

Fund creates Special Grant Account for Palestine

In view of the deepening poverty and human tragedy engulfing Palestine, the OPEC Fund in November established a "Special Grant Account to Address the Needs of Palestine." Initially endowed with \$10 million, this special account will be used to speed enhanced humanitarian and economic assistance to the beleaguered inhabitants of East Jerusalem, the West Bank and Gaza.

The special account was approved by the Ministerial Council, the Fund's highest decision-making body, on November 20th, prompted by a sense of solidarity with the Palestinian people and the conviction that donor assistance to Palestine must be increased significantly in light of the impending economic collapse in the occupied areas.

Emphasis on emergency assistance

Already in November 2000, the Fund, gravely concerned about the high level of violence and the intense suffering of the civilian population, began shifting the focus of its grant assistance to Palestine from long-term, growth-oriented development projects to immediate survival aid. By late August 2002, the Fund had extended 14 emergency grants, totalling \$2.55 million, in support of various NGOs and international organizations working to provide humanitarian assistance and crucial social services to the afflicted Palestinians.

Of these grants, 12 co-financed projects designed to meet some of the exploding need for emergency medical and health care. In addition to providing treatment for the severely injured, therapy for the physically handicapped, and care for traumatized women and children, these grants furnished ambulances, medicines, medical equipment, blood banks and supplies. Other grants made during this period financed initiatives, such as a charity bakery in Jenin, which were designed to raise food security among destitute families, especially households headed by widows.

Over the years, the Fund has extended a total of 67 grants, worth over \$18 million, to Palestine. The Fund's overall assistance, however, includes two further public sector loans, also totalling \$18 million and approved in 1998 and 1999, as co-financing for a major two-phase community development program.

Growing hardship and poverty

As the conflict continued, it became clear that the volume of grant assistance the Fund extended to Palestine¹ was no longer adequate. By spring 2002, the unemployment rate had soared to over 60% of the workforce, as the strictest, most comprehensive closures since 1967 prevented some 125,000 Palestinians who relied on jobs inside Israel from travelling to work. Another 60,000 people who were employed in the "autonomous areas" also became jobless as more and more Palestinian firms were forced to cut production or close.

With incomes reduced to a trickle, savings exhausted and private assets destroyed or confiscated, more and more families became destitute. After 15 months of conflict and closures, poverty had tripled to nearly 67%. In Gaza alone, 70% of the population was subsisting on less than \$2 a day. Hunger and malnutrition increased alarmingly, especially in rural communities: 13.2% of the children in Gaza and 4.3% in the West Bank were reported to be suffering from "body wasting," severe, chronic malnutrition, and the World Food Program concluded that over half of the population required food assistance.

Deepening humanitarian crisis

During the Israeli re-occupation of the West Bank in March-April 2002, the humanitarian crisis intensified. Within weeks, the number of Palestinian dead increased to over 1,600. Of some 19,000 Palestinians injured during this period, hundreds were permanently disabled. Public and private property was destroyed at an unparalleled rate, and tens of thousands of people were made homeless. According to UNRWA assessments, 4,400 dwellings were ruined in March-April alone, including 660 that were razed in Gaza and 2,880 within the refugee camps.

Essential infrastructure was wantonly and systematically destroyed, leaving communities without water, electricity, telephones, schools, or medical care. In March alone, 141 refugee shelters, 22 UNRWA schools, four health clinics and two ambulances were demolished. During the same period, 134 wells were contaminated or bull-

¹ Since 1995, the Fund has aimed at extending approximately \$1 million per year to Palestine in the form of technical assistance and research grants.

The conflict in the West Bank and Gaza Strip is an asymmetrical one, pitting children "armed" with stones against tanks, helicopter gunships and F-16s. During 2002, 115 Palestinians under 18 were killed by the occupation forces.



Photo courtesy of ECRC

dozed; thousands of hectares of crops and cultivated land were ruined or laid waste; and 34,600 olive and fruit trees uprooted, thereby depriving thousands of families of their main or sole source of income.

Cooperation with sister organizations

As the crisis worsened, the Fund stepped up its search for ways to increase and enhance its assistance to Palestine, in part through intensified cooperation with other organizations, especially its sister institutions. These efforts culminated in a *Special Meeting on Palestine*, held at Abu Dhabi in May 2002. The participating members of the Coordination Group of Arab/OPEC/Islamic Development Aid Institutions reviewed plans for unified emergency aid to Palestine and agreed to work together to alleviate poverty, improve living conditions, and prevent the collapse of essential social services, especially in the healthcare sector.

Four institutions, the Arab Monetary Fund, the Arab Fund for Economic and Social Development, the Arab Bank for Economic Development in Africa (BADEA), and the Arab Authority for Agricultural Investment and Development, signalled their readiness to allocate a total of \$39.8 million for a joint program to provide emergency assistance to the Palestinian people and help rebuild housing and vital infrastructure.

Additional assistance planned

The proposed program will include five main components: support for educational institutions

and poor students; financial assistance to hospitals, clinics and health centers; reconstruction and rehabilitation of infrastructure; reconstruction or rehabilitation of housing; and support to needy families and orphans. The OPEC Fund has expressed an interest in financing projects within the first two components, thereby re-affirming a long-standing commitment to improving health and education in the West Bank and Gaza.

In December, the Fund's Governing Board approved the extension of the first grant to be drawn from the Special Account for Palestine. This grant will provide \$2 million in assistance to nine non-governmental, non-profit universities and establish a revolving credit fund to help needy Palestinian students pay their education fees. On the same occasion, the Board approved, in principle, a proposal for drawing on the Special Grant Account to provide financial support in the form of micro-credits to artisanal businesses in Palestine. ●