The costs of building the ‘Arc’ infrastructure and the housing developments will not be borne uniquely by Palestine. Although the project is not projected to be on Israeli land except for the land bridge connecting the WB and GS, Israel will have to endure certain costs associated with its disengagement of Jewish settlements from and within the WB. In 2005, the cost of the Israeli disengagement of the 21 settlements in Gaza in 2005 was estimated at between \$2 and \$2.5 billion, or about 3.5 percent of total Israel State budget in 2005.³⁷ This is an approximate cost of \$107,142,857.14 per settlement disengagement (assuming \$2.25 billion average). Currently there are approximately 121 Jewish settlements in the West Bank so applying the average cost per settlement from the 2005 GS disengagement yields the very approximate figure of \$13 billion.

³⁷ “Press Conference by Israel.” United Nations Information System on the Question of Palestine (UNISPAL): Department of Public Information, News and Media Division. New York. 15 August 2005. <<http://unispal.un.org/UNISPAL.NSF/0/675CF26AF822E50D8525705F00748E20>>. Online.

Similarly to the GS disengagement, most of this cost would likely be borne by Israel. In the 05' disengagement, a request was made by the GoI to the United States Government to bear some of that cost, as it was a strategic move with international ramifications. The same can be said in this situation, so it remains to be seen the exact financial burden on the GoI, but it will certainly be in the billions of dollars to re-settle the WB settlements within Israel's 1967 borders to allow for re-continuity of the WB. Whether or not Israel will fully endorse the project and commit to such a financial burden is yet to be seen, but is outside the scope of this report. Clearly, it is the author's opinion that the immediate cost to Israel for this project is well worth the long-term peace solution that can arise.

5 BENEFITS OF BUILDING ‘THE ARC’

Short Term

In the short term, the upfront costs will most certainly overshadow any economic benefits, however, such benefits cannot be overlooked. The largest of these benefits hands-down is the creation of over 100,000 Palestinian jobs for an approximate six year period. Given a total investment in housing development and transit infrastructure of around \$8.5 billion we can combine that with data taken from similar construction projects in Jordan and Egypt, where average annual construction salary is around \$16,000 and \$10,600 respectively.³⁸ This gives us an approximate mean annual salary of \$13,300, which divided into \$8.5 billion yields around 639,100 person years of construction labor, meaning a total annual employment of approximately 106,517 persons.

The impacts of this employment on Palestinian families where employment among working-age persons is already incredibly low hovering around 40% in the GS and 24% in the WB, will be enormous.³⁹ With around one million men and women between the working ages of 20-59, employing an additional 106,517 people means that around 10.65% of the unemployed can become employed. These figures are in addition to the thousands of jobs in the new businesses that will be developed along the branching corridors of from the main cities of the GS and WB to their ‘Arc’ connection points. These numbers are very significant for improving the daily conditions of the Palestinian people.

³⁸ Jordanian and Egyptian Departments of Statistics. Figures relayed from Suisman, Douglas R, et al. “The Arc: A Formal Structure for a Palestinian State.” p. 73.

³⁹ Unemployment statistics taken from the CIA World Factbook.

Long Term

The tangible long-term benefits are mostly self explanatory and evident. The doors that previously restricted and repressed the society will be blown off their hinges. Palestine will over time be able to become almost entirely self-sufficient and will be able to wean itself off of international aid and assistance. Enabling access for the entire WBGS to a seaport and an international airport (both to be located in the GS) will allow for free flow of goods and economic activity. It will also enable greater homogeneity within the population and allow for a transition to a more democratic society that chooses its leadership in the PA that will represent a unified Palestine.⁴⁰ Over time, Palestine will be able to fully establish the requisite government institutions that will enable it to fully address the needs of its population, leading to a full-fledged declaration of Palestinian statehood. The ‘Arc’ will become a national symbol of Palestinian independence and prosperity, and there is no greater benefit than that for the people of the future state.

⁴⁰ This is as opposed to the current situation of PA leadership in the WB and Hamas leadership in the GS. While Hamas was democratically elected, it remains an enemy of many countries (it is on the U.S. Department of State’s list of sponsors of international terrorism). As such, the people of GS have historically suffered from lack of foreign support due to their government’s position. Should the PA gain control of the GS as is planned in this project, hopefully this will change the status quo forever.

6 FOREIGN AID AND PUBLIC-PRIVATE PARTNERSHIP INFRASTRUCTURE CONSIDERATIONS

Fundraising

Summoning the estimated \$8.5 billion necessary to complete this project is going to be the most difficult challenge of them all. The PA government has had a very rocky history with foreign aid, and many studies have shown that foreign aid has only served to aid in the decline of the Palestinian economy as it becomes more reliant on external assistance. Funding this project will require both public sector funding from the foreign governments, the PA and to a lesser extent, the GoI. A vast quantity will also need to come from private parties, such as NGO's, private donors, and international investment companies. The best method of facilitating this fundraising will come from public private partnerships (PPP), which involve the establishment of a contract between a public sector authority (in this case, the PA and the GoI) and a private party. The private party then is charged with providing a public service or project and therefore assumes considerable financial and operational risk in the project. The outcome of the product is a service – in this case – the 'Arc' and housing developments. The costs of using these services are then consequently passed on to the taxpayers and the users themselves, through money collection methods such as train fares and toll roads.

“Intensive capital requirements, high upfront costs and long payback periods of infrastructure projects force the public sectors to look for private sector participation to respond to the rising demands.”⁴¹ The implementation of the 'Arc' demands all three of these concerns, and therefore it becomes evident that a PPP is necessary. In a PPP a private party is charged with providing the service on behalf of the government, and therefore it is essential to establish an organization that will act as this entity.

⁴¹ Iyer, K.C. and Balamurugan, R. “Infrastructure Financing: Case Studies from Developing Countries.” in Project Procurement for Infrastructure Construction. p. 53.

The author of this work proposes the establishment of the Oversight Committee on Infrastructure Development for a New Palestine (OCIDNP), that will be an independent committee created by the PA given full authority of the project. In this manner, the OCIDNP will assume full responsibility for finding and employing contractors, acquiring raw materials and supplies, and ensuring full compliance with the law and donor demands. The OCIDNP will function almost exactly as South Africa's Asset Procurement and Operating Partnership System (APOPS) whose objective was to "reduce the governments capital requirements, yet maintain the clear accountability of state ownership and embrace the capital efficiency savings and creativity of private enterprise."^{42,43} The OCIDNP, while independent of the PA government, will be vested with authority as needed and will be subject to periodic evaluation of efficiency and general inspection.

Establishing the OCIDNP is essential, for it needs to act as an intermediary between the PA and the investors/donors. P. M. D. Rwelamila writes "private investors are well organized, articulate, educated, hungry for profits and above all, powerful...they still prefer projects are large; capital intensive; easy to monitor and inspect; quick to implement; and good returns to investors and lenders."⁴⁴ This project already fulfills Rwelamila's stipulations of being very large in scope, highly capital intensive and relatively east to oversee. Therefore, it is essential this project fulfills also the remaining two stipulations of quick implementation and good returns on investment. The OCIDNP will be best equipped to carry out this task and ensure that the process is as transparent and efficient as possible.

⁴² Ibid. p. 57.

⁴³ APOPS was formed by the Department of Public Works in South Africa for the construction of prison facilities, and its use in helping the government procure large quantities of money to build public services makes its application relevant to the establishment of the OCIDNP.

⁴⁴Rwelamila, P. M. D. "Infrastructure Development in Africa through Innovation in Project Finance." in Project Procurement for Infrastructure Construction. p. 45.

Nigel Roberts points out that the 2005 AHLC-commissioned report from the World Bank on Palestinian aid “argues that the major additional sums of assistance which the Palestinians need to rebuild...are not justifiable without efforts by *both* parties to create an environment conducive to economic growth.”⁴⁵ Thus, the OCIDNP must work closely with the Israeli Office of the Coordinator of Government Activities in the Territories (COGAT) and

the Palestinian Ministry of Planning and International Cooperation (MOPIC) to ensure that both Israel and Palestine work to create such an investment-friendly environment. Roberts elaborates on this environment, writing that economic recovery and growth “requires the creation of a climate attractive to investors, and this in turn means that the PA must intensify reform efforts – by conducting a full range of elections, combating corruption and developing a functional legal and judicial system.”⁴⁶ He notes that only if the underlying causes of Palestinian economic decline are tackled can donor support bring significant economic benefit that would involve “appreciable levels of private investment.”

Therefore it is imperative that concurrent with the fundraising and early implementation stages of the ‘Arc’ plan, the PA government begin to undertake substantial reform to alter the political status quo so as to assure investors of its full commitment to long term change and development for the better. This commitment to better development must also be cognizant of P. M. D. Rwelamila’s notice that “big PPP projects can be a trap...there is a recurrent danger that [it] will divert resources and attention away from other better projects or activities...and from

⁴⁵ Roberts, Nigel. “Hard Lessons from Oslo: Foreign Aid and the Mistakes of the 1990’s.” in Keating, Michael, Anne Le More and Robert Lowe, eds. *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*. London: Chatham House, Royal Institute of International Affairs, 2005. Print. p. 24.

⁴⁶ *Ibid.*

grasping the [plight] of the dispersed poor,” or in this case, from those Palestinians not directly living near or benefitting from the ‘Arc.’⁴⁷

The three fundraising goals of South Africa’s APOPS were “Value for Money, Risk Allocation, and Affordability,” the same that should be adopted by the OCIDNP. Fundraising must begin immediately to procure bidders and service providers who offer not only a guaranteed level of service, but also whose specialties and interests most closely align with the infrastructure task at hand. While \$8.5 billion is a substantial sum, it is not by any means an unreasonable amount to obtain and properly and efficiently allocate. The PA and the GoI must begin *now* by displaying their wholehearted commitment to change, and undoubtedly there will need to be extensive negotiations between COGAT, MOPIT, the GoI, and the PA. There are many lessons to be learned before the process begins, and it is foolhardy to rush into the financing and construction stages unprepared, but the need for immediate change is however compelling.

Impacts of Donor Assistance: ‘Checkbook Diplomacy’ and the ‘Do No Harm’ Project

As part of the fundraising process, the OCIDNP and the GoI will need to ask for foreign donor assistance to help realize their goals. Thus, for the purposes of understanding the complexities of such demands and their consequences, it is helpful to understand past lessons from history and the role of aid in the Israel/Palestine conflict through a brief examination. Past donor history in this situation is looked on with mixed sentiment; many projects failed for one reason or another and those that succeeded were overshadowed by those that didn’t. It has become a game of finger-pointing and name-blaming and Palestinians, Israeli, and even the donors themselves have all been complicit in failure.

⁴⁷ Rwelamila, P. M. D. “Infrastructure Development in Africa through Innovation in Project Finance.” in Project Procurement for Infrastructure Construction. p. 46.

Donor assistance can take numerous forms, be it foreign direct investment (FDI), direct aid or ‘checkbook diplomacy.’ FDI involves direct investment by a third-party outside of the country and in this case would be in the form of foreign entities making physical investments in the PA economy, which could include independent or joint construction of facilities or investment in a joint venture or strategic alliance with local firms. Direct aid consists of a variety of aid donation measures, but the most likely in this case would simply be financial assistance with few strings attached, such as progress reports and certain conditions that must be met. ‘Checkbook diplomacy’ describes international policy whereby the donor openly uses economic aid and investment in return for diplomatic favor.

In this particular case, of the three primary aid channels, ‘checkbook diplomacy’ is the most effective and applicable. Aid without enough stipulations is a prime recipe for fostering corruption and a highly inefficient tactic. Scott Lasensky notes that one of the central purposes of Oslo-era aid – which was mostly direct aid with few strings, meant to deliver a peace dividend to Palestinians and generate public support for a step-by-step process – went unfulfilled. He writes, a “deteriorating Palestinian economy turned aid into life support, rather than an instrument for growth, development and peace-building...at times aid also had a corrosive impact...[and] donor policies were complicit in some of the negative trends that ultimately overwhelmed the process.”⁴⁸ To correct this, Lasensky suggests that donors need to go beyond simply looking at the narrow scope of application of their funds and ensure that all parties who can in some way affect the outcome are committed to the intent of the project. On donor expectations, he writes, “donors need more than just transparent and efficient Palestinian institutions; they also need to reach stronger understandings with Israel.” It becomes evident that with too few requirements for

⁴⁸ Lasensky, Scott. “Chequebook Diplomacy: The US, the Oslo Process and the Role of Foreign Aid.” in Aid, Diplomacy and Facts on the Ground: The Case of Palestine. p. 41.

aid implementation, FDI can assume too much risk than most prefer and direct aid can be wasteful or corrosive.

To avoid such damage, the ‘Do-no-harm’ project, a collaborative international effort, set out to address questions at the heart of foreign aid. Mary Anderson writes that the project aims to look at the role of international donors in complex conflict settings, how providers of humanitarian and development assistance can take seriously the impacts they inevitably have on conflicts without overstepping their assistance-focused mandates and without compromising their commitment to political neutrality and impartiality.⁴⁹ Specifically, Anderson delves into the question of how donors can adjust their assistance to ensure that they avoid worsening ‘dividers’ and to ensure they recognize and encourage ‘connectors.’

In this instance, applying the results of her findings suggests that donors considering funding the ‘Arc’ – or any related infrastructure that will help enable a future Palestinian state – should take care to identify several things. First, they should identify specific connectors (e.g. linking specific subgroups of the population with specific aspects of the infrastructure). Secondly, they should seek to develop strategies for encouraging public accountability (e.g. ensuring that all related major donor documents such as evaluations and reports are translated into Arabic). And thirdly, donors should ensure that their staff and partners are well versed in DNH analysis so that the effects trickle all the way down the pyramid to encourage maximum investment, both mentally and financially. Anderson concludes that “international donor aid does not create conflicts, but it does influence whether they worsen or abate and whether new steps towards peace can be found.”⁵⁰ Thankfully, as Lasensky points out, “unlike other tracks in the

⁴⁹ Anderson, Mary B. “‘Do No Harm’: The Impact of International Assistance to the Occupied Palestinian Territory.” in *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*. p. 143.

⁵⁰ *Ibid.* p. 152.

peace process, aid delivery is far more influential in the Palestinian case.”⁵¹ With the help of donors who are smart about their contributions and work with all those involved, implementing the ‘Arc’ remains a very distinct possibility.

Israel’s Responsibility

Many argue that the responsibility to help build a new Palestinian state is not entirely that of Palestine and the international donor committee. They believe that Israel should go beyond its role as withdrawing from the oPt, and should actively help to pursue foundations for peace, that will benefit Israel in the decades to follow. As long as Israel remains in the WBGS, the state continues to add kindling to the debate over donor assistance to the West Bank and Gaza, which “has begun to focus on Israel’s responsibility as an Occupying Power to provide humanitarian assistance to the Palestinians of the Occupied Territories.”⁵²

While few follow precisely the letter of the law, “the ICJ ruling [over Israel in 2003] noted that all state parties to the Geneva Conventions [of which Israel and the US are both signatories] are obliged to ensure Israel’s respect for international humanitarian law.” Therefore, donors giving aid to Israel (e.g. to aid in potential disengagement), should – out of observance of international law – refrain from aiding Israel until Israel make gestures that show a reasonable amount (to be determined by consensus within the international community) of good faith.

Shearer and Meyer note that under international law, “Israel, as the occupying power, bears primary responsibility for assisting Palestinians in the current humanitarian process – not outside agencies or donors.”⁵³ Agreeing Shearer and Meyer the author argues that donors must discontinue prolonging current aid levels in the face of continued economic decline and rising

⁵¹ Lasensky, Scott. Ibid (48). p. 58.

⁵² Shearer, David and Anuschka Meyer. “The Dilemma of Aid Under Occupation.” in Aid, Diplomacy and Facts on the Ground: The Case of Palestine. p. 169.

⁵³ Ibid.

humanitarian need and undertake more robust aid policies towards Israel to encourage it to assume its obligations.⁵⁴

Operation and Maintenance

While we have examined the costs associated with the direct construction and implementation of the ‘Arc’ infrastructure, this thesis has yet to look at the long term costs associated with operation and maintenance (O&M). This section briefly examines some key concerns associated with operation and maintenance, however it does not place approximate prices on the costs because of their inability to be accurately predicted. Obviously, the most important factor is to simply aim to prevent the need for high residual costs by ensuring quality initial investment, construction and implementation. However, it is still necessary to invest in certain strategies of O&M that will ensure a physically and financially sustainable infrastructure.

Regarding operation strategy, in this case of a combined operator and infrastructure owner organization (a government monopoly), the focus is not on competition, but rather on quality of service and accountability to donors and the state itself. Some might argue the need for eventual privatization of roads and rail lines, however, a government monopoly prevents any desire of a third-party non-state organization to skim profits beyond operating expenses off of the people. If a government-owned service does make a profit, it can then relay those revenues back to the people to improve the quality and the ability of the government.

The best maintenance strategy is a periodic maintenance strategy. As defined by Sandager and Ørnskov, this involves “periodic maintenance of structures and installations...as a way of reducing the frequency of failure to meet functional requirements.” In this manner, there is “significant reduction in the risk of indirect traffic corridor disruption cost and accumulation of

⁵⁴ Ibid.

a backlog of maintenance work.”⁵⁵ While these suggestions are not crucial to this corpus of research, they do reflect thoughtful application of maximum preservation strategies. Should they be adhered to, the overall success of the project becomes more certain, and donors too will be more assured of the quality of their contribution.

⁵⁵ Jensen, Jens Sandager and Jens Kristian Ørnskov. “Optimisation of management of operation and maintenance of structures and installations.” in Vincentsen, Leif J., and Jens Sandager Jensen, eds. Operation and Maintenance of Large Infrastructure Projects. “Proceedings of the International Symposium on Advances in Operation and Maintenance of Large Infrastructure Projects.” Rotterdam, Netherlands: A.A. Balkema, 1998. Print. p. 116.

7 CHALLENGES: 'REALITIES ON THE GROUND' AND MEDIATION

Israeli Closures, Security Measures and Settlement Expansion

Between all the various sections of this thesis, the one section that on its own possesses the greatest volume of independent literature is this section, regarding Israeli policies towards the WBGS. The policies of Israel towards the WBGS have a tremendous impact on the ability of the PA to effectively organize, control and unify their population base. In order for the 'Arc' project to truly work, these trends of closure and settlements expansion *must* be reversed. Many share those sentiments expressed by Sara Roy, who contends that since the DoP and Oslo in 1993, Israeli policies have continued to deny Palestinians many basic freedoms and have prevented their socio-political growth. Roy observes that "since Oslo, Israeli land expropriations have been defined as the price of peace rather than as a cause for conflict."⁵⁶ These land expropriations have resulted in the establishment of over 120 settlements and the road network of several hundred miles that connects and service them, and in doing so creates an array of isolated pockets of what was once a continuous tract of Palestinian land.

A May 2002 report by B'Tselm, the Israeli Human Rights Organization, calculated that Israeli settlements controlled almost 42% of the WB.⁵⁷ With so many settlements, it is inevitable that they have a detrimental effect on the overall development health of the WBGS. Anne Le More notes specifically that "settlements in the central part of the West Bank along Road 60 (the main north-south artery) block the potential for urban and economic development for the major Palestinian cities situated along this axis: Jenin, Nablus, Ramallah, Jerusalem, Bethlehem and

⁵⁶ Roy, Sara. "Palestinian Society and Economy: The Continued Denial of Possibility." *Journal of Palestine Studies*, Vol. 30, No. 4, pp. 5-20. University of California Press (on behalf of the Institute for Palestine Studies), 2001. p. 10.

⁵⁷ Lein, Yehezkel. *Land Grab: Israel's Settlement Policy in the West Bank*, B'Tselem - The Israeli Information Center for Human Rights in the Occupied Territories. May 2002. Stable URL: <http://www.btselem.org/download/200205_land_grab_eng.pdf>. Online PDF.

Hebron” all of which are proposed nodes along the ‘Arc’ plan.⁵⁸ These Israeli policies of settlements and land disruption are the largest challenges to the ‘Arc’ implementation and establish a reality on the ground that does not tolerate the implementation of the plans contained herein.

Suisman et al. analyze the issue of Israeli settlements as well, citing that not only have settlements disrupted the existing land and population growth but also that the settlements themselves have gone against the traditional grain of development in the WB. Many of these settlement are in highland areas, geographically isolated, and far from existing urban centers located along the proposed ‘Arc’ pathway along the natural north-south curvature. In being so, the settlements have made for a far less sustainable and workable situation. However, Suisman insists that they will “certainly be part of the ultimate urban framework in the West Bank...that derives from the primordial pattern of Palestinian habitation.”⁵⁹ Clearly, Suisman recognizes that the Israeli settlements are rather unsustainable both from a political and environmental point of view, and that their incorporation into the ‘Arc’ plan will be extremely difficult. Should the settlements be abandoned (via Israeli disengagement) they should be purchased at a fair price by the PA for re-assignment and considered in secondary ‘Arc’ development plans, potentially as secondary nodes.

Over the past decade, Israel has had a policy of frequent border closings with varying levels of containment and security measures that have yielded incalculable results, but very real restrictions. Hilal et al. refers to this on numerous occasions, pointing out that Israel’s “ability to impose border controls on a territory that was effectively occupied, encircled and heavily

⁵⁸ Le More, Anne. “Are ‘Realities on the Ground’ Compatible With the International State-Building and Development Agenda?” in *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*. p. 33.

⁵⁹ Suisman, Douglas R, et al. *The Arc: A Formal Structure for a Palestinian State*. Santa Monica, CA: The Rand Corporation, 2005. Electronic PDF. p. 24.

dependent on Israeli labor markets increased Israel's economic control over the WBGS without any greater economic integration." Hilal addresses that not only was this containment painful, but that it was asymmetric and placed greater economic vulnerability on Palestinian employment and trade."⁶⁰

As evidenced, there is a substantial case against the legality and morality of Israeli policies towards the WBGS. The 'realities on the ground' have made it nearly impossible at the current time to begin serious construction and implementation of the 'Arc' plan. Quite possibly, even the first "Quick impact" phase may not be permitted due to discontinuity in proposed bus transit lines and the lack of available uniquely Palestinian routes. It is imperative to begin another serious round of negotiations that focus on this issue making use of extensive leverage tactics, carrot-and-stick tactics, and quid-pro-quo agreements so both sides can assure the other and the international community of their commitment to change. We continue to look at these issues of mediation in the following chapter.

'Bantustanization'

As we have seen, the Israeli policy of settlement expansion has had drastic consequences in the WBGS, and has led to a deterioration of conditions on the ground. For purposes of comparison and greater understanding of the settlement severity, it makes sense to continue to explore this policy and compare it to the bantustans that were present in apartheid South Africa beginning in the 1940's that were eventually given independence in the 1980's and 1990's before being dissolved altogether with the fall of the apartheid regime in 1994. These bantustans were

⁶⁰ Hilal, Jamil and M.H. Khan. "State formation under the PNA: Potential outcomes and their viability." in Khan, Mushtaq Husain, G. Giacaman and I. Amundsen, eds. State Formation in Palestine: Viability and Governance during a Social Transformation. London: Routledge Curzon 2004. p. 75.

territories reserved for black South Africans to concentrate them in smaller areas and to diminish their collective strength. Sound familiar?

Regarding Israel and Palestine, Anne Le More notes that any Jew (Israeli or not, but excluding Arab Israelis) and any Jewish local authority in the oPt “is subject to the authority of Israeli civilian law and not to the authority of the military law applying to the Palestinian territory.”⁶¹ Such policy has led to what she calls a “de-facto annexation” of the Israeli settlements to Israel and the establishment of extra-territorial zones in the WBGS, akin to the segregationist policy of ‘bantustanization’ in apartheid South Africa. This international gerrymandering has had dire repercussions for near-term infrastructure considerations, but can be undone and dealt with through mediation.

Halper’s “Matrix of Control”

Finally, in brief conclusion to the topic of settlements, it is helpful to consider the ‘matrix of control’ to complete an understanding of the full implications of the Israeli measures annexation and ‘bantustanization.’ According to activist and professor Jeff Halper – founder of Israeli Committee Against House Demolitions (by Israelis for settlement expansion in the WBGS) – the ‘matrix of control’ is

an interlocking series of mechanisms, only a few of which require physical occupation of territory, that allow Israel to control every aspect of Palestinian life in the Occupied Territories. The matrix works like the Japanese game of Go. Instead of defeating your opponent as in chess, in Go you win by immobilizing your opponent, by gaining control of key points of a matrix so that every time s/he moves s/he encounters an obstacle of some kind. This strategy was used

⁶¹ Le More, Anne. “Are ‘Realities on the Ground’ Compatible With the International State-Building and Development Agenda?” in Aid, Diplomacy and Facts on the Ground: The Case of Palestine. p. 33.

effectively in Vietnam, where small forces of Viet Cong were able to pin down some half-million American soldiers possessing overwhelming firepower. The matrix imposed by Israel in the West Bank, Gaza and East Jerusalem, similar in appearance to a Go board, has virtually paralyzed the Palestinian population without “defeating” it or even conquering much territory.⁶²

By fragmenting the WB through closures and the separation barrier, the GoI has imposed a this matrix of control which can be seen “as the ultimate form of closure, fragmentation and segregation.”⁶³ Again, this needs to be changed, and only through international awareness can the process begin to commence.

⁶² Halper, Jeff. “The 94 Percent Solution: A Matrix of Control.” Middle East Research and Information Project. *Middle East Report*, No. 216 (Fall 2000). Stable URL: <<http://www.merip.org/mer/mer216/94-percent-solution>>. Online. p. 2.

⁶³ Le More, Anne. “Are ‘Realities on the Ground’ Compatible With the International State-Building and Development Agenda?” in *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*. p. 35.

8 CONFLICT MEDIATION

Defined

Conflict mediation involves a slightly higher level of mutual cooperation on the scale on conflict cooperation, falling in between negotiation and reconciliation. Conflict mediation is a conflict resolution tactic, best defined by Zartman and Touval in “International Mediation” as having the purpose of:

bring[ing] the conflict to a settlement that is acceptable to both sides and consistent with the third party’s interests...a political process with no advance commitment from the parties to accept the mediator’s ideas [differing itself from arbitration]...best thought of as a mode of negotiation in which a third party helps the parties find a solution that they cannot find themselves.⁶⁴

Mediation can involve any number of outside parties, biased or not, who attempt to conduct a political process of summits, conferences, and meetings to generate mutual cooperation and solutions. Successful mediation, according to Bercovitch and Gartner, “may “soften up” the parties, promote diplomacy...and be instrumental in achieving a cessation of hostilities, a peace agreement or a full settlement of a conflict.”⁶⁵ Crucial to a minimal understanding of mediation, is the investigation of mediator’s motives as well as motives of party’s accepting mediation need to be analyzed, modes of mediators, mediator bias, devious objectives of mediators, timing of mediation, mediator leverages and arenas of the peace process. These topics are crucial to gaining insight into the peace process between Israel and Palestine, determining what has worked and what hasn’t, what must be done to help realize the vision of the ‘Arc’, and what is shaping

⁶⁴ Zartman, William I., and Saadia Touval. “International Mediation.” *International Mediation in Theory and In Practice*. Boulder, CO: Westview Press, 1985. Print. p. 437-438.

⁶⁵ Bercovitch, Jacob, and Gartner, Scott Sigmund. Eds. *International Conflict Mediation : New Approaches and Findings*. Florence, KY: Routledge, 2008. Online. p. 19.

the course of the mediation itself.

Conditions for Successful Mediation

Before the mediation process itself can even start, there are some necessary conditions relating to the nature of the parties involved in the conflict, the nature of the dispute and the nature of the mediator that must be considered. First off, we must consider why the GoI and the PA would even accept mediation in the first place. Bercovitch addresses four reasons why parties would come to see conflict mediation as a necessary tool for advancement. His four reasons for when third party mediation is likely to take place include: (1) when disputes are prolonged and becoming too complex; (2) when attempts by the parties themselves to manage the conflict have reached a stalemate; (3) when both sides have reached a mutually hurting stalemate; and (4) when the parties involved feel it is necessary to discontinue their stalemate and communicate with each other.⁶⁶

Nature of the Parties

Many of the necessary conditions that are requisite for successful mediation seem obvious, but are nonetheless important. Concerning the nature of the parties, Bercovitch points out that “conflict management by third parties can occur only between adversaries that have well-defined and legitimate identities.”⁶⁷ However, not only the current situation is considered, as the relationship between the parties prior to the dispute is also significant in determining whether or not mediation would be accepted. Bercovitch and Deutsch reveal that in 75 percent of cases involving parties who had already been engaged in a dispute, mediation was likely to be accepted, however most often parties’ history with one another had little impact on the outcome.

⁶⁶ Bercovitch, Jacob. “International Mediation and Dispute Settlement: Evaluating the Conditions for Successful Mediation.” *Negotiation Journal*. 1991. Online. p. 21.

⁶⁷ *Ibid.*

Especially pertinent to the case of the Israel/Palestine conflict regarding the nature of the parties is a consideration of the power disparity between the two countries. Bercovitch, Ott and Young assert that “the smaller the power differences between the adversaries, the greater the effectiveness of international mediation...for in cases of clear power disparity, the stronger adversary may not be prepared to make any concessions or compromises that are essential to mediation success.”⁶⁸

In the case of Israel and Palestine, the parties have a violent past, but a past nonetheless, enabling them with a framework with which to build their mediation on. Bercovitch and Deutsch’s assertion is correct here in that the two countries’ past has somewhat increased the two parties willingness to accept mediation. The primary deterrent to significantly increasing the mutual acceptance is the dispute over legitimate identity. The PLO and Hamas have, at times, denied Israel’s right to exist, a decision that has hampered mediation as they have been unwilling to sit with Israel at the negotiation table. However, the biggest barrier to mediation stemming from the sheer nature of the parties is the noticeable power disparity between Israel—perhaps one of the most militarily capable nations in the world—and the Palestinian territories, which are weak and much less strategically coordinated. This has by far been the biggest barrier to negotiation, as Israel has repeatedly made gestures of compromise that, from an impartial perspective, seem unfair to a suffering Palestinian land that at times refuses to mediate non-violently with a country they perceive as evil and unstoppable.

In addition to considering preconditions for success, motives of the parties accepting mediation are also factors that can affect the outcome of mediation. The parties in conflict, like the mediators, have motives in accepting mediation beyond just a simple expectation for a

⁶⁸ Bercovitch, Jacob. “International Mediation and Dispute Settlement: Evaluating the Conditions for Successful Mediation.” *Negotiation Journal*. 1991. Online. p. 21.

conflict to be resolved, or for an infrastructure plan to be implemented. Zartman confirms the obvious, writing, “parties, like mediators, expect intervention to work in their favor...and believe that a mediator’s involvement implies a guarantee for a final agreement, thus reducing the danger of violation by an adversary.”⁶⁹ There are several primary motives behind the expectation of success that help parties decide whether or not to accept a mediator. Zartman and Touval address three major motives for consideration: (1) the mediator’s impartiality isn’t as important to adversaries’ decisions to accept mediation as is their consideration of the consequences of accepting or rejecting mediation; (2) that “closeness to one party [on the part of the mediator] implies the possibility of ‘delivering it’[a successful outcome]”; and (3) “mediators must be seen as having a interest in achieving an outcome acceptable to both sides and as being not so partial as to preclude an agreement.”⁷⁰

Richmond also offers four considerations for parties in determining whether or not to accept mediation, more specifically concerning whether or not mediators have devious objectives. His for suggestions for party considerations are: (1) parties should consider “the balance of power between the disputants and bilaterally between each disputant and the third party, issues of legitimacy, initiation of the process and the roles the disputants expect the third party to take up”; (2) parties must consider the mediator’s past record and objectives in previous negotiations, “including the various direct/indirect resources brought into play”; (3) parties should consider what outcomes the mediator may achieve in the conflict “ranging from a compromise to empowerment or disempowerment, and the methods used, ranging from facilitative to directive”; and (4) parties must, as Zartman and Touval address further, consider

⁶⁹ Zartman, William I., and Saadia Touval. “International Mediation.” International Mediation in Theory and In Practice. Boulder, CO: Westview Press, 1985. Print. p. 442-443.

⁷⁰ Ibid. p. 443-444.

“mediator's objectivity and tendency towards bias.”⁷¹ These criteria are daunting and rather specific, but are still of great concern to the Israelis and the Palestinians, whose motives for accepting mediation include the aforementioned and more.

The motives for Israel in accepting mediation differ greatly from those of the Palestinians, as Israel is accepting mediation more out of formality whereas the Palestinians truly want the assistance mediation can provide. We cannot overlook that both parties need the financial aid that can come from successful mediation, it is simply important to note that both parties do not share the same originating viewpoint.

The United States has traditionally played the role of mediator in the conflict, as it has the most vested interests in the region and is undoubtedly the best-equipped country in the world to use what leverage it has as a means of getting both parties to cooperate. Zartman addresses Arab and Palestinian desires to have the U.S. help them in implementing terms of agreements, writing, “in several mediations between Arab parties and Israel, the Arabs’ belief that the close U.S.-Israeli ties would enable the United States to deliver Israeli concessions made U.S. mediation attractive to them.”⁷² Palestinians truly need a mediator’s help in delivering concessions, especially considering most mediators to the conflict are either neutral or biased towards Israel and can thus induce Israel’s cooperation. Because of this, Palestinians have historically been eager to accept mediation. Israel on the other hand, has traditionally spurned mediation, and while they have accepted mediation on several occasions, it has too often failed due to Israeli disregard.

⁷¹ Richmond, Oliver. “Devious Objectives and the Disputants' View of International Mediation: A Theoretical Framework.” *Journal of Peace Research*, 35.6 (Nov., 1998), 707-722. Sage Publications, Ltd. Print. p. 710.

⁷² Zartman, William I., and Saadia Touval. “International Mediation.” *International Mediation in Theory and In Practice*. Boulder, CO: Westview Press, 1985. Print. p. 443.

Nature of the Dispute

There is extensive analysis available regarding the nature and intensity of disputes and how that affects their chance of mediation success, and they often find that “when vital interests are affected [such as territorial integrity in the case of Israel/Palestine] intermediaries will be unlikely to have much impact on the dispute.”⁷³ With greater intensity and higher stakes, the more willing parties are to contest their claims and rebuke mediation attempts. Specifically pertaining to the case of Israel and Palestine, cursory research indicates that attempts at mediation would be highly unsuccessful in the conflict, as the dispute is rather protracted, far surpassing Bercovitch’s claimed 36-month window for peace. In addition to the extended nature of the conflict, the intensity would also indicate a rather difficult path to mediation. Bercovitch asserts that mediation is “more likely to be accepted, and be successful, at low intensity disputes,” and in the case of Israel/Palestine the extent of dispute is undoubtedly not considered low intensity.”⁷⁴

Perhaps the grimmest outlook for mediation effectiveness in this instance is the fact that this conflict goes to the very heart of the state—its territory. Arthur Lall addresses this, claiming that because the conflict is territorial, mediation is inherently more difficult to implement, writing that “one of the principles of international negotiation is that when territory is at stake, the party in possession tends to resist third party involvement.”⁷⁵ While mediation seems improbable considering the aforementioned facts, one must consider that this conflict is no means a stereotypical dispute. As such, it cannot wholly be subjected to certain analytical

⁷³ Bercovitch, Jacob. “International Mediation and Dispute Settlement: Evaluating the Conditions for Successful Mediation.” *Negotiation Journal*. 1991. Online. p. 22.

⁷⁴ *Ibid.* p. 23.

⁷⁵ Lall, Arthur Samuel. *Modern International Negotiation*. New York, NY: Columbia University Press, 1966. Print. p. 100.

techniques and theories concerning duration and intensity. While the entire dispute extending beyond the issues relevant to the 'Arc' implementation is one of the longest running in history, its outlook is brightening slowly, as proposals and projects like these work harder to realize a permanent vision of peace and prosperity.

Nature of the Mediators

The third and final consideration Bercovitch offers concerning needs for successful mediation is the nature of the mediators themselves. Looking beyond mediator's motives, it is crucial that the parties in conflict with one another see the mediator(s) as being genuinely concerned with the outcome of the conflict. Bercovitch approaches mediator concerns from the perspective of the parties in conflict, asserting that "mediators cannot mediate unless they are perceived as reasonable, acceptable, knowledgeable, and able to secure the trust and cooperation of the disputants."⁷⁶ In addition to securing the trust of the parties on conflict, there are also necessary attributes for successful mediation. Bercovitch, citing Paul Wehr, lists these attributes as including "(1) knowledge about conflict situations; (2) an ability to understand the positions of the antagonists; (3) active listening; (4) a sense of timing; (5) communication skills; (6) procedural skills; and (7) crisis management."⁷⁷

Mediators have a plethora of different means available to them in determining how to approach a conflict. The timing of a mediator's involvement, the bias of a mediator, the modes of action a mediator may employ, and the six leverage techniques mediators can use all help mediators to achieve a desired outcome. Before a mediator can even begin to actually assist in the conflict, the mediator must first consider the timing of their actions. Mediators must take into

⁷⁶ Bercovitch, Jacob. "International Mediation and Dispute Settlement: Evaluating the Conditions for Successful Mediation." *Negotiation Journal*. 1991. Online. p. 25.

⁷⁷ *Ibid.*

consideration the time when their assistance will be most desired and accepted, and will intervene “only when they believe a conflict threatens their interests or when they perceive an opportunity to advance their interests.”⁷⁸ Zartman puts forth two “conditions for ripeness of mediation,” arguing that during mutually hurting stalemates and during periods of crisis bounded by a deadline, mediation will be the most effective. During a mutually hurting stalemate such as this one, both parties have reached an impasse where neither can continue without hurting themselves even further. When a crisis has an impending deadline for something a party to the conflict cannot meet, or when there is an imminent catastrophe such as a military defeat or economic collapse, Zartman argues that mediation will be most successful. When mediators choose to engage, they are often biased, either to an issue of dispute in the conflict, or to a party in the conflict. The extent and direction of the mediator’s bias then determines what level of commitment and involvement the mediator will assume. Therefore, international donors putting expirations on their aid packages combined with the slow economic demise of the Palestinian economy constitutes a double-pronged sword of potential success.

Looking at mediators on the most basic level first, Zartman and Touval argue that mediators can have three different functions or modes, depending upon their desired level of involvement: (1) mediators can act as communicators and messengers for the two parties; (2) mediators can be formulators, providing possibilities or ways out of conflict and plans for action; and (3) mediators desiring the maximum degree of involvement can choose to be manipulators, manipulating the situation to their desired outcome, and in doing so become part of the solution. While it may seem that mediators can join into conflicts at will, such is not often the case.

⁷⁸ Zartman, William I., and Saadia Touval. “International Mediation.” International Mediation in Theory and In Practice. Boulder, CO: Westview Press, 1985. Print. p. 444.

Mediators must sell themselves to both parties in order to enter into a conflict, and the extent of the mediator's power is dependent upon their allowed involvement. The most effective use of mediator power is the ability to apply pressures and threats to induce cooperation and change. Parties in conflict "welcome mediation only to the extent that the mediator has leverage over the other party."⁷⁹ Zartman outlines the six selling points and leverages that mediators can employ in a conflict, which are: (1) persuasion, the ability to present outcomes more favorable than continued conflict; (2) extraction, the ability of a mediator to extract favorable solutions; (3) termination, the threat to withdraw from mediation; (4) deprivation, the capability to deprive parties of necessary resources; (5) limitation, the ability to limit parties' ability to continue fighting; and (5) gratification, the ability of a mediator to add their own resources to devise a solution. While all of these attributes and views of mediators are necessary for getting parties to accept mediation and thus garner a successful outcome, the motives of the mediators themselves in engaging in mediation is also a crucial determinant of future success.

A final solution will see the incorporation of a majority of the aforementioned conflict mediation techniques, specifically greater usage of leverage, stronger motivation and action on the part of the United States as a mediator, and a detailed framework laid out that will include refugee issues such as reparations and placement; the status of Jerusalem and its territorial placement; resolution over Israeli settlements in occupied territories (Gaza and West Bank) as well as in East Jerusalem; and Israeli security concerns over violence and terrorist acts committed against them. What is most necessary to an effective mediation at this point is not a symbolic or over-reaching accord, but rather an extremely hard-line, specific and directed attempt to induce cooperation of both sides. While both parties will continue to have their own

⁷⁹ Zartman, William I., and Saadia Touval. "International Mediation." International Mediation in Theory and In Practice. Boulder, CO: Westview Press, 1985. Print. p. 444.

motives and reasons in accepting continued mediation, they must be made aware and must feel the potential pain that continued conflict and non-settlement may bring. The 'Arc' project cannot even begin to be considered until the aforementioned concerns are addressed, thus opening the door to more opportunity. If the norms of both societies can be changed so as to ensure that the benefits of peace can be evenly distributed between and across societies and so that the leaders of both sides will commit themselves to peace and project implementation in the face of expected difficulty, a lasting and durable peace can be made.

9 CASE STUDIES OF PRIVATE INFRASTRUCTURE CONSTRUCTION AND IMPLEMENTATION

Danish Rail System as a Linking Infrastructure

As part of any effective analysis of project implementation, it is helpful to examine similar instances to determine the level of commitment needed to achieve success, and to learn lessons from their successes and failures. In this section we examine two projects that are pertinent to the implementation of the ‘Arc.’ Looking at the physical infrastructure network itself, the author briefly examines and compares the Danish rail infrastructure system. Looking at financing concerns for public transport, the author examines the United Kingdom’s private financing initiatives that were necessary to ensure completion of their highway projects.

In the case of the Danish Great Belt rail system, the future planners and developers of the ‘Arc’ are incredibly fortunate to have such a similar project with which to learn from and branch out from. The Danish, similarly to the Palestinians had to deal with a concern of territorial non-continuity. In the Danish case, water separates the mainland peninsula from two islands (of Funen and Zealand), so they too had to deal with similar physical disadvantages of noncontiguity to overcome, and the lessons of tunnel-making and bridge-making are highly applicable. In the Danish infrastructure, a main ‘trunk’ rail line connects Copenhagen (in the far north, and comparable to Jenin in the far north WB), with southern cities via a high-speed rail line that covers 115 miles, which is just slightly shorter than the proposed rail line in the WBGS. One of the key features of this line is that it connects the Copenhagen airport and Danish seaport with the rest of the country, just as the ‘Arc’ plans to connect the Rafah airport and Gaza seaport with the rest of Palestine. The Danish rail line is 72 minutes in duration, mostly thanks to the engineering feat of a rail tunnel and vehicular bridge across the water divide. Suisman notes that

“the combination of infrastructure and transport service has thus overcome a major physical and psychological barrier.”⁸⁰ (See Appendix A: Figure 2 for a visual comparison of the two projects).

Similarities in the Danish project include overcoming physical barriers, dealing with a high-speed, multiple-stop rail line, constructing a parallel highway, dealing with high-volume transport, and legitimizing heavy investment in such a relatively short-distance infrastructure line. Lessons can be gleaned from these similarities and it is imperative that the OCIDNP consult engineers and project managers from the Danish state railway company – Danske Statsbane (DSB). In addition, this project should serve to assuage concerns of the international donor community that the ‘Arc’ is an entirely unique perspective and thus an inherently a risky investment. The lessons of the Danish Great Belt and the help of its designers have the potential to greatly ease the learning, design and implementation curve of the ‘Arc.’

The UK’s Private Finance Initiative for Highway Projects

In the United Kingdom (UK), the case study is not on physical infrastructure like the Danish model, but rather on a philosophy of highway project financing and operation that is applicable to the Palestinian case. The UK model is much less in favor of government-run project procurement and regulation, focusing instead on the government as the enabler and regulator for the private sector provision of services. While the Palestinian ‘Arc’ project is based on the assumption of complete public (government) ownership, it is largely being financed by private organizations on the government’s behalf, and therefore lessons from the UK Highway Agency studies are applicable.

In the UK, just as elsewhere around the world, public funding of new infrastructure from money raised through taxes or borrowing is questioned as an effective way of project

⁸⁰ Suisman, Douglas R. et al. The Arc: A Formal Structure for a Palestinian State. p. 63.

procurement. This is due to the government's perceived inability to know how to act commercially (as the private sector does) by understanding the market place and the need for competitiveness. Therefore, the UK Highways Agency has developed a solution to finance major capital projects through Build, Operate and Transfer (BOT) schemes, particularly their own version of Design, Build, Finance and Operate (DBFO). The UK's Private Finance Initiative (PFI) has become established as the enterprise that deals with the DBFO concerns of major projects, "enabling the government to become a buyer of services on behalf of the public rather than a direct provider of those services to the public, taking advantage of private sector management skills and resources in their delivery."⁸¹ Neil Roden argues that the PFI has "demonstrated its ability to deliver value for money solutions in projects across a range of capital-intensive public services, but the greatest success in delivering projects has been in the transport sector," thus making it all the more relevant to the 'Arc' plan.⁸²

The UK's rationalization for their plans is based on the assumption that governments lack the ability compared with private institutions to deliver cost-effective, quality services. Roden notes that the private sector is often in a better position to assume most of the risks traditionally borne by the government, and that private sources also have the benefit of being able to access a wider variety of sources of capital.

While the 'Arc' plan is not to engage in private ownership immediately, the PA and OCIDNP can still adopt many of the best private sector practices into the business of public administration to improve the efficiency of their services. Haynes and Roden suggest changes

⁸¹ Haynes, Lawrie and Neil Roden. "Commercialising the Management and Maintenance of Trunk Roads in the United Kingdom." *Private Finance Team, Highways Agency*. London, UK. Stable URL: <http://www.worldbank.org/transport/roads/rpl_docs/ukhwy-nf.pdf>. Electronic PDF. p. 4.

⁸² Roden, Neil W. "The UK experience of design, build, finance, and operate highway projects." in Vincentsen, Leif J., and Jens Sandager Jensen, eds. *Operation and Maintenance of Large Infrastructure Projects*. "Proceedings of the International Symposium on Advances in Operation and Maintenance of Large Infrastructure Projects." Rotterdam, Netherlands: A.A. Balkema, 1998. Print. p. 189.

that include measures to improve accountability and management practices in the delivery of government services through the establishment of Executive Agencies. Secondly, they suggest requiring support services “to be tested against private sector competition through market testing and compulsory competitive tendering.”⁸³ Lastly, they recommend the introduction of commercial accounting and reporting practices into the public sector to improve reliability and service oversight.

While these findings most strongly advocate privatization of services and infrastructure, in the case of the ‘Arc’ the author believes it necessary for the project to at least begin as a public project to further legitimize the PA government and their ability to govern over a new Palestinian state. The PA and OCIDNP need to simply heed these recommendations and act as private market entities to provide high quality service, fast results, better value for taxpayer money, and higher return for investors.

⁸³ Haynes, Lawrie and Neil Roden. “Commercialising the Management and Maintenance of Trunk Roads in the United Kingdom.” *Private Finance Team, Highways Agency*. London, UK. Stable URL: <http://www.worldbank.org/transport/roads/rpl_docs/ukhwy-nf.pdf>. Electronic PDF. p. 2.

10 CONCLUSION

Is it worth it?

The first question this conclusion must address is whether or not the ‘Arc’ plan is even worth legitimately considering at a formal level by institutions like the United States and the United Nations who possess – more so than other actors – the ability to apply levers and enticements to establish change. There are an incredibly vast range of necessary considerations beyond price concerns that both the international community and Israel must consider, such as physical security challenges, psychological barriers, operational concerns and diplomatic hurdles. Some might argue any investment is better than no investment, however, inefficient and/or misallocation of funds risks creating worsened situations, aggravating tensions, or shooing away future donors who look to the management early on as a prediction of their investment potential.

This means that any consideration of implementation will not work unless it is given full gas from the start line. There cannot be any escalating plan of implementation, nor plans for only specific aspects/stages of the project. For the ‘Arc’ to work, there must be full donor and government agreement and adherence. Once the Palestinian refugee community is aware that their inability to return has been seriously considered and addressed, there will be no telling of the effects of mass re-patriation in absence of adequate support structures and services to accommodate them. Should the mandate of the Task Force on Project Implementation⁸⁴ (TFPI) – a representative forum of the donor community in their dialogue with the Israeli government – be

⁸⁴ The mandate, as of 2004, includes: 1) representation of the international donor community (including NGO’s) in interacting with COGAT; 2) facilitation of humanitarian and emergency activity undertaken by international organization (of which the ‘Arc’ could potentially be considered as), “particularly relating to the access and movement of personnel and goods within and between the WBGS and Israel” (Larry Garber, “Donor Security Challenges in the Palestinian Territories.” in *Aid, Diplomacy and Facts on the Ground: The Case of Palestine*. p. 181); 3) acting as liaison between COGAT/IDF and the international community in emergency situations; and 4) supporting efforts by the Task Force on Palestinian Reform to facilitate the movement of key individuals involved within and between WBGS.

fulfilled, donor activity should theoretically increase to the point of full readiness, meaning the need for the project's green light is the only remaining obstacle. At this point, the project's benefits become worth their cost and investment.

Can it be Done?

The second of the final concerns is whether or not it is entirely possible to achieve a level of cooperation among all the various interests to even realistically consider issuing the final go-ahead. In this sense, it becomes imperative for OCIDNP to consider the use of as many of the aforementioned selective incentives as necessary. In addition there exists the need of consideration of coercion tactics on the part of Western involvement to induce action, all of which represent 'strategies of influence' that are worth investigating for those individuals and entities involved.

With thorough foresight and planning, as well as sufficient aid and prior expert consultation, this project has the full ability to be achieve implementation. The author realizes that no single project can adequately address all of the political, social, demographic and economic issues that a new Palestinian state faces, however the 'Arc' does act as the best available starting point for discussion and planning of future Palestinian infrastructure development. In addition, it is reasonable to assume that the key aspects of the 'Arc' can be developed and implemented even prior to the formal establishment of a Palestinian state, especially considering the pressing need for such development even without the presence of discussion of the 'Arc.' One of the largest determining factors regarding implementation of the 'Arc' is that it will require robust and unrelenting political and financial support from the international community. There are recent aid nation-building precedents for providing levels of

international aid that approach what is estimated to be needed in Palestine. Therefore, it is safe to assert that this project can be done.

Where Do We Go From Here?

To achieve full realization of statehood according to the Montevideo Conventions mentioned in the introduction, the final necessary element of assembling a unified territory needs to be realized as part of the foundation for a new Palestinian state. The ‘Arc’ project’s physical distribution across all of the principal Palestinian urban centers from Jenin in the northern West Bank, through Hebron in the southern West Bank, and then southwest to Gaza means much more substantial territorial unification. With planned urban growth and development to accommodate a growing population and attention on sustainability needs of a society already stretched to the limit, the Arc is the only serious prospect for future success.

“A critical mass of Palestinians and Israelis—as well as the United States, Russia, the European Union, and the United Nations—remains committed to the goal of establishing a Palestinian state.”⁸⁵ Therefore, all that remains is garnering their support for this project under the supposition that it is the ultimate recipe for success and a two-state solution. With considerate application and preparation, this project and its residual effects can usher in a new era of sustained peace and prosperity, something that has for so long been unattainable, but for which the time has arrived.

⁸⁵ Suisman, Douglas R, et al. “The Arc: A Formal Structure for a Palestinian State.” Santa Monica, CA: The RAND Corporation, 2005. p. 91.

APPENDIX A: Maps

FIGURE 1

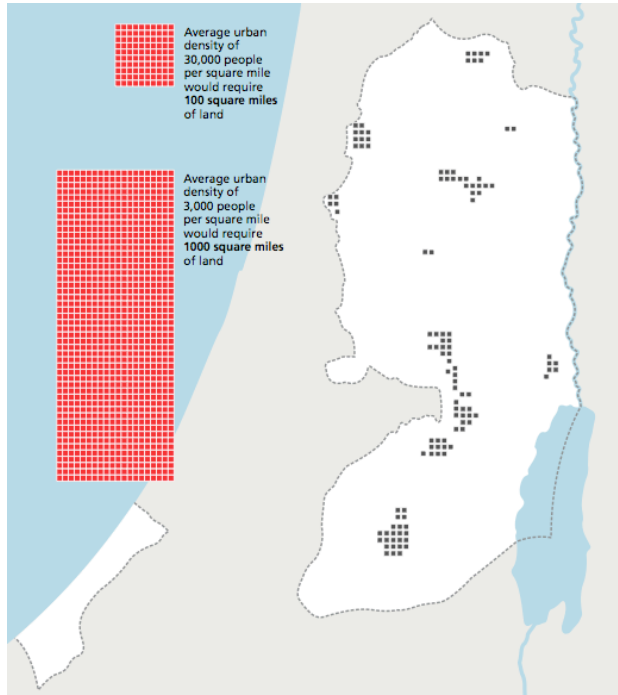
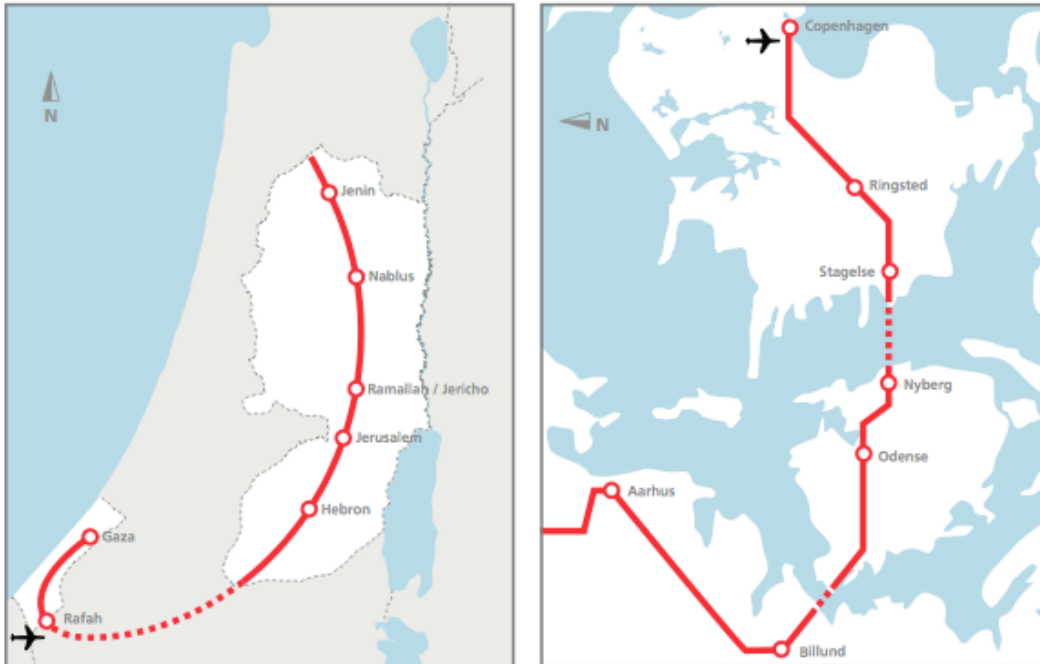
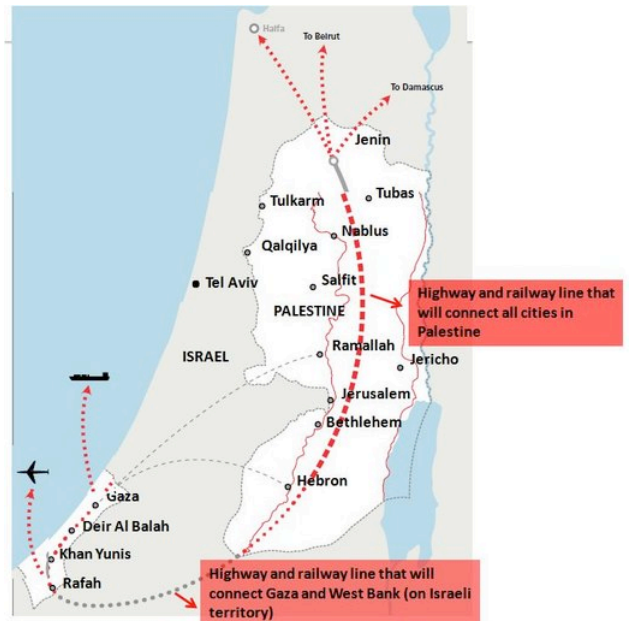


FIGURE 2





Israel and the Middle East after 1967.
 (1948-1967, the West Bank was under Jordanian
 and Gaza Strip under Egyptian rule.)
 <<http://www.zeithistorische->

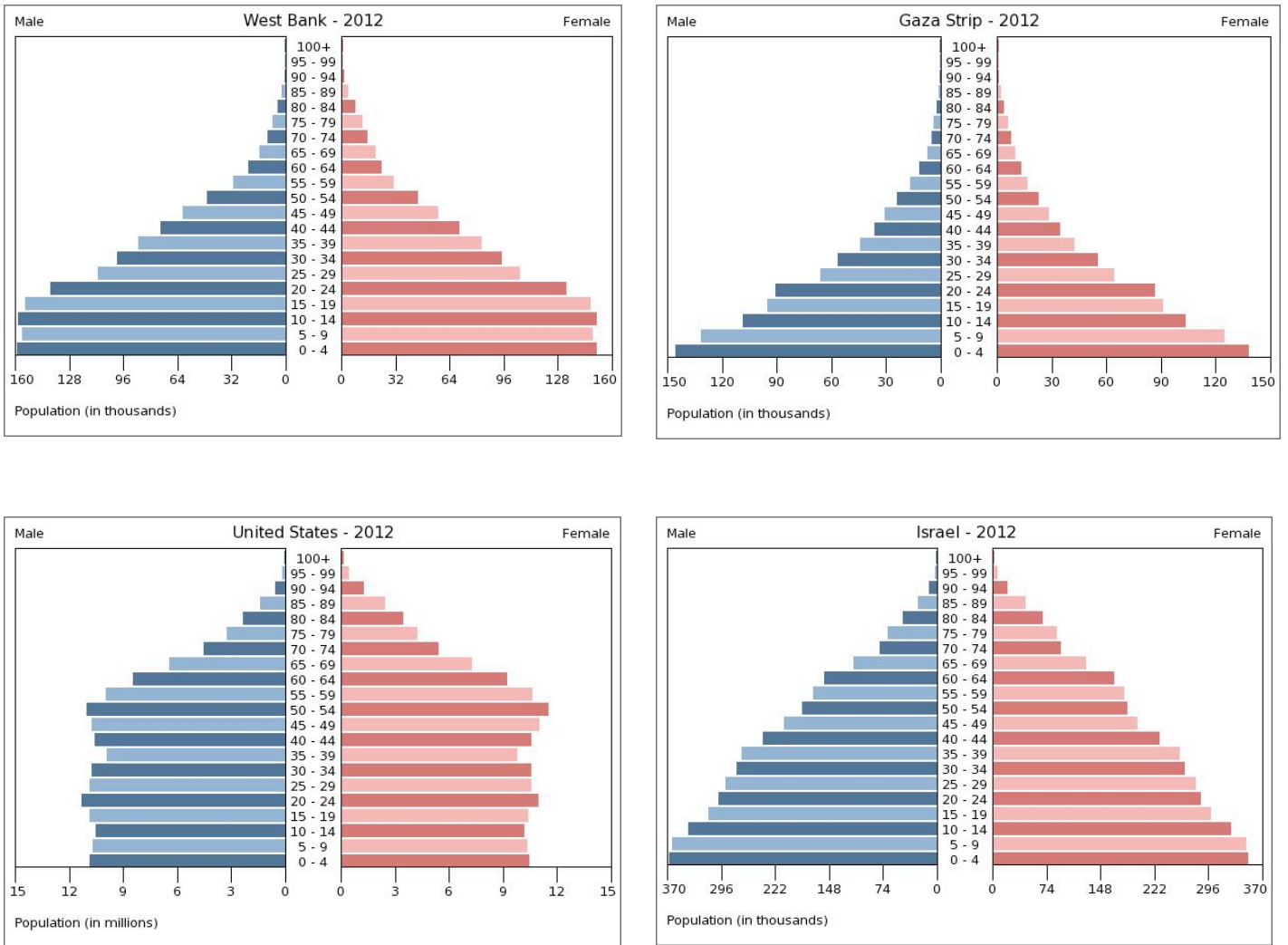


<<http://img.thesun.co.uk/multimedia/archive/01313/SNN2006MAP6821313697a.jpg>>

<http://friendsofthearc.org/storage/filistinahrta.520px.jpg?_SQUARESPACE_CACHEVERSION=1298236529847>

Appendix B: Charts and Statistics

FIGURE 1. Population Pyramids



(From p.12) Looking at these population pyramids, it is easy to distinguish a very pronounced youth bulge from ages 0-24 in the WBS (top). This sort of pyramid shape is highly reflective of a developing nation with total fertility rates above the replacement level of 2.1 children per childbearing woman. The United States' population pyramid data (bottom left), as an example, reflects a relatively stable population growth common of more highly developed nations, with no pronounced bulges that could place extreme strains on economic and societal services. Israel (bottom right) is pyramid-shaped, but has a larger top half than the WBS pyramids, reflecting an ongoing transition to a more stable society (a trend that is also ever so slightly distinguishable in the West Bank). In Israel's case, the pyramid is also reflective of the birth policies of many settler and orthodox families who have higher birth rates compared to the rest of the Israeli population (thereby distorting the data somewhat).

Source: U.S. Census Bureau. *International Programs*. "Gaza Strip." "West Bank." "United States." International Data Base: Population Pyramids. 29 March 2012. Accessed 10 April 2012. <<http://www.census.gov/population/international/data/idb/country.php>>. Online.

FIGURE 2. Estimated Costs of Constructing Key Elements of the ‘Arc’

COST ELEMENT	LENGTH/ NUMBER	UNIT COST (MILLIONS OF U.S. \$)	ESTIMATED TOTAL COST (MILLIONS OF U.S. \$)
Railroad (incl. rolling stock)	• 154 miles	•	•
Principal estimate ^a	•	• 21.27 / mile	• 3,275
Secondary estimate ^b	•	• 11.50 / mile	•
Stations – Rail ^c	• 14 stations	• 20.00 / station	• 280
Transit Boulevards ^d	• 72 miles	• 3.82 / mile	• 275
Stations - Boulevard ^e	• 108 stations	• 0.25 / station	• 27
Toll Road	• 154 miles	•	•
Principal estimate ^f	•	• 13.41 / mile	• 2,065
Alternative estimate ^g	•	• 11.92 / mile	•
Alternative estimate ^h	•	• 7.75 / mile	•
Residential Housing ⁱ	• 100,000 units	• 0.025 / unit	• 2,500
Total	•	•	• 8,422

Sources for chart:⁸⁶

^a “First Tender for Jerusalem-Modi’in Railway Published,” *Globes* [online] (<http://www.globes.co.il/serveen/>), April 4, 2004.

^b <http://www.asiatraderhub.com/israel/railways.asp#2> and <http://www.jewishvirtuallibrary.org/jsource/Economy/transport.html>.

^c Bounded by data on the cost of new Jerusalem railway station (“New Jerusalem Railway Station Tender in 2005,” *Globes* [online], December 21, 2003) and new central bus stations in Haifa (“Egged Inaugurates NIS 140m Haifa Bus Station,” *Globes* [online], October 28, 2003) and Tiberius (“Nitsba, Batan to Build \$40m Tiberias Mall, Hotel,” *Globes* [online], 25 July, 2004).

^d “Project Appraisal Document on a Proposed Loan in the Amount of U.S. \$38.0 to the Hashemite Kingdom of Jordan for the Amman Development Corridor Project,” Report Number 28251-JO, Washington, D.C.: World Bank, April 30, 2004, p. 12.

^e Author’s estimates.

^f <http://www.infoprod.co.il/country/israelle.htm>.

^g <http://www.asiatraderhub.com/israel/roads.asp#2>.

^h http://www.roadtraffic-technology.com/projects/highway_6/specs.html (as of January 6, 2005).

ⁱ Bounded by data on home construction in the West Bank, 1995–1997 (“Staff Appraisal Report: West Bank and Gaza Housing Project,” Report Number 15926-WBGZ, Washington, D.C.: World Bank, March 18, 1997, p. 2).

⁸⁶ Statics and table taken from: Suisman, Douglas R, et al. *The Arc: A Formal Structure for a Palestinian State*. Santa Monica, CA: The Rand Corporation, 2005. Electronic PDF. p. 71.

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