



# Long-Term Strategy to Create Conditions for Peace

*Recommendations for the Implementation of the  
Nita M. Lowey Middle East Partnership for Peace Act*



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The Honorable Joseph R. Biden  
President-Elect of the United States  
Washington, DC 20270

Dear President-Elect Biden,

On behalf of the Alliance for Middle East Peace (ALLMEP), I extend my warmest congratulations on your election as the 46th President of the United States of America. Established in 2006 and headquartered in Washington, DC, ALLMEP is a coalition of over 125 organizations in Israel and Palestine, building people-to-people cooperation, coexistence, equality, shared society, mutual understanding, and peace among their communities.

In light of the recently enacted Nita M. Lowey Middle East Partnership for Peace Act ("MEPPA"), these organizations and movements are poised to become game changers. For years, they have been key partners with USAID and other U.S. government agencies to increase stability and foster cooperation between Israelis and Palestinians. USAID and others' long-term studies show that these projects have deep and lasting impact. Participants emerge with feelings of trust and support for peace that still reverberate years later, contrasting so starkly with the attitudes of their peers. Many even devote their lives to the cause. It was no doubt for these reasons that you were so often a champion of these projects in the Senate.

MEPPA provides an unprecedented opportunity for your team. Many presidents have tried a variety of diplomatic strategies in the region, but none has had the benefit of a socio-political environment that was truly conducive to peace, much less a long-term tool to create one. Today, relations between Israelis and Palestinians are sadly worse than ever. But if used strategically, MEPPA provides an antidote by facilitating the creation of an International Fund for Israeli-Palestinian Peace.

If you seek to fully realize its potential, alongside already vocal and willing partners in the U.K. and elsewhere, it could be a critical seed investment to launch an international fund like the one you helped to create in 1986, and which played a critical role in bringing peace to Northern Ireland. U.S. taxpayers may only pay \$50 million, but with your leadership this larger fund can drive a total of \$200 million a year in global investment. It would also allow your Administration to establish a multilateral institution with U.S. leadership at its core at the very beginning of its term, with funds already appropriated and international partners ready to invest.

We respectfully share the recommendations below on how best to strategically lay the groundwork for improved Israeli-Palestinian relations and, eventually, successful diplomacy. We stand ready to work with your Administration in bringing these opportunities to life and creating a constituency for peace.

We are eager to begin a dialogue with you on this dynamic opportunity and its critical role in U.S. foreign policy. We respectfully request an opportunity to meet with members of your policy team at their earliest convenience to begin this important discussion. To schedule a meeting or request additional information, please contact Kevin Rachlin, ALLMEP's U.S. Director ([kevin@allmep.org](mailto:kevin@allmep.org)).

Respectfully yours,

**John Lyndon**  
Executive Director  
Alliance for Middle East Peace

**PEACE IS ONLY POSSIBLE BY POPULAR DEMAND**

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# Executive Summary



*The international community spent \$44 per person annually on grassroots peacebuilding projects in Northern Ireland. By contrast, today it spends just \$1.50 among Israelis and Palestinians*

## **Twenty-seven years after Oslo, peace has never felt more distant.**

A generation of Israelis and Palestinians has grown up separated. 90% of Palestinians and 79% of Jewish Israelis do not trust the other. Dehumanization, zero-sum thinking, and support for violence are increasing. Trust, respect, and hope for peace are decreasing. Recent political and diplomatic events have not helped, but this downward spiral was well underway even during prior intensive U.S. diplomatic efforts. A succession of U.S. negotiators has learned that diplomacy in such an environment has little chance of success without a dramatic, systemic, and sustained intervention.

**However, this historic low is also a moment of opportunity.** The building blocks to reverse these trends have been quietly falling into place in recent years. Extremists are not the only ones hard at work. Hundreds of civil society initiatives that build cooperation, trust, mutual economic opportunities, and support for peace for thousands of people have gained strength. Long-term data show that after decades of evolution and maturation, these programs are more sophisticated and impactful than ever.

Most significantly, **Congress just delivered a game changer** when it enacted the Nita M. Lowey Middle East Partnership for Peace Act (“MEPPA”; see Annex I for full text). MEPPA provides the one thing that has always stood between proven civil society initiatives and widespread change: the resources to operate at the same scale as the conflict itself. MEPPA can do for the Middle East what the International Fund for Ireland (“IFI”) did in Ireland, where the U.S. and other governments created and funded the IFI to deliver and sustain peace.

We get what we pay for. For 30 years—starting 12 years before a peace treaty—the international community spent \$44 per person annually on grassroots peacebuilding projects in Northern Ireland. By contrast, today it spends just \$1.50 among Israelis and Palestinians.

As the Biden Administration seeks to restore multilateral partnerships and institutions, MEPPA provides it with the opportunity, funding, and mandate to lead the world in launching a multilateral, long-term, large-scale investment in Israeli-Palestinian peacebuilding. **With the U.K. and others ready to join, the U.S. can leverage MEPPA’s initial five-year commitment of \$50 million-per-annum to seed a \$200 million-per-year International Fund for Israeli-Palestinian Peace** (the “International Fund”, or the “Fund”). For the first time, such a fund will provide the resources, expertise, and credibility to steadily create generational change in Israeli and Palestinian lives and attitudes. Moving quickly to establish this fund now could provide key momentum and tools to pursue diplomacy later in the Administration’s first term.





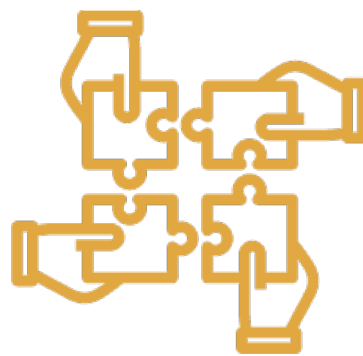
## Key findings

- **Mistrust remains a core obstacle to peace.** After 30 years of often intensive negotiations, U.S. diplomats repeatedly concluded that deep mistrust between Israelis and Palestinians was a fundamental obstacle. Since then, mistrust, fear, and hatred have only intensified, especially among the region's youth, who were born after the collapse of Oslo.
- **Data show that grassroots people-to-people ("P2P") and economic peacebuilding initiatives are effective tools in combating and reversing these trends** by building daily cooperation, relationships, and trust. Participants retain positive attitudes toward each other and toward peace. Many become change leaders. New ideas and fresh thinking can emerge from those interactions, with many of the programs also mitigating some of the damage the conflict causes.
- **Through the IFI, such projects were key tools for U.S. and multinational partners** to create conditions for peace in Ireland with \$1.5 billion in deep, strategic investments in civil society.
- **The passage of MEPPA gives the new Administration an unprecedented tool, funding, and authority to bring the IFI model to the Middle East.** With ready international partners, the U.S. can launch a \$200 million-per-year multinational fund that dramatically scales up Israeli-Palestinian peacebuilding and prepares the ground for negotiations.
- **Key to success will be inviting other donors to multiply U.S. funds, institutionalizing a long-term effort.** A central, expert coordinating entity like the IFI can dramatically improve Israeli-Palestinian relations and key economic variables, serving as a catalyst for diplomacy. It can create efficiencies, leveraging opportunities and strategic partnerships not possible within the current context of diffused, uncoordinated donor entities.



## Major recommendations

- In its first 100 days, the Administration should begin to implement MEPPA by planning a **summit of key allies**, hosted by the U.S. and, potentially, the UN Office of Special Coordinator, with the goal of establishing an International Fund for Israeli-Palestinian Peace within 12–18 months.
- **U.S. contributions to the newly established International Fund should flow from MEPPA's two funding streams** for civil and economic peacebuilding, respectively: The People-to-People Partnership for Peace Fund ("Peace Fund") and the Joint Investment for Peace Initiative ("JIP").
- **Donor nations should set a goal of marshaling \$200 million-per-year** for social and economic peacebuilding initiatives through International Fund grants, loans, and equity investments.
- To maximize U.S. leadership in the International Fund, **USAID and the DFC could designate personnel to participate** in oversight and liaison efforts and coordinate U.S. involvement. Both expert agencies, as well as a new USAID advisory board, should have a permanent role within the Fund.
- **The International Fund structure should include:**
  - Professional staff** to primarily conduct the Fund's activities, implement strategy, create grant opportunities, vet and recommend projects for funding, consult with NGOs, and ensure compliance. This includes some local, on-the-ground experts and resources.
  - A **Board of Directors** to oversee the Fund's operations, grants, and compliance.
  - An **Advisory Board** to provide key input from donor nations, private donors, and NGOs.
  - Robust **compliance functions, oversight, and auditing** regarding financial management, good governance, anti-terrorism, and ethical standards.
  - Local technical advisory committees** to advise and inform its work. These may include NGO leaders, conflict resolution experts, community leaders, and development experts.
- Donor nations should **target the launch of the International Fund for no later than June 2022** and prepare a launch implementation plan with short- and medium-term strategies. These should include identifying types of projects most suitable for support in the Fund's earliest years.



*Donor nations should set a goal of marshaling \$200 million-per-year for social and economic peacebuilding initiatives*





# 1. Background

As the Biden Administration considers its approach to Israeli-Palestinian peace, it has two key advantages over every previous administration. First, decades of diplomacy teach one clear lesson: No elite-level effort can deliver a lasting peace without fixing the severe and growing gap of trust between the Israeli and Palestinian peoples. Second, the Biden team enters office just as Congress has equipped it with an unprecedented new tool and the associated funding authority to finally address this fundamental obstacle to peace.

For four decades, diplomats have invested countless hours in trying to achieve peace between Israelis and Palestinians. They have, admirably, tried almost every approach—from Camp David summits to regional conferences, seeking both incremental deals and long-term accords— and used both carrots and sticks. Each effort ultimately failed for a variety of reasons, but one element remained remarkably constant, and indeed worsened over time: Neither side believes it has a trustworthy “partner”. Sadly, Israelis and Palestinians mistrust, fear, and often hate each other. Without public support, even well-intentioned political leaders cannot impose a lasting peace from the top down.



*No elite-level effort can deliver a lasting peace without fixing the severe and growing gap of trust between the Israeli and Palestinian peoples*



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## Recent data show that fear and mistrust are at an all-time high

Unfortunately, this profound gap of trust between Israelis and Palestinians is more severe today than ever. As of October 2020, 90% of Palestinians and 79% of Israeli Jews thought it “impossible” to trust the other (an 11% increase in just three years).<sup>1</sup> As trust has eroded, support for a two-state solution has reached an historic low, while support for zero-sum outcomes and the use of force has climbed. Annexation threats, recent U.S. policy toward the Palestinians—as well as their own political dysfunction—, and the failures of the Obama and Trump peace efforts have only increased this cynicism.

Among the youth—the future—attitudes are particularly troubling. ALLMEP, in cooperation with the United States Institute of Peace, just commissioned a first-of-its-kind parallel poll of both Israeli and Palestinian youth (ages 15–21), conducted by Dr. Dahlia Scheindlin and Dr. Khalil Shikaki. We intend to publish a comprehensive report in early 2021 incorporating qualitative data, but we can confidentially share some of the most relevant quantitative findings to date:

- More Israeli Jewish youth favor one state (with only partial rights for Arabs) than the status quo or any other solution. Only 27% support a two-state solution. Among religious Israeli Jews, 53% support such an undemocratic solution, while only 10% favor two states.
- 50% of Palestinian youth favor violence to resolve the conflict. Only 19% prioritize direct negotiations.
- Majorities on both sides (57% of Israeli Jews and 84% of Palestinians) refuse to acknowledge that the other side has a legitimate historical or religious connection to the land.
- Only 7% of Palestinian youth and 21% of Israeli Jewish youth have ever had even a fleeting meaningful encounter with the “other.”

There is an opportunity for course correction, however. Young people polled expressed openness to engagement. Only 30% of Israeli Jews and 29% of Palestinians believe cross-border peacebuilding efforts are illegitimate and would not participate. This indicates that large majorities on each side are potential participants and beneficiaries of P2P programs, which are proven to disrupt precisely the sort of attitudes cited above when they are funded at a sufficient level.

Sadly, this troubling data represents the continuation of a years-long trend, and is no surprise, especially since today’s emerging generation of Israelis and Palestinians have virtually no contact with one another, thanks to a regime of walls, permits and separation that has developed since the violence of the early 2000s. The lack of engagement with the “other” creates mistrust, fuels dehumanization, and makes escalation and violence more likely. **Halting and reversing these trends must be an early and urgent priority in any realistic diplomatic strategy.**

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<sup>1</sup> Palestinian Center for Policy and Survey Research (Ramallah) and the Evens Program in Mediation and Conflict Management, Tel Aviv University. *The Palestine/Israel Pulse, a Joint Poll Summary Report*, October 2020, <http://pcpsr.org/en/node/823>. Last accessed Dec. 29, 2020.



## Top-down diplomacy repeatedly fails without bottom-up trust and support

The diplomatic assumption over decades was that if only politicians could reach a deal, the majorities of each population would embrace it. As a result, the international community focused first on top-level negotiations and left work to build grassroots support until after a peace deal was reached. After three decades of well-intentioned but unsuccessful diplomacy, this approach deserves reconsideration.

Toward the end of his term, then-Secretary of State John Kerry reflected, “In the end, I believe the negotiations did not fail because the gaps were too wide, but because the level of trust was too low. Both sides were concerned that any concessions would not be reciprocated and would come at too great a political cost. And the deep public skepticism only made it more difficult for them to be able to take risks.”<sup>2</sup> Former U.S. Ambassador and Special Envoy Martin Indyk similarly concluded, “The difficulties we faced were far more because of the 20 years of distrust that built up than because of the core issues that divide the two sides.”<sup>3</sup>

Of course, mutual trust and support for peace are not the only ingredients to reaching a durable peace, but they are critical and historically overlooked ones, with too little understanding of the way in which such attitudes frame the policies and incentive structures that political leaders are shaped by. As President Obama said in 2013 in Jerusalem: “Let me say this as a politician—I can promise you this, political leaders will never take risks if the people do not push them to take some risks. You must create the change that you want to see.”<sup>4</sup> Indeed, in July 2016 the Quartet concluded its list of recommendations for the future with—for the very first time—a call to focus on P2P efforts to counter extremism and build peace.<sup>5</sup>

These real-world conclusions of top negotiators match findings by conflict resolution experts. As illustrated in John Paul Lederach’s “Peacebuilding Pyramid”, peacebuilding requires leadership and support from the ground up as much as from the top down. In other conflicts, most notably in Northern Ireland, U.S. leadership and strategy succeeded by applying a multi-track approach. But **that approach has never been tried at scale in the Israeli-Palestinian conflict.** Efforts in the Middle East have focused almost exclusively on top-level leadership without any concerted effort to shape public attitudes or a public environment conducive to successful negotiations.

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<sup>2</sup> Braunold, Joel and Sarah Yerkes, “Is a peace deal possible if Israelis and Palestinians simply don’t trust each other?” Brookings, Jan. 3, 2017, <https://www.brookings.edu/blog/markaz/2017/01/03/is-a-peace-deal-possible-if-israelis-and-palestinians-simply-dont-trust-each-other/> (emphasis added). Last accessed Jan. 3, 2021.

<sup>3</sup> Landler, Mark, “A ‘Battered’ Mideast Envoy Steps Down, but Keeps a Bag Packed,” The New York Times, Jul. 3, 2014, <https://www.nytimes.com/2014/07/04/world/middleeast/martin-indyk-middle-east-peace-talks.html> (emphasis added). Last accessed Jan. 3, 2021.

<sup>4</sup> The White House, Remarks of President Barack Obama To the People of Israel, Mar. 21, 2013, <https://obamawhitehouse.archives.gov/the-press-office/2013/03/21/remarks-president-barack-obama-people-israel>. Last accessed Jan. 3, 2021.

<sup>5</sup> United Nations Quartet Principals. Report of the Middle East Quartet, Jul. 1, 2016, <https://www.un.org/unispal/document/auto-insert-200497/>. Last accessed, Dec. 29, 2020.





Fig.1: John Paul Lederach's  
Peacebuilding Pyramid:



With this exclusively top-down approach, every Israeli-Palestinian peace process ultimately failed to reach a final status deal. Leaders faced little public support, pressure, or consequence for resolving the conflict, while organized and well-funded groups opposed compromise. Each failure becomes increasingly costly, raising cynicism and mistrust and making future success even harder to achieve. This cycle has repeated often enough that unless we try a different approach, no one should expect a different outcome.

**Before the international community makes another attempt at final status diplomacy, it is critical to first prepare the ground with a comprehensive strategy and resources aimed at disrupting these attitudes.** Indeed, today's growing zero-sum mentality limits the viability of "track one" diplomacy, underscoring that the next phase of conflict resolution should focus on building cooperation, trust, and support from the ground up. The immediate and near-term focus must be on stabilizing and strengthening the base, knowing that it is both a good in itself; but also that it will re-order key variables further up the pyramid.

This approach is reaching consensus among a critical mass of analysts and policymakers. In their December 2020 report for the Center for a New American Security, Ilan Goldenberg, Michael Koplow, and Tamara Cofman Wittes argued that:

[T]he United States must invest in a longer-term effort to rebuild support within Israeli and Palestinian society for coexistence and negotiations. This area of the conflict has long been treated as an afterthought by American policymakers. That needs to change. We propose a much more consistent, focused, and resourced strategy by American officials to engage across the range of Israeli and Palestinian society, including political and community leaders as well as civil society. The strategy should also focus on people-to-people engagement, which should include the \$250 million Partnership Fund for Peace [MEPPA] . . . .<sup>6</sup>

<sup>6</sup> Goldenberg, Ilan, Michael Koplow and Tamara Cofman Wittes, Center for a New American Security, A New U.S. Strategy for the Israeli-Palestinian Conflict, Dec. 2020, <https://www.cnas.org/publications/reports/a-new-u-s-strategy-for-the-israeli-palestinian-conflict>. Last accessed Jan. 3, 2021..



## Proven peacebuilding programs offer a path forward never before tried at scale

**80%**  
*of participants were more willing to work for peace*

**71%**  
*reported more trust and empathy for the other*

**77%**  
*had a greater belief that reconciliation is possible*

Fortunately, there are few questions about how to build such support for peace. Years of research and data, including a 2019 USAID report, show that P2P peacebuilding programs are very effective in creating lasting change in attitudes and behavior, as well as pro-peace sentiments, among both Israelis and Palestinians. Even years later, large majorities of those touched by these programs have more positive attitudes about and trust in the other side, maintain contact and cooperation, and are more hopeful and supportive of peace.<sup>7 8</sup> These projects include many that have a primary emphasis on growing business or trade, but do so through joint economic cooperation, thereby creating a double bottom line that lifts both attitudes and financial wellbeing.

Program participants leave these initiatives with far higher trust and willingness to work with “the other side.” For example, after participating in the Parents Circle’s History Through the Human Eye dialogue project, 80% of participants were more willing to work for peace, 71% reported more trust and empathy for the other, and 77% had a greater belief that reconciliation is possible. Typically, these new beliefs are remarkably durable, lasting years after participation has ended. In a USAID-commissioned study, the Notre Dame Initiative for Global Development found that three to five years after engagement, participants in a variety of different programs:

- Had continued positive feelings about the other;
- Felt that this was a unique opportunity to know the other;
- Stayed connected, primarily through social media;
- Had an increased belief that peace is possible; and
- Held a changed perception of the other thanks to the programs’ activities.

**Many participants translate their new, positive attitudes into active, long-term work for peace.** For instance, a remarkable 17.5% of alumni from Seeds of Peace’s first decade of operations went on to careers in the peacebuilding field. Indeed, many of the most steadfast, consistent voices for peace among Israeli and Palestinian politicians are alumni or lay leaders of P2P programs, including Israeli Member of Knesset (“MK”) Ayman Oudeh, MK Stav Shaffir, and the recently deceased Dr. Saeb Erekat.

<sup>7</sup> Guzman, Danice Brown and Lila Khatiwada, Notre Dame Initiative for Global Development under contract for USAID. Expanding the Reach of Impact Evaluations in Peacebuilding: A Retrospective Evaluation of CMM P2P Activities in Israel/West Bank (July 2019), [https://pdf.usaid.gov/pdf\\_docs/PA00TVV3.pdf](https://pdf.usaid.gov/pdf_docs/PA00TVV3.pdf).

<sup>8</sup> Lazarus, Ned, BICOM: Britain Israel Communications and Research Centre, A future for Israeli-Palestinian peacebuilding, Jul. 2017, <https://www.bicom.org.uk/analysis/future-israeli-palestinian-peacebuilding/>. Last accessed Jan. 3, 2021.





Peacebuilding programs have evolved over time as target populations and political realities changed. Many projects today not only emphasize dialogue and reconciliation but also concrete skill building, social services, education, and environmental efforts—initiatives that embed themselves in people’s daily lives. For example:

Women Wage Peace (“WWP”) is a movement of Israeli and Palestinian women who have rallied over 40,000 people in demonstrations and marches calling for a return to negotiations.

MEET’s programs engage Israeli and Palestinian youth in teamwork and training as they learn cutting-edge technology and innovative problem solving. Graduates can then benefit from ongoing bi-national networking, professional enrichment, and venture creation.

Road to Recovery organizes thousands of Israeli volunteers to drive Palestinians from border crossings to hospitals in Israel for treatment.

These organizations have learned how to generate more impact and adapt their programs, even in the face of political dysfunction and funding constraints. They have generated peak engagement with tens of thousands of people, including through events like the 2017 WWP march that drew 30,000 participants, and the 200,000-person joint Memorial Day in 2020, sponsored by Combatants for Peace and the Parents Circle-Families Forum. The field is also more united and collaborative than in the past, gaining the benefits of joint initiatives and capacity-building.

## We get what we pay for—minimal, sporadic investments fall short

We have seen these programs transform individuals, families, and small communities. But for all the impact they have had on the lives and attitudes of tens of thousands of Israelis and Palestinians, they have never had the resources to operate at the same scale as the conflict and transform a critical mass of each society. As Dennis Ross commented with regret, “Our investment in these programs in terms of time, money, and effort was far too limited. We focused far too much on the leaders and negotiators and far too little on the publics on each side.”<sup>9</sup>

Indeed, resources channeled to the “ground game” in Israeli-Palestinian peacemaking remain extremely limited. In more recent years, the U.S. has appropriated \$12 million to these efforts while the E.U. has provided about \$7 million (though actual funds spent are even lower). Even at a combined \$20 million annually, this international funding amounts to **just \$1.50 per year for each Israeli and Palestinian**. By contrast, over 30 years, U.S. and international support enabled the IFI to invest and catalyze \$2.4 billion, amounting to about **\$44 per person annually in Northern Ireland**. It is no wonder one of these “intractable” conflicts was resolved.

The current state of resource availability for peacebuilding in the Middle East is actually far worse than at any point in the last two decades. In recent years, even the modest funding from USAID collapsed under Trump Administration policies that refused to implement congressional mandates. USAID, the largest single funder in the space, cut its spending in cross-border programming from approximately \$8.5 million in 2016 to zero in the last two years.<sup>10</sup> A 2020 deep dive into the challenges of Israeli-Palestinian peacebuilding discovered that 91% of organizations were unable to reach intended organizational benchmarks due to lack of funding.<sup>11</sup> Likewise, a recent ALLMEP report on COVID-19’s impact on peacebuilding activities<sup>12</sup> underscored that no matter how impressive the field’s outcomes, reaching the necessary large-scale impact is impossible with such scarce and politically-vulnerable resources.

These funding cuts underscore the critical role of a sustainable fund like the IFI. A long-term peacebuilding effort can never work if it is constantly held hostage to short-term politics and ideological policy agendas. **It requires standing up a durable institution with a long-term view, field-wide strategy, and pooling resources from a coalition of donors.** This entity’s job, every day, would be to focus on creating on-the-ground conditions for future peacemaking, even as political winds may change from moment to moment. In committing to authorize funds for at least five years, and creating an opening toward multilateral partnership, Congress understood this well when it passed MEPPA.

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<sup>9</sup> Ross, Dennis. *The Missing Peace : the Inside Story of the Fight for Middle East Peace*. New York: Farrar, Straus and Giroux, 2005.

<sup>10</sup> Tibon, Amir, Trump Administration Cuts \$10 Million From Israeli-Palestinian Co-existence Groups, *Haaretz*, Sep. 14, 2018, <https://www.haaretz.com/israel-news/.premium-trump-administration-cuts-10-million-from-israeli-palestinian-co-existence-groups-1.6471400>. Last accessed Jan. 3, 2021.

<sup>11</sup> Amal-Tikva, *The State of Cross-Border Peacebuilding Efforts*, 2020, [www.amal-tikva.org/report](http://www.amal-tikva.org/report).

<sup>12</sup> ALLMEP, *COVID-19 Impact Report*, Oct. 2020, <http://www.allmep.org/wp-content/uploads/2020/10/The-Impact-of-the-Pandemic-on-the-Israeli-Palestinian-Peacebuilding-Sector-2020.pdf>. Last accessed Jan. 3, 2021.





## 2. MEPPA Provides an Unprecedented Tool and Opportunity



*Because MEPPA is already law, this effort requires spending little domestic political capital. Yet by implementing MEPPA to establish an International Fund, the Administration can further build on this day-one policy asset*

As it charts a Middle East strategy, the incoming Biden Administration has a novel tool and advantage at its disposal. With the enactment of MEPPA in December 2020, the Administration has the authority, mandate, and funding it needs to launch a major multinational social and economic peacebuilding fund with our allies that goes right to the core of the ongoing conflict.

MEPPA aims to provide and catalyze massive new resources that will create an environment conducive to peacemaking. It specifically directs funding for the kinds of projects described above, namely:

“[P]rojects to help build the foundation for peaceful co-existence between Israelis and Palestinians and for a sustainable two-state solution,” MEPPA § 8004(a);

“[S]hared community building, peaceful co-existence, dialogue, and reconciliation between Arab and Jewish citizens of Israel,” MEPPA § 8004(c); and

“[I]nvestments in, and support to, entities that carry out projects that contribute to the development of the Palestinian private sector economy in the West Bank and Gaza,” with a particular priority on “projects that increase economic cooperation between Israelis and Palestinians,” MEPPA § 8005(a)-(c).

**No president has ever had a tool or opportunity like this.** Every previous administration has had to simply try to navigate *around* Israeli-Palestinian mistrust and ill will. Any prior administration even considering a grassroots effort on this scale had to consider the investment of time and resources and the Congressional consensus needed to just get started, with benefits accruing too late in its term to be able to affect a final status strategy. But because MEPPA is already law, this effort requires spending little domestic political capital. Yet by implementing MEPPA to establish an International Fund, the Administration can further build on this day-one policy asset, establishing an unprecedented tool for reshaping Israeli and Palestinian attitudes over the long term to create an environment in which negotiations can succeed.





## Scaling up civil society has broad and diverse political support

MEPPA is the culmination of over ten years of advocacy and repeated bills in Congress, most recently the Partnership Fund for Peace Act of 2019 (HR 3104/S 1727). Leading the effort in Congress were then-House Appropriations Committee Chairwoman Nita Lowey (D-NY), Congressman Jeff Fortenberry (R-NE), Chairman Lindsey Graham (R-SC), and Senators Chris Coons (D-DE), Cory Gardner (R-CO), and Tim Kaine (D-VA).

The legislation also had the support of an unusually broad and diverse external coalition, including the Alliance for Middle East Peace, the Conference of Presidents of Major American Jewish Organizations, AIPAC, American Jewish Committee, J Street, Jewish Council for Public Affairs, Jewish Federations of North America/Israel Action Network, the Anti-Defamation League, Israel Policy Forum, New Israel Fund, the Alliance for Peacebuilding, and Americans for Peace Now.

## MEPPA provides a dramatic new level of resources and funding discretion

Past U.S. funding for Israeli-Palestinian peacebuilding activities has involved \$8–12 million per year distributed by USAID, representing the largest source of funding worldwide. By contrast, MEPPA authorizes a dramatic U.S. seed investment of \$250 million for the first five years in a new initiative. Most significantly, **this is perhaps just a quarter of MEPPA's potential impact if these funds are leveraged to secure further contributions from international partners.**

Unlike earlier versions of the legislation, MEPPA does not specify how these funds should be allocated between social and economic peacebuilding. It divides the funds into two programs: The People-to-People Partnership for Peace Fund for people-to-people projects, and the Joint Investment for Peace Initiative for economic projects. Funds for the Peace Fund will flow through USAID accounts starting twelve months after MEPPA's enactment. Economic project funds will flow through the U.S. International Development Finance Corporation (the “DFC”) and are available six months after enactment.

Congress left to the Administration the initial determination of how much money to allocate to each purpose (subject, of course, to consultation with the House and Senate Appropriations Committees). **This offers a critical role for the Administration (and ultimately, potentially to an International Fund)** to propose allocations of resources as needs and opportunities urge. In the early years, economic efforts may be more complicated while well-developed P2P initiatives are “shovel-ready” for expansion. Across sectors, some projects will be building blocks for others, like a capital-intensive community center that will later be a hub for many other initiatives.



*MEPPA authorizes a dramatic U.S. seed investment of \$250 million for the first five years in a new initiative*



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## The Administration has a mandate to pursue international cooperation, leverage, and scale. *It can and should do so through an International Fund*

Importantly, while MEPPA recruits the expertise of two key U.S. agencies to engage in this effort, MEPPA need not be limited to setting up U.S. only programs. Indeed, it provides a platform for orders-of-magnitude greater impact. **Like the IFI that inspired it, the funding established by MEPPA provides all that the Administration needs to unlock truly large-scale resources through multinational cooperation.** These provisions run throughout the law and the existing USAID/DFC authorities.

MEPPA's findings note that "the United States and its international partners" are united in pursuing both political negotiations and people-to-people initiatives. Congress found that "[w]hile the United States and its international partners continue to support diplomatic and political negotiations" between Israeli and Palestinian politicians, these international efforts "require broad popular support among the people on the ground to succeed." MEPPA § 8002(6) (emphasis added). Moreover, Congress concluded that the real opportunity emerges when the U.S. works with its allies: "United States and international support for grassroots, people-to-people efforts aimed at fostering tolerance, and building support for such a solution, can help counter extremist propaganda and the growing issue of incitement." *Id.* § 8003(2) (emphasis added).

**MEPPA translates these goals of multinational cooperation into authority and action.** It specifically urges that "[t]he Administrator [of USAID] . . . is encouraged to work with foreign governments and international organizations to leverage the impact of United States resources and achieve the objectives of" the law. *Id.* § 8004(d)(1) (emphasis added). Perhaps as a result, MEPPA instructs USAID to provide funds "for" the designated peacebuilding activities but does not require that USAID provide such



### Case Study:

**How U.S. leadership created the International Fund for Ireland, "the great unsung hero of the peace process."**

The last four decades offer two powerful case studies in how—and how not—to resolve deep, "intractable" conflicts over territory and national identity. In the Middle East, diplomats negotiated the Oslo Accords in secret. Peace seemed to appear magically, surprising even the experts, with the public having no preparation or input. Overnight, the two publics were asked to accept sworn enemies as trusted partners and accept compromises over former national red lines. In the face of opposition by violent extremists, these achievements were soon overturned. Without resolving these core issues of trust and public support, even the most determined negotiators have been unsuccessful in recapturing that initial promise.

Northern Ireland benefited from exactly the opposite approach at roughly the same time. In the mid-1980s, violent attacks occurred daily in Northern Ireland, with polarization, fear and hatred growing rapidly between the Nationalist and Unionist populations. With

**continued on next page »**

## IFI Case Study continued from previous page »

an environment unsuitable to even discussing peace, the United States government and international partners decided to intervene at an unprecedented level in order to disrupt and rearrange key civil society variables. They established and funded the IFI to create the social, economic, and political foundations for peace. **Twelve years later, this massive, U.S.-led, multinational intervention—the IFI—had dramatically transformed the landscape and peace became possible.** In stark contrast to Oslo's secrecy, the IFI catalyzed, supported, and grew an entire field of visible, locally led efforts that helped change the public conversation. U.K. Chief Negotiator Jonathan Powell called the IFI “the great unsung hero of the peace process.”

### What were the keys to its success?

- **Institutionalizing early, sustained, and long-term engagement.** The IFI began its work in the late 1980s while the conflict there was more violent than the Israeli-Palestinian conflict is today. Once started, it catalyzed a sustained, long-term effort to build relationships, economic development, interdependencies, and trust between Unionists and Nationalists.
- **Scale: Multiplying resources with multinational donors.** By combining contributions from multiple donors, especially the U.S., the U.K., and others in the British Commonwealth, the IFI could reach a transformative \$1.5 billion in direct funding and \$2.4 billion overall. Joining together in this common effort made the investment more appealing, reinforced and aligned shared policy between countries, and made possible a scale of activity and legitimacy that was otherwise out of reach.
- **Leverage: Providing “first money on the table.”** The IFI’s funding impact was even greater than the total dollars that passed through its doors. It often became a seed investor or partial funder in projects, frequently providing just the right amount of moral and financial support to enable a project to go forward and attract greater resources.
- **Coordinating a unified strategy.** The IFI was *the* address for peacebuilding in Northern Ireland; it was able to map needs and opportunities, identify organizational capacities and gaps, and drive funding where it would have the greatest impact at any time to avoid a disconnect among funders or duplication in efforts.
- **Developing and deploying concentrated expertise.** The IFI gathered in one place the wisdom and experiences of donors, subject-matter experts, policymakers, NGOs, and local communities. It developed a deeper understanding and methodology for growing grassroots engagement, and then deployed this expertise to implementing partners.
- **Delivering credibility.** The IFI did not only pool resources; it also pooled legitimacy. It blessed the projects with support from around the world and represented a combined set of donor nations that historically had close ties with both Unionists and Nationalists. As a result, majorities within each society felt comfortable engaging with it.
- **Integrating reconciliation and economic efforts.** Accounting for the particular conditions at any given time, the IFI was able to shift its focus and efforts toward economic, P2P, and reconciliation projects depending on the needs and opportunities of the moment. But in truth, many of its most successful initiatives touched on several of those elements simultaneously.

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For more detail on how the IFI shaped the foundations for peace in Northern Ireland, see [Annex 2](#).

funds directly “to” such projects. See *id.* § 8004(a) (“authorized to establish a program to provide funding for projects”); *id.* § 8004(b) (“providing funding for projects” and “support for” them) (emphasis added).

It is important to note that **USAID already has additional general authority to participate in an International Fund**, especially under Section 635 of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. § 2395. Section 635(b) of that law provides the authority to “make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States and international organizations in furtherance of the purposes and within the limitations of this Act.” 22 U.S.C. § 2395(b) (emphasis added).

The result of all of these authorities is that U.S. cooperation with its international partners in supporting peacebuilding efforts runs throughout the purposes of MEPPA. Congress strongly encouraged USAID to work with foreign governments and international organizations to “leverage the impact” of U.S. resources. And most significantly, the law asks USAID to provide funding “for” projects while the Foreign Assistance Act allows grants to, and agreements and transactions with, external entities, foreign governments, and international institutions.<sup>13</sup>

**MEPPA invokes similar authority that should enable the DFC to funnel the economic peacebuilding component through an International Fund.** In tapping the DFC for its expertise and oversight of this funding stream, Congress selected an agency with broad and extensive authorities to collaborate with international partners on funding and investments. MEPPA mentions that the DFC can invest in and support “entities,” perhaps an International Fund, “that carry out projects that contribute” to developing the Palestinian economy. MEPPA § 8005(a).

Moreover, MEPPA invokes broader DFC authorities to partner with international governments and institutions. In describing the Joint Investment for Peace Initiative, the law states that the DFC “shall utilize the authorities under section 1421 of the Better Utilization of Investments Leading to Development Act of 2018 (22 U.S.C. 9621),” the “BUILD Act.” See MEPPA § 8005(d).

Part of that section in the BUILD Act specifically notes the importance of international and private sector collaboration and burden sharing, **calling on the DFC to “mitigate risks to United States taxpayers by sharing risks with the private sector and qualifying sovereign entities through co-financing and structuring of tools.”** 22 U.S.C. § 9621(a)(2). Likewise, in the BUILD Act, Congress generally called on the DFC to work with outside institutions and other countries to “leverage resources” and “produce the greatest impact.” 22 U.S.C. § 9611(5). The DFC has authority to “make arrangements with foreign governments (including agencies, instrumentalities, or political subdivisions of such governments) or with multilateral organizations or institutions for sharing liabilities.” 22 U.S.C. § 9632(a)(15).

More broadly, the BUILD Act defines tight cooperation and coordination between the DFC and USAID, enabling them to work together in channeling funding to an International Fund. **The BUILD Act authorizes the DFC to provide funds from its appropriations to USAID for implementing programs and projects**, providing that

<sup>13</sup> MEPPA also provides additional flexibility by allowing USAID to receive funds from others.





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“funds authorized to be appropriated to the Corporation may be transferred to the Department of State and the United States Agency for International Development.” 22 U.S.C. § 9634(j); see also 22 U.S.C. § 9613(g)(2)(c) (DFC’s Chief Development Officer has power to “authorize and coordinate transfers of funds or other resources to and from such agencies, departments, or missions . . . in support of the Corporation’s projects or activities”).

To be sure, an International Fund is not self-executing, and the Administration faces a critical early choice about where to take this new law. In many ways, MEPPA will be what is made of it. The Administration could certainly turn MEPPA into a straightforward U.S.-only priority with funding that is somewhat—but not dramatically—larger than the traditional USAID year-to-year grant program. As explained below and as the IFI experience teaches us, both structure and scale matter, and the U.S. going it alone would be a missed opportunity.

While a less ambitious approach would do much good and support some important projects, it would not unlock the scale or level of structural innovation necessary to change the broad dynamics which have rendered diplomacy so difficult. A more modest, U.S.-only effort will not quadruple its resources by leveraging other donors, likely will not centralize and coordinate expertise across sectors and over time, will struggle to strategically boost the capacity and infrastructure of peacebuilding, will not bring the instant credibility of multilateralism, and would lose the durability of a sustained effort by an international institution. MEPPA’s aims—and the demands of the conflict—call for something far more robust.

Indeed, in the hands of an administration that chooses to fully realize its potential, MEPPA opens the door to something far greater. As a legal matter, both USAID and DFC, in their authorizing statutes and in MEPPA, should have ample grounds to participate in forming an International Fund with MEPPA’s funding as the seed U.S. investment. As a policy matter this is, by far, the best course and can help create something truly transformative, and at no additional cost to U.S. tax-payers.





### 3. With MEPPA as the Seed, The U.S. Should Lead in Establishing an International Fund for Israeli-Palestinian Peace

*In 2018, the U.K. government went on record in officially endorsing the International Fund concept, and a ninety-minute Parliamentary debate on the Fund in late 2020 reiterated broad support, with every MP who spoke—from every party in Parliament—endorsing the idea*

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*Our investment in these programs in terms of time, money, and effort was far too limited. We focused far too much on the leaders and negotiators and far too little on the publics on each side*

**Dennis Ross**

The IFI experience makes clear that a well-resourced multinational fund is the best mechanism for fully realizing the potential scale and impact imagined by MEPPA. The Administration should use MEPPA's five year funding commitment as a seed investment in a new International Fund for Israeli-Palestinian Peace, leveraging those U.S. funds to multiply the resources with commitments from global partners.

**Institutionalizing this effort in an International Fund is fundamental to its success.** Modest, fragmented, and uncoordinated discrete funds have not worked at the scale required, delivering sub-optimal impact per dollar invested due to the lack of coordination, as well as the duplication and inefficiencies inherent in such an approach. A unified International Fund would ensure that the scale of resources needed to rebuild Israeli-Palestinian relations would be commensurate with the depth of the problem. A multilateral entity, grounded in U.S. leadership, allows for pooling not only of resources, but also legitimacy, for maximum effectiveness and trust from both populations, right from the very start. A centralized effort enables funding to follow expertise and data as the International Fund becomes *the* expert institution on peacebuilding initiatives— and their needs, opportunities, and activities—ensuring far greater efficiency and return on investment. It would mean that peacebuilding is not a random assortment of small initiatives but instead a well-considered, field-wide effort that follows a long-term strategy.

**Thanks to MEPPA and U.S. allies' endorsement, an International Fund is now entirely achievable.** MEPPA commits long-term U.S. funds and encourages multinational cooperation, which is already ripening. In 2018, the U.K. government went on record in officially endorsing the International Fund concept,<sup>14</sup> and a ninety-minute Parliamentary debate on the Fund in late 2020 reiterated broad support, with every MP who spoke—from every party in Parliament—endorsing the idea.<sup>15</sup> In addition, in December 2018 the Deputy Diplomatic Counsellor to the President of the French Republic indicated in a meeting with ALLMEP at the Elysée Palace that France would also be very interested in joining such a project. Beyond these two fellow permanent members of the UN Security Council, there are also promising signs from the European Union, several E.U. member

<sup>14</sup> UK Government Announces Support for the International Fund for Israeli-Palestinian Peace, Mar. 1, 2018, available at <https://www.youtube.com/watch?v=QnSBMXEGDwQ>. Last accessed Jan. 3, 2021.

<sup>15</sup> International Fund receives broad backing from both opposition and governing party MPs <https://www.allmep.org/news/international-fund-receives-broad-backing-from-both-opposition-and-governing-party-mps/>





*\$250 million U.S. commitment for the first five years could be multiplied into \$1 billion in pooled international resources*

states, Asia-Pacific partners, and even several Gulf states now normalizing relations with Israel. Within the Biden Administration's wider pledge to revive multilateralism, an International Fund could be an early opportunity to bind key allies into an ambitious new project, with U.S. leadership and entrepreneurial vision at its core.

Together, these partners' support will resonate with both the Israeli and Palestinian publics, and combined, they can unlock a scale of ambition and impact that no actor could hope to reach on its own. The U.S., U.K., E.U., and others implemented this very same strategy through the IFI, and it worked. **A \$250 million U.S. commitment for the first five years could be multiplied into \$1 billion in pooled international resources in that time, plus an ongoing, sustainable effort for years beyond.**

The structure of the International Fund should flow directly from lessons learned from the IFI and other major multinational funds over recent decades, taking into consideration the special needs and opportunities of the Israeli-Palestinian conflict. It should coordinate closely across sectors, including economic and P2P initiatives. It can benefit from the experienced U.S. leadership envisioned by MEPPA, with participation by USAID and DFC in overseeing U.S. involvement. The Administration has the authority it needs to move forward at once. Recommendations for structuring and launching an International Fund can be found on page 22.





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## An International Fund should unite economic and P2P efforts

Economic tools can help build foundations for peace. Economic suffering can drive conflict while stability can open doors and minds to peacebuilding. As Congress noted in MEPPA's opening lines, "Economic development in conflict settings has been shown to support stabilization by empowering entrepreneurs, growing the middle class, and mitigating unemployment." MEPPA § 8002(1). Likewise, "assistance can help prevent new recruitment to terrorist organizations, reduce levels of violence, promote legitimate governance structures that strengthen inclusion, and reduce policies that marginalize communities." *Id.* § 8002(4). In ALLMEP's and USIP's forthcoming poll on youth attitudes, young Palestinians cited the economic challenges they are facing as their number one national priority.

At the same time, building economic growth on joint ventures between Israelis and Palestinians can benefit everyone while embedding partnership, cooperation, and trust deeply in people's lives. *Id.* §§ 8002(3)-(5). With 28.5% unemployment among Palestinians (including 46.6% among the youth) and inflation over 100%, improving these economic conditions is an essential component in any larger strategy.<sup>16</sup>

Congress authorized the funds in MEPPA to pursue these critical goals through loans, grants, and equity investments that both "invest[] in the development of the Palestinian economy and in joint economic ventures." *Id.* § 8003(4). ALLMEP has interviewed a variety of economists, leaders of the Palestinian business community, venture capitalists, and leaders of the Middle East Investment Initiative ("MEII") to understand how an International Fund can and should best deploy its resources for economic impact.

**Economic development and peacebuilding are closely intertwined.** One of the most innovative features of the IFI was that it covered both P2P programs and economic development, showing that the effort to improve people's lives is linked to transforming attitudes and to the larger vision of peace. In fact, many projects do both at once. Shared schools, sports programs, and environmental initiatives create local jobs, and joint employment and technology training programs prepare people for work.

Likewise, business-oriented projects can bring people together. For example, the Near East Foundation's Olive Oil Without Borders united farmers, oil mill operators, and oil distributors in Palestine and Israel to improve olive oil production, quality, and competitiveness. Economically, it was wildly successful, increasing Palestinian olive oil farmer revenues by over \$20 million in two years. Equally impressive, it created ongoing, positive, and fruitful relationships that persist long after the program, with participants reporting a 90% increase in trust in "the other."<sup>17</sup>

**Uniting economic and P2P activities in an International Fund ensures maximum returns and efficiencies.** Peace and reconciliation are the ultimate goals of all of these efforts. Both broad categories of effort will require regional expertise, understanding of the environment, and close, ground-level knowledge. Instead of duplicating this infrastructure, housing both priorities in a single International Fund will allow for a more efficient

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<sup>16</sup> The Portland Trust, *Palestinian Economic Bulletin*, No. 171, Dec. 2020, available at [https://portlandtrust.org/sites/default/files/peb/bulletin\\_171\\_-\\_english\\_a4.pdf](https://portlandtrust.org/sites/default/files/peb/bulletin_171_-_english_a4.pdf). Last accessed Jan. 5, 2021.

<sup>17</sup> Lazarus, Ned, BICOM: Britain Israel Communications and Research Centre, *A future for Israeli-Palestinian peacebuilding*, Jul. 2017, <https://www.bicom.org.uk/analysis/future-israeli-palestinian-peacebuilding/>. Last accessed Jan. 3, 2021.



approach. Otherwise, the DFC would have to reproduce much of the same effort and infrastructure needed to inform, advise, and guide the P2P side, and lose the opportunity to coordinate and pilot innovative new types of hybrid socio/economic projects. Indeed, managing a portfolio of projects focused more on economic development **requires a local team with regional expertise and local relationships**, which will be critical to ensure public legitimacy and success on the ground. In all of ALLMEP's consultation with global experts, this was the single most-often heard recommendation. Ideally, the local team will work with pre-established financial institutions, such as the Palestinian Monetary Authority, as they issue or guarantee loans, invest in new ventures, and provide technical support to local business to help them grow. As with the IFI, the International Fund's economic initiatives should be tailored to local needs in the West Bank and Gaza, prioritizing projects that can have strong local impact and/or garner community support.

The experience of the U.S.-supported Middle East Investment Initiative shows that it was critical to develop a local team with strong relationships with Palestinian banks and expert knowledge of the businesses and sectors that were primed for investment and growth. A professional presence in Ramallah and Tel Aviv will be essential for the International Fund, both for P2P and economic initiatives. This not only ensures close engagement, support, and oversight for investments, but it will also maximize input and guidance from local stakeholders. Local business leaders, the Palestinian Business Council, and community leaders will all have essential advice to help navigate a complex social-political-economic environment and avoid funding priorities like settlement infrastructure that undermine—rather than build—trust.

Critically, by engaging these local stakeholders, they can become advocates and champions for the International Fund, helping to increase its legitimacy and ability to achieve its strategic goals in each society. Excluding them, by contrast, could produce the opposite result. By managing the economic investments through an International Fund, with DFC guidance, the projects benefit not only from the Fund's local infrastructure and expertise but also from the credibility it will bring as a trusted institution.

Finally, **co-locating and coordinating P2P and economic projects within an International Fund achieves even greater leverage and scale for U.S. investments and economic development efforts in Palestine.** It offers the opportunity to rally other nations towards this effort. Already, major European powers are interested in engaging, and Gulf states have indicated interest in regional economic initiatives following the recent normalization deals with Israel in late 2020. With economic and P2P projects managed through a single International Fund, a profit-sharing model could even develop, whereby some of the profits from loans and equity investments are reinvested in peacebuilding efforts, growing impact and lowering cost to donor nations, while also creating an understanding in marginalized communities that these economic improvements are intrinsically linked to the larger goal of peace.

MEPPA is already groundbreaking in the way in which it holistically and cohesively addresses the civic *and* economic tools that can help undergird a more effective policy. An opportunity now exists to strengthen that connective tissue further, building a multilateral and institutional structure that can harness even greater resources, deploy them efficiently and expertly, and link the economic improvements people feel with the larger goals of building peace and mutual respect.



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## USAID and the DFC can lend key U.S. expertise to an International Fund

Pursuing the creation of an International Fund as a central funding body should still involve prominent roles for USAID and the DFC. MEPPA gives each agency a role in overseeing the funds most relevant to its own expertise: USAID for primarily P2P initiatives and the DFC for more economic ones.<sup>18</sup> From the start, these agencies will play critical roles in establishing the U.S. infrastructure for this effort. Depending on implementation timelines, they may also be needed to set up transitional U.S. funds to launch immediately and begin building capacity on the ground, while an international consortium comes together.

In addition, while an International Fund can realize far greater scale and efficiency than these individual U.S. agencies acting alone, USAID and DFC have much professional, advisory, and oversight support to offer:

- USAID and DFC appointees serving on the International Fund Board of Directors. These representatives can serve as key liaisons, helping to bring critical U.S. viewpoints and agency experience to International Fund decision-making. These representatives could include the Chair of the USAID Advisory Board, the DFC Manager of the JIP, as well as the State Department and/or USAID/DFC staff responsible for P2P peacebuilding/economic efforts.
- Internal USAID Advisory Board providing input to the International Fund. MEPPA establishes a 13-member internal U.S. advisory board, whose members will be selected by USAID and congressional leadership. This board enables the U.S., and by extension the International Fund, to benefit from the knowledge and experience of additional stakeholders and experts.
- U.S. agency personnel serving as International Fund professional staff via transfer or detail from their home agencies. Just as the IFI benefitted from borrowing British and Irish foreign service members for its professional staff, the International Fund could have a running start in its launch if it could draw from the USAID, State Department, and/or DFC for talent. Agency personnel could join the International Fund for time-limited terms subject to agency regulations and procedures for secondment.
- Agencies offering compliance guidance. While the International Fund will develop a full set of internal oversight, auditing, and compliance functionalities, including an independent inspector general, the U.S. can contribute expertise and resources in establishing and managing these issues. This is an area where the U.S. has well-developed guidelines and capacities, as well as particular interest given that MEPPA provides specific limits on appropriate uses of U.S. funds.

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<sup>18</sup> Of course, many projects may straddle this line as they build economic impact and advancement through cooperation. These include job training and educational programs, tourism promotion efforts, cross-border industry partnerships, and environmental initiatives. For that reason, Congress expected close coordination between these functions, and the ideal avenue is a single International Fund as the coordinator of both.





## 4. Structure and Launch Plan for the International Fund

The purpose of the International Fund is to simultaneously commit greater resources to grassroots peacebuilding and deploy those resources strategically over the long term with concentrated expertise, legitimacy, and coordination. With MEPPA, a new Administration, and an expected refocusing on multinational cooperation, this effort has a moment of opportunity in early 2021. While it is possible to establish transitional U.S. funds at USAID/DFC until an international consortium comes together, there is risk that focusing first on U.S.-only efforts will diminish international interest, lose momentum, and miss the chance to capitalize on an early multinational collaboration. **As a result, we recommend that the Administration quickly reach out to international allies to convene a summit aimed at building an International Fund that follows the following core functions, structure, and launch plan.**

### Key functions and mission of the International Fund

The International Fund should be a central coordinating body with the resources and strategy to ensure that a critical mass of Israelis and Palestinians can halt and reverse dehumanization; develop meaningful cooperation, trust, and feelings of shared interest; build economic growth and opportunity in the West Bank and Gaza; and see themselves as agents of change who each have a role in creating a more peaceful future. To accomplish these objectives, the International Fund should:

- Centralize peacebuilding strategy, defining and pursuing short-, medium-, and long-term goals;
- Leverage the contributions of multiple donors into truly large-scale resources and impact;
- Coordinate funding across sectors and time for maximum efficiency and results;
- Develop impactful portfolios of grant and investment opportunities that achieve the aims of MEPPA—trust, prosperity, and peace;
- Gather in-house and stakeholder expertise to inform strategy and implementation through professional staff and advisors who can bring subject-matter and local expertise and knowledge, including in conflict resolution and peacebuilding, Israeli-Palestinian issues, economic development and equity investing, capacity-building, and financial and organizational management;



*We recommend that the Administration quickly reach out to international allies to convene a summit aimed at building an International Fund*



- Support and invest resources in a coordinated public relations strategy to increase visibility (and secondary impact) of programs;
- Invest in field-wide capacity and development, pursuing opportunities to strengthen the peacebuilding field as a whole; and
- Coordinate and implement effective monitoring and evaluation metrics and tools for projects, creating accountability and real-time data collection and analysis.

## Core structure for the International Fund

Based on the experience of other multinational efforts, especially the IFI, as well as particular considerations of the Israeli-Palestinian conflict, the U.S. and its international allies should build an International Fund around the following core structure:

- **Board of Directors.** The Board should oversee the International Fund's activities, including reviewing and approving strategy and operations, programs/grants, and overseeing the Fund's professional staff. As a group, members of the Board should bring a diversity of backgrounds, national origins, experiences, and skill sets relevant to the operation and support of the International Fund, including backgrounds in business, development, philanthropy, conflict resolution and peacebuilding, venture finance, and civil society.
- *Board members must be able to commit a significant amount of time to their work for the International Fund, potentially up to the equivalent of 30 days per year or more.* The convening group of donors can form the initial Board of Directors and set plans and structures for nominating and approving future Board members.
- **Advisory Board.** This body will provide additional important stakeholder input to the Board of Directors from entities not represented on the Board. This may include representatives of the NGO, diplomatic, and donor communities. Members or representatives of the Advisory Board could participate as non-voting observers in Board of Directors' meetings.
- **Professional staff.** The International Fund's day-to-day work to carry out its mission should be undertaken by a professional staff that combines the core expertise needed on issues including: conflict resolution and peacebuilding, development, venture finance, financial management, monitoring and evaluation, and philanthropy. Staff should have a presence in key locations for maximum local connection, engagement, and awareness, including Ramallah and Tel Aviv, as well as liaison functions in Washington, D.C. and a European capital.
- Development consultants, such as those successfully engaged by the IFI, can serve as two-way connection points with local projects and opportunities. They can also help manage the International Fund's portfolio of projects and investments, helping shepherd ideas into action with appropriate oversight and guidance.
- **Compliance, oversight, and auditing.** Transparency and public trust are integral to the success of the Fund. Compliance and oversight will be a critical component of International Fund operations to ensure that donor funds are used effectively and appropriately. The Board of Directors will put in place effective **grant and**



**financial management guidelines and reporting.** It will report at least annually to the Advisory Board and will make information available to the public about its operations, governance, finances, programs and activities. This includes ensuring compliance with anti-terrorism, good governance practices, and internal procedures. In establishing the International Fund, donors may consider creating an independent inspector general role within the organization to ensure that these functions receive consistent focus and appropriate independent, transparent oversight.

In addition, Board and Advisory Board members, professional staff, volunteers, and grant applicants of the Fund will be obligated to comply with the Fund's **code of ethics and conflicts of interest policy**. A **whistleblower policy** should protect individuals who come forward with information on alleged illegal practices or violations of the Fund's policies. **Outside auditing** pursuant to best practices will further confirm compliance and sound management.

- **Local technical advisory committees.** Community and local needs as well as opportunities for Israeli-Palestinian partnership and economic investment all vary across the landscape, and over time. The International Fund's local staff will have a key role in bringing on-the-ground expertise and support to decisions and projects. For even deeper community buy-in and the benefit of external expertise, the International Fund should establish local technical advisory committees to advise and inform its work. These committees will provide a more direct, ongoing opportunity for NGO leaders, conflict resolution experts, local community leaders, development experts, and others to contribute to the Fund's impact.
- **Not-for-profit affiliates.** The Fund should establish not-for-profit affiliates in the United States, Europe, Israel, and the Arab world in order to receive donations from private foundations, corporations, and individual donors. The Fund's organizing documents should determine criteria for certain significant private donors to participate in the Board or Advisory Board.

## Recommended launch strategy

It is critical to seize the moment and set the International Fund in motion as soon as possible. This work is long overdue, with the political conditions on the ground deteriorating, and youth attitudes which suggest that worse is to come. Yet the international and U.S. political moment offers a rare window of alignment and opportunity. The task is nothing short of a generational struggle to transform the attitudes and economic realities that make future peacemaking viable. The sooner an International Fund launches, the sooner its impacts will reverberate, and the sooner diplomats will have a chance to work in a suitable environment for negotiations. If the Biden Administration launches this effort in its first year, diplomatic conditions and opportunities could already be improving later in the first term.

As a result, we recommend that the Administration immediately begin work to implement MEPPA by assigning appropriate staff at USAID, the State Department, and the DFC to pursue an 18-month launch plan as follows. As indicated below, some of these items will involve U.S. efforts to start the process and address internal U.S. requirements while others may be pursued by an international task force set up by the initial international donors. While direct diplomatic contact will have to understandably wait until after the Biden Administration formally enters office and has its teams



in place, the U.K. and other countries have already expressed strong interest in participating in an International Fund. The opportunity is ripe.

Investing early priority effort on this initiative will yield compounding dividends soon thereafter. The 18-month timeline below, while ambitious, should be achievable. A somewhat slower, 24-month implementation would involve essentially the same steps but could involve USAID/CVP disbursing a round of initial funds through a transitional program as a stepping stone toward an International Fund.





<b>Jun 2021</b>	<b>Designate inaugural Board of Directors.</b> Subject to terms of agreement, initial donors should establish a slate for the inaugural Board of Directors of the International Fund.
<b>Jul 2021</b>	<b>Incorporate International Fund entity.</b> As final agreements and organizing documents will determine, file documents to establish the International Fund as a legal entity in appropriate jurisdiction(s).
<b>Jul 2021</b>	<b>Appoint/launch internal USAID Advisory Board.</b> MEPPA establishes a U.S. 15-member advisory board (including two seats for international governments/organizations). As explained above, this board can provide critical input for U.S. participation in the International Fund. Congressional leaders and the USAID Administrator make the appointments.
<b>Jul 2021</b>	<b>Convene International Fund Inaugural Board of Directors meeting.</b> The inaugural meeting will enable the Board of Directors to adopt additional organizing documents and approve budget and staff hiring.
<b>Jul–Sep 2021</b>	<b>Hire staff/open offices.</b> A quicker launch may be possible if early staffing draws, at least in part, on seconded officials from donor states.
<b>Aug–Nov 2021</b>	<b>Establish internal rules and procedures.</b> Staff should develop recommended rules and procedures for operations, grantmaking, and compliance to be approved by the International Fund Board of Directors.
<b>Aug–Nov 2021</b>	<b>Develop short-term and medium-term strategic plans.</b> Developing and following a thoughtful, coordinated strategy is one of the key benefits of having an International Fund. The Board and staff should set up an appropriate process for stakeholder engagement and strategy development. A short-term strategy may take priority in order to expedite first-year funding.
<b>Nov–Dec 2021</b>	<b>Finalize/publish first grant/investment opportunities.</b> The International Fund should prepare and publish its invitation for initial grant/investment proposals, along with information about the process for applying and making award decisions.
<b>Jan–Mar 2022</b>	<b>Receive grant/investment proposals.</b>
<b>Apr–Jul 2022</b>	<b>Review/issue first grants/investments.</b> Professional staff should review and vet submissions and recommend projects for funding following Board of Directors approval. By this time, the International Fund should have resources in place to manage and oversee grants, educate recipients about requirements and process, and perform all compliance functions.
<b>Dec 2023</b>	<b>Report to Congress.</b> MEPPA expects a report within 90 days after the end of the first fiscal year in which all MEPPA programs are operating (December 31, 2023).



## Considerations for project sequencing



*Investing early in capital-intensive projects, like new shared schools and community centers, may be particularly valuable*

As the International Fund takes shape and begins planning an implementation strategy, an issue worthy of deeper consideration is how to sequence different types of projects and investments in earlier versus later years. Some projects will be more feasible more quickly while others may require some greater infrastructure, peacebuilding efforts, or economic growth before they become viable. For example, some types of joint economic projects may be more complicated in earlier years because of continued physical separation and barriers between communities.

On the other hand, some projects will be building blocks for later efforts, and some will require more lead time than others. Investing early in capital-intensive projects, like new shared schools and community centers, may be particularly valuable. Efforts like these both require longer lead times before coming online and will serve as anchors and launching-off points for many other initiatives. Starting them sooner kickstarts and catalyzes that wider work. Done correctly, the combined efforts of these initiatives can form a broad progression of activity that goes both deeper and broader each year.

At a very superficial level, the following is an example of how the International Fund's strategic implementation plan could focus on different initiatives in a meaningful sequence. These are dependent on the more ambitious and scaled implementation of MEPPA recommended in this paper. Should the Administration elect to implement the legislation along more modest lines, it is paramount that the maximum proportion possible of the total five-year appropriation of \$250m is allocated toward civil society peacebuilding, in order for an albeit scaled back version of the much-needed capital projects to still be viable:

### **Phase 1—Years 1 and 2**

- Peacebuilding centers: A main hub in Jerusalem, pairings between community centers, branch hubs in mixed cities, and West Bank hubs in areas with existing relationships.
- Environmental collaboration on wind, solar, and national policy, funding feasibility studies, and investing in first phase projects.
- Agricultural partnerships on a larger scale with P2P, environmental, and economic elements, expanding farmers' cooperative models that have previously been piloted.
- Track two diplomacy that engages political and religious mid-level leadership, including from the wider region, scaling some of the promising work that has now been developed.





*Done correctly, the combined efforts of these initiatives can form a broad progression of activity that goes both deeper and broader each year*

- Interfaith peace in the public sphere, allowing currently embryonic programs to impact wider society.
- Grassroots engagement involving women's empowerment; children/youth/young professionals; informal education programs focused on leadership, social action, and advocacy.
- Youth empowerment programs in Gaza, where ALLMEP/USIP polling has detected a growing appetite for peacebuilding programs.
- Education policy efforts focused on learning each other's narratives and language, teacher training and cross-border partnership, and on curriculum improvements as well as supplementary informal educational projects.
- Recruiting and facilitating international volunteers to support peace efforts.

## **Phase 2—Years 3–5**

- Continued investment in programs from Years 1–2.
- Collaborative Tourism Ministry: Dual narrative experiences for both sides to learn each other's narrative and to develop partnerships for Israelis and Palestinians to work together to share their narratives with international audiences (in partnership with private sector).
- University partnerships, collaborative research, and exchange opportunities.
- Collaborative digital accelerator program for joint Israeli-Palestinian cooperative businesses.
- Language: Institutionalizing Hebrew and Arabic language learning on both sides.
- Media: Public broadcasting services using different media within each society.
- Cultural competency training for security forces, security coordinators, Waqf/police, and other key government officials.
- Innovative Peacebuilding Hubs focused on technological and entrepreneurial efforts for transforming civil society.





## *Phase 3—Years 6–10*

- Continued investment in programs from years 1–5.
- Peace walls: Modeled after the International Fund for Ireland project.
- Accredited internships, fellowships, scholarships and post-doctoral programs.
- Joint gas platform engineer program, with twinned university approach geared toward PA-led exploitation of Marine 1 Natural Gas find off Gazan coast.
- Science park for experiential learning co-located with R&D and high-tech incubators.
- Parades and public events demonstrating public support for peace on a large scale.
- Restorative justice programs on both sides.





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## Fund a strong portfolio of people-to-people peacebuilding initiatives

The following mechanisms and funding ratios for P2P programs (with some hybrid economic development aspects) are respectfully recommended, though it is important to note that overall budget allocations could be increased in phases two and three subject to greater multilateral contributions to the Fund

### International Fund capital projects

**(\$30–\$40 million annually)**

As an independent entity operating at an unprecedented scale, the International Fund would have a unique opportunity to quickly launch and support major capital projects so badly needed in the region as a backbone for overall peacebuilding efforts. This could include, among other projects, a Center for Israeli-Palestinian Peace; an education and research center; Museum of the Other; a Peace Leadership Institute; event halls, exhibitions; and public displays and demonstrations. A shared workspace for peacebuilding organizations in Jerusalem would not only create a physical hub for activities but would also allow the partnership and synergies that the International Fund hopes to catalyze to take place organically, with Israeli and Palestinian peacebuilders employing a variety of theories of change, all collaborating in the same physical space. Some of the capital-intensive investments required for ambitious joint environmental projects should also be considered, such as the \$5m EcoPeace feasibility study for an Israeli/Palestinian/Jordanian desalination and solar power nexus. Or the proposed joint tourism hub for the Jenin/Gilboa region.

### Laboratory for program innovation

**(\$5 million annually)**

A special department inside the International Fund, the IFP Center for Bridging Research and Practice, would enhance Israeli-Palestinian ties through fostering academic-practitioner networks charged with analyzing civil society peacebuilding efforts worldwide, identifying best practices, and providing a laboratory to experiment with implementation. This center would then utilize its understanding of best practices to provide its own unique grants program dedicated to seed funding for new initiatives developed in order to implement these methods in the Israeli-Palestinian context. These one-off grants offered on a rolling basis will encourage new peacebuilding initiatives to launch and assure their success within the context of the Fund's very own research center. Seed funding should support the first 12 months of a new project and require accompaniment via training, regular meetings with consultants and program and support staff. Projects will be guided through establishment from the theory of change level, through program design, monitoring and evaluation, as well as institutional infrastructure at the operational, financial and legal levels. Ideally, programs funded through the IFP Laboratory would become eligible in succeeding years to apply for funding via other funding mechanisms, yet could also be required to establish income-generating models to assure a degree of independent financial sustainability.



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## Impact investments and microgrants

**(\$3–8 million annually)**

Impact investments and microgrants will enable the International Fund to invest in organizations and initiatives focused on peacebuilding with the intention to generate social impact alongside a financial return. This includes startup and business ventures that promote social peace, or income-generating programs inside not-for-profit entities that encourage financial sustainability for the organizations themselves, as well as for the Fund. All financial returns can then be invested back into the impact investment mechanism to be disbursed to other initiatives. This links the organizations' successes to one another, promoting a culture of constructive solidarity and collective impact. The impact investment mechanism will also encourage economic partnerships between the for-profit sector and civil society via enabling a legitimate platform for corporate social responsibility.

## Core funding

**(Phase 1: \$20 million annually, Phase 2: \$30 million annually)**

Core funding grants should be offered to support organizational infrastructure such as general operations and strategic plan implementation offered over a minimum period of 24 months and extending to five years, with opportunities for renewal. As organizations scale and their core funding needs grow to support their expansion, the percent per budget of the core funding grants would decrease annually, encouraging financial sustainability for the organization. For example, if an organization with a \$2.5 million per year budget receives a \$2 million grant over two years, the intent would be that the organization grows overall so that in year 1 the \$1 million may be 40% of the overall budget, yet by year 2 the organization will have grown and the \$1 million granted in year 2 will at that point be only 30% of the organizational budget.

## Peace Leaders Fellowship

**(Year 1: \$3.5 million, Annually starting from year 2: \$7.5million)**

Civil society organizational leaders have been scrambling to raise sufficient funds and manage complex logistical realities, let alone dedicate time to matching rhetorical ambition with a sound theory of change and scalable model that can generate measurable societal impact. Those doing the work in the region are most often local activists joining the field from a place of religious or political ideology, and too often trauma.<sup>19</sup> Focused on bridging skill base with passion and desire to lead, a Peace Leaders Fellowship could enable civil society peacebuilding organizations to invest in their human capital via a unique grant from the International Fund, which covers an individual's salary for a multi-year period, requiring participation in the Fund's parallel professional development, dialogue, and adaptive leadership training. This prestigious fellowship program would require multi-year commitments of individuals to the organizations they work in, incentivize them to stay in the field, and provide a holistic ecosystem and support network within which to grow and learn. As the program

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<sup>19</sup> "The State of Cross-Border Peacebuilding Efforts." *Amal-Tikva*, 2020 [www.amal-tikva.org/report](http://www.amal-tikva.org/report).



develops, fellows will be paired with mentors from prior cohorts from within their identity groups, encouraging a culture of breeding future leaders in the field at large

## Program and partnership grants

**(Phase 1: \$8 million annually, Phase 2: \$16 million annually)**

Annual program funding should be offered on a project-basis, with a priority for organizational partnerships and multi-year projects. This funding should be offered in addition to core funding grants for NGOs who want to build, expand or offer new programs. Similar to the USAID Fixed Award Agreement model, the Program and Partnership grants would be funded based on achievement of milestones as opposed to actual costs incurred to run the program. “This type of award reduces some of the administrative burden and record keeping requirements for both the recipient and USAID. Accountability is based primarily on performance and results. It is essential that the program scope is specific and that adequate cost, historical or pricing data is available.”<sup>20</sup>



*Similar to the USAID Fixed Award Agreement model, the Program and Partnership grants would be funded based on achievement of milestones as opposed to actual costs incurred to run the program*



<sup>20</sup> An Implementing Partner's Guide to Types of Assistance Instruments: Resources for Implementing Partners (RFIP): India. (2017, May 08). Retrieved January 06, 2021, from <https://www.usaid.gov/india/partner-resources/implementing-partners-guide-types-assistance-instruments>



Recommended Funding Mechanism	Recommended Amount <b>Phase 1</b>	Recommended Amount <b>Phase 2</b>	Recommended Amount <b>Phase 3</b>
<b>Capital Projects</b>	\$30 million	\$40 million	\$40 million
<b>Laboratory for Program Innovation</b>	\$5 million	\$5 million	\$5 million
<b>Impact Investments and Microgrants</b>	\$5 million	\$5 million	\$5 million
<b>Core Funding</b>	\$20 million	\$30 million	\$35 million
<b>Peace Leaders Fellowship</b>	\$5 million	\$8 million	\$10 million
<b>Program and Partnership &amp; Grants</b>	\$10 million	\$12 million	\$15 million
<b>Total</b>	<b>\$75 million</b>	<b>\$100 million</b>	<b>\$110 million</b>

Within each recommended focus area are existing programs operating with models that have demonstrated impact, offering long-term and systemic change, but—with too few exceptions—not yet deployed on national or bi-national scales. At the same time, the sort of resources anticipated by the International Fund allow not only the scaling of existing projects, but the introduction of new ideas, approaches and models which can be adapted from other contexts. The resources on offer can also draw ambitious and talented practitioners from a range of sectors into the Israeli/Palestinian peacebuilding field, catalyzing further innovation and entrepreneurial thinking.



*the sort of resources anticipated by the International Fund allow not only the scaling of existing projects, but the introduction of new ideas, approaches and models which can be adapted from other contexts*



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## 5. Conclusion

The incoming Administration enters office with an opportunity that none of its predecessors have enjoyed. After years of work, the Nita M. Lowey Middle East Partnership for Peace Act is now law and offers a powerful springboard to something even bigger. It gives the incoming Administration the possibility, for the first time in history, to institutionalize a large-scale, long-term effort to build cooperation, trust, and prosperity for Israelis and Palestinians. Its five-year, \$250 million initial commitment could be the seed that the U.S. can leverage into creating an International Fund for Israeli-Palestinian Peace with a total global commitment of \$1 billion over those first five years. After years of global advocacy by ALLMEP, there is a reservoir of interest and enthusiasm around the world to participate.

The fortuitous creation of this fund by Congress at the beginning of President-elect Biden's term will pay dividends for years to come, establishing a tangible legacy that millions of Israelis and Palestinians will benefit from. It gives the Biden Administration an early, positive "big idea" to further the goal of Middle East peace, without having to spend major domestic political capital. It sets in motion long-term grassroots work to support future diplomacy, in a first year when the Administration is likely to be understandably consumed with domestic health and economic crises. It also provides a natural early opportunity to repair relations with the Palestinians, rebuild trust with European partners, revive U.S. leadership, capitalize on the regional normalization dynamic in a way that prioritizes Israeli/Palestinian peace, and show once again how U.S. taxpayers can multiply their investment and impact through international cooperation and burden-sharing with allies.

Most of all, it answers the long-ignored but urgent question, "What are we doing to equip the emerging generation of Israelis and Palestinians with the tools, experiences, and relationships to live together in peace?" With an escalating crisis in the baseline attitudes that peace depends upon, this effort cannot wait. Civil society's track record makes clear that engaging the Israeli and Palestinian peoples in grassroots and economic peacebuilding initiatives is a clear path to restoring their support for peace and their willingness to compromise to get there. Launching this International Fund will set in motion a strategic, long-term effort to reach those goals so that diplomats will have a supportive environment, even a public demand, to succeed in negotiations in the future.



# ANNEX 1

The Enacted Text of the **Nita M. Lowey Middle East Partnership for Peace Act**

See here:  
<https://www.allmep.org/wp-content/uploads/2021/01/MEPPA-as-passed-2020.pdf>

H. R. 133—634

## TITLE VIII

### NITA M. LOWEY MIDDLE EAST PARTNERSHIP FOR PEACE ACT OF 2020

#### SHORT TITLE

SEC. 8001. This title may be cited as the “Nita M. Lowey Middle East Partnership for Peace Act of 2020”.

#### FINDINGS

SEC. 8002. Congress finds the following:

(1) Economic development in conflict settings has been shown to support stabilization by empowering entrepreneurs, growing the middle class, and mitigating unemployment.

(2) In 2018, unemployment in the Palestinian territories was 32.4 percent. Gross Domestic Product (GDP) growth in the Palestinian territories declined from 2017 to 2019, and it is projected to further decline in 2020.

(3) According to the World Bank Ad Hoc Liaison Committee’s April 2019 Economic Monitoring Report, “to achieve sustainable economic growth, in the Palestinian territories, growth and job creation going forward will need to be private sector driven”.

(4) According to the 2018 Joint Strategic Plan of the Department of State and the United States Agency for International Development, “assistance can help prevent new recruitment to terrorist organizations, reduce levels of violence, promote legitimate governance structures that strengthen inclusion, and reduce policies that marginalize communities”.

(5) Although economic development is an important tool for stabilizing conflict-prone settings and establishing connections between communities, economic development by itself will not lead to lasting peace. People-to-people peace-building programs further advance reconciliation efforts by promoting greater understanding, mutual trust, and cooperation between communities.

(6) While the United States and its international partners continue to support diplomatic and political negotiations between the representatives of the parties to the Israeli-Palestinian conflict, such efforts require broad popular support among the people on the ground to succeed.

(7) Achieving sustainable, high-level agreements for lasting peace in the Middle East must come through, and with the support of, the people who live there, and the United States and its international partners can help the people of the region build popular support for sustainable agreements for lasting peace.

#### SENSE OF CONGRESS

SEC. 8003. It is the sense of Congress that—

(1) building a viable Palestinian economy is central to the effort to preserve the possibility of a negotiated settlement leading to a sustainable two-state solution with the democratic,



Jewish state of Israel and a demilitarized, democratic Palestinian state living side-by-side in peace, security, and mutual recognition;

(2) United States and international support for grassroots, people-to-people efforts aimed at fostering tolerance, and building support for such solution, can help counter extremist propaganda and the growing issue of incitement;

(3) strengthening engagement between Palestinians and Israelis, including through people-to-people peace-building programs can increase the bonds of friendship and understanding;

(4) investing in the development of the Palestinian economy and in joint economic ventures can advance multiple sectors to the benefit of local, regional, and global parties; and

(5) Congress encourages cooperation between Palestinian, American, and Israeli business sectors in order to benefit the Palestinian, American, and Israeli peoples and economies.

#### PEOPLE-TO-PEOPLE PARTNERSHIP FOR PEACE FUND

SEC. 8004. Chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.) is amended by adding at the end the following:

#### “SEC. 535 PEOPLE-TO-PEOPLE PARTNERSHIP FOR PEACE FUND.

“(a) ESTABLISHMENT.—Beginning on the date that is one year after the date of enactment of this section, the Administrator of the United States Agency for International Development is authorized to establish a program to provide funding for projects to help build the foundation for peaceful co-existence between Israelis and Palestinians and for a sustainable two-state solution. The program established under this subsection shall be known as the ‘People-to-People Partnership for Peace Fund’ (referred to in this section as the ‘Fund’).

“(b) ELIGIBILITY FOR SUPPORT.—In providing funding for projects through the Fund, the Administrator may provide support for qualified organizations, prioritizing those organizations that seek to build better cooperation between Israelis and Palestinians, including Palestinian organizations, Israeli organizations, and international organizations that bring Israelis and Palestinians together.

“(c) ADDITIONAL ELIGIBILITY FOR SUPPORT.—In providing funding for projects through the Fund, the Administrator may additionally provide support to qualified organizations that further shared community building, peaceful co-existence, dialogue, and reconciliation between Arab and Jewish citizens of Israel.

“(d) CONTRIBUTIONS.—The Administrator—

“(1) is encouraged to work with foreign governments and international organizations to leverage the impact of United States resources and achieve the objectives of this section; and

“(2) is authorized to accept contributions for the purposes of the Fund, consistent with subsection (d) of section 635.

“(e) ADVISORY BOARD.—

“(1) ESTABLISHMENT.—The Administrator shall establish an advisory board to make recommendations to the Administrator regarding the types of projects that should be considered for funding through the Fund.

“(2) MEMBERSHIP.—





“(A) IN GENERAL.—Subject to subparagraph (B), the advisory board shall be composed of 13 members, none of whom may be Members of Congress, who shall be appointed for renewable periods of 3 years, as follows:

“(i) One member to serve as chair, appointed by the Administrator, in consultation with the Secretary of State.

“(ii) One member appointed by the chair, and one member appointed by the ranking member, of the Committee on Foreign Relations of the Senate.

“(iii) One member appointed by the chair, and one member appointed by the ranking member, of the Committee on Foreign Affairs of the House of Representatives.

“(iv) One member appointed by the chair, and one member appointed by the ranking member, of the Committee on Appropriations of the Senate.

“(v) One member appointed by the chair, and one member appointed by the ranking member, of the Committee on Appropriations of the House of Representatives.

“(vi) One member appointed by the majority leader, and one member appointed by the minority leader, of the Senate.

“(vii) One member appointed by the Speaker, and one member appointed by the minority leader, of the House of Representatives.

“(B) INTERNATIONAL PARTICIPATION.—The Administrator may appoint up to two additional members to the advisory board who are representatives of foreign governments or international organizations for renewable periods of 3 years.

“(C) QUALIFICATIONS.—Members of the advisory board shall have demonstrated regional expertise and experience and expertise in conflict mitigation and people-to-people programs, and shall not receive compensation on account of their service on the advisory board.

“(f) USAID MISSION RECOMMENDATIONS.—The Administrator shall consider the input and recommendations from missions of the United States Agency for International Development in the region and mission directors regarding projects that should be considered for funding through the Fund.

“(g) COORDINATION.—The Administrator shall coordinate with the Secretary of State in carrying out the provisions of this section.”.

#### JOINT INVESTMENT FOR PEACE INITIATIVE

SEC. 8005. (a) ESTABLISHMENT.—Beginning on the date that is 180 days after the date of the enactment of this Act, the Chief Executive Officer of the United States International Development Finance Corporation (referred to in this section as the “Chief Executive Officer” and the “Corporation”, respectively) is authorized to establish a program to provide investments in, and support to, entities that carry out projects that contribute to the development of the Palestinian private sector economy in the West Bank and Gaza. The program established under this subsection shall be known as the “Joint Investment for Peace Initiative” (referred to





in this section as the “Initiative”) and shall be subject to all existing terms, conditions, restrictions, oversight requirements, and applicable provisions of law, including the Better Utilization of Investments Leading to Development Act of 2018 (22 U.S.C. 9611 et seq), including through strict adherence to the less-developed country focus under section 1412(c) of such Act.

(b) **PARTICIPATION REQUIREMENT.**—In carrying out the Initiative, the Chief Executive Officer shall ensure participation by small and medium-sized enterprises owned by Palestinians, which may include the technology sector, the agriculture sector, and other high value-added or emerging industries.

(c) **PRIORITY.**—In carrying out the Initiative, the Chief Executive Officer shall prioritize support to projects that increase economic cooperation between Israelis and Palestinians.

(d) **USE OF EXISTING AUTHORITIES.**—In carrying out the Initiative, the Chief Executive Officer shall utilize the authorities under section 1421 of the Better Utilization of Investments Leading to Development Act of 2018 (22 U.S.C. 9621), including to—

- (1) select a manager of the Initiative;
- (2) oversee and direct the operation of the Initiative consistent with such Act and other provisions of law;
- (3) provide the Initiative with loans, guaranties, equity, and insurance, as appropriate, to enable the Initiative to attract private investment;
- (4) support the private sector in entering into joint ventures between Palestinian and Israeli entities; and
- (5) carry out the purposes of the Initiative consistent with the provisions of this section and other applicable provisions of law.

(e) **ANNUAL REPORT.**—

(1) **IN GENERAL.**—Not later than December 31, 2021, and each December 31 thereafter until December 31, 2031, the Chief Executive Officer shall submit to the appropriate congressional committees a report that describes the following:

(A) The extent to which the Initiative has contributed to promoting and supporting Palestinian economic development.

(B) The extent to which the Initiative has contributed to greater integration of the Palestinian economy into the international rules-based business system.

(C) The extent to which projects that increase economic cooperation between Palestinians and Israelis and between Palestinians and Americans have been prioritized, including through support to the private sector to enter into joint ventures.

(D) Information on the following:

(i) Investments received and provided through the Initiative.

(ii) The mechanisms established for transparency and accountability of investments provided through the Initiative.

(E) The extent to which entities supported by the Initiative have impacted the efficacy of people-to-people programs.

(F) To the extent practicable, an assessment of the sustainability of commercial endeavors that receive support from the Initiative.



(G) A description of the process for vetting and oversight of entities eligible for support from the Initiative to ensure compliance with the requirements of section 8006(b) of this Act.

(2) FORM.—The reports required under this subsection shall be submitted in unclassified form, without the designation “For Official Use Only” or any related or successor designation, but may be accompanied by a classified annex.

(f) TERMINATION.—

(1) IN GENERAL.—The Initiative shall terminate at the end of the fiscal year that is 10 years after the date on which the Chief Executive Officer makes the first investment under the Initiative.

(2) EXCEPTION.—The Chief Executive Officer is authorized to continue to manage investments made under the Initiative on and after the date specified in paragraph (1).

(g) COORDINATION.—The Chief Executive Officer shall coordinate with the Secretary of State and the Administrator of the United States Agency for International Development in carrying out the provisions of this section.

#### LIMITATIONS, VETTING, COORDINATION, AND OVERSIGHT

SEC. 8006. (a) LIMITATIONS.—None of the funds made available to carry out this title, or any amendment made by this title, may be used to provide—

(1) financial assistance to the national government of any foreign country;

(2) assistance for—

(A) any individual or group the Secretary of State determines to be involved in, or advocating, terrorist activity; or

(B) any individual who is a member of a foreign terrorist organization (as designated pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189)); or

(3) assistance for the Palestinian Authority or the Palestine Liberation Organization.

(b) APPLICABLE REGULATIONS.—Assistance made available under this title, and any amendment made by this title, shall adhere to the mission directives and vetting practices for assistance for the West Bank and Gaza, as set forth by the United States Agency for International Development.

(c) COORDINATION.—

(1) The Chief Executive Officer of the United States International Development Finance Corporation, acting through the Chief Development Officer of such Corporation, shall coordinate with the Administrator of the United States Agency for International Development and the Secretary of State to ensure that all expenditures from the Joint Investment for Peace Initiative comply with this section.

(2) To the extent practicable, the Administrator of the United States Agency for International Development and the Chief Executive Officer of the United States International Development Finance Corporation should coordinate and share information in advance of providing resources through the



People-to-People Partnership for Peace Fund and the Joint Investment for Peace Initiative.

(d) REPORT.—

(1) IN GENERAL.—Not later than 90 days after the end of the first fiscal year in which both the People-to-People Partnership for Peace Fund and the Joint Investment for Peace Initiative are in effect, and annually thereafter, the Administrator of the United States Agency for International Development and the Chief Executive Officer of the United States International Development Finance Corporation shall, in coordination with the Secretary of State, jointly submit to the appropriate congressional committees a report in writing that describes—

(A)(i) lessons learned and best practices developed from funding for projects under the People-to-People Partnership for Peace Fund during the prior fiscal year; and

(ii) the extent to which such projects have contributed to the purposes of the People-to-People Partnership for Peace Fund;

(B)(i) lessons learned and best practices developed from investments provided under the Joint Investment for Peace Initiative during the prior fiscal year; and

(ii) the extent to which such investments have contributed to the purposes of the Joint Investment for Peace Initiative; and

(C) how the United States International Development Finance Corporation and the United States Agency for International Development coordinate and share information with respect to the People-to-People Partnership for Peace Fund and the Joint Investment for Peace Initiative.

(2) CONSULTATION.—The Administrator of the United States Agency for International Development, in consultation with the Secretary of State, shall consult with the advisory board established by subsection (e) of section 535 of the Foreign Assistance Act of 1961 (as added by section 8004 of this Act) to inform the reports required by paragraph (1).

#### APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED

SEC. 8007. In this title, the term “appropriate congressional committees” has the meaning given that term in section 1402 of the Better Utilization of Investments Leading to Development Act of 2018 (22 U.S.C. 9601).

#### AUTHORIZATION OF APPROPRIATIONS

SEC. 8008. (a) IN GENERAL.—There is authorized to be appropriated to carry out this title, and the amendments made by this title, \$50,000,000 for each of the first 5 fiscal years beginning after the date of the enactment of this Act.

(b) CONSULTATION REQUIREMENT.—Not later than 90 days after enactment of this Act, and prior to the obligation of funds made available to implement this title, the Administrator of the United States Agency for International Development and the Chief Executive Officer of the United States International Development Finance Corporation, in coordination with the Secretary of State, shall consult with the Committees on Appropriations on the proposed uses of funds.





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(c) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of amounts authorized to be appropriated by subsection (a) for a fiscal year should be made available for administrative expenses to carry out section 535 of the Foreign Assistance Act of 1961 (as added by section 8004 of this Act).

(d) AVAILABILITY.—Amounts authorized to be appropriated by subsection (a) for a fiscal year are authorized to remain available for such fiscal year and the subsequent 4 fiscal years.

### TITLE IX

#### EMERGENCY FUNDING AND OTHER MATTERS

##### DEPARTMENT OF STATE

##### ADMINISTRATION OF FOREIGN AFFAIRS

##### CONSULAR AND BORDER SECURITY PROGRAMS

For an additional amount for “Consular and Border Security Programs”, \$300,000,000, to remain available until expended, to prevent, prepare for, and respond to coronavirus, domestically or internationally, which shall be for offsetting losses resulting from the coronavirus pandemic of fees and surcharges collected and deposited into the account pursuant to section 7081 of division J of Public Law 115–31: *Provided*, That funds made available under this heading in this Act shall be in addition to any other funds made available for this purpose: *Provided further*, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

##### SUDAN CLAIMS

For necessary expenses to carry out section 7 of the Sudan Claims Resolution Act, notwithstanding any other provision of law, \$150,000,000, to remain available until expended: *Provided*, That any unexpended balances remaining following the distributions described in section 7(b)(1) of the Sudan Claims Resolution Act that are determined by the Secretary of State, not later than September 30, 2030, and at the close of each fiscal year thereafter, to be excess to the needs of such distributions, shall be returned to the general fund of the Treasury: *Provided further*, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

##### BILATERAL ECONOMIC ASSISTANCE

##### FUNDS APPROPRIATED TO THE PRESIDENT

##### GLOBAL HEALTH PROGRAMS

For an additional amount for “Global Health Programs”, \$4,000,000,000, to remain available until September 30, 2022, to prevent, prepare for, and respond to coronavirus, including for vaccine procurement and delivery: *Provided*, That such funds shall be administered by the Administrator of the United States Agency





### The International Fund for Ireland as a success story to emulate

The last four decades offer two powerful case studies in how—and how not—to resolve deep, “intractable” conflicts over territory and national identity. In the Middle East, diplomats negotiated the Oslo Accords in secret. Peace seemed to appear magically, surprising even the experts. The public had no preparation or input. Overnight, the two publics were asked to accept sworn enemies as trusted partners and accept compromises of former national red lines. In the face of opposition by violent extremists, peace never stood a chance. Without resolving these core issues of trust and public support, even the most determined negotiators never succeeded in resurrecting it.

**Northern Ireland benefited from exactly the opposite approach at roughly the same time.** In the mid-1980s, violent attacks occurred daily in Northern Ireland, with polarization, fear and hatred growing rapidly between the Nationalist and Unionist populations. In 1987, the Troubles saw more conflict-related deaths than Israel/Palestine saw in 2017 despite Northern Ireland being 1/16th the size. “[F]rom 1989–1992, there were 317 deaths due to the violence, 3,893 injuries, 2,128 shootings, 843 explosions, 602 unexploded devices, 12,971 house searches by the security forces and 476 recorded paramilitary ‘punishment’ shootings.”<sup>21</sup> The warring communities’ respective leaders refused to meet under any circumstance, let alone discuss a peace that seemed all but impossible.

Twelve years later, a massive, U.S.-led, multinational intervention—the International Fund for Ireland—had dramatically transformed the landscape. Seeing that the environment in the 1980s was not suitable to even discussing peace, the United States government and international partners decided to intervene at an unprecedented level in order to disrupt and rearrange key civil society variables. They established and funded the IFI to create the social, economic, and political foundations upon which peace was secured more than a decade later. In stark contrast to Oslo’s secrecy, the IFI catalyzed, supported, and grew an entire field of visible, locally led efforts that helped change the public conversation.

U.K. Chief Negotiator Jonathan Powell called the IFI “the great unsung hero of the peace process.”<sup>22</sup> Former U.S. Consul-General Dean Pittman said, “It’s a rare opportunity for a diplomat to have a resource like the IFI, and a lot of Ambassadors around the world would be green with envy to have something like that, with a substantial amount of money to focus on projects and to move the overall agenda towards stability, a shared future, and reaching a political settlement.”<sup>23</sup>

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<sup>21</sup> McCreary, Alf. *A Fund of Goodwill*. Belfast: International Fund for Ireland, 2008, p 27

<sup>22</sup> Lazarus, Ned, BICOM: Britain Israel Communications and Research Centre, *A future for Israeli-Palestinian peacebuilding*, Jul. 2017, available at <https://www.bicom.org.uk/analysis/future-israeli-palestinian-peacebuilding/>. Last accessed Jan. 3, 2021.

<sup>23</sup> McCreary, p. 171.



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## What were the keys to its success?

**Institutionalizing early, sustained, and long-term engagement.** The IFI began its work in the late 1980s while the conflict there was more violent than the Israeli-Palestinian conflict is today. Once started, it catalyzed a sustained, long-term effort to build relationships, economic development and interdependencies, and trust between Unionists and Nationalists. It worked for 12 years *before* the Good Friday Accords and continued working afterwards. This was critical in cementing the gains achieved even as rejectionists attempted to push back against progress. Most importantly, through the IFI, the international community stood up a durable institution with the mission and resources to focus beyond the current news cycle or short-term politics of the moment. The IFI took on the core job of investing in the political environment of the future.

**Scale: Multiplying resources with multinational donors.** By combining contributions from multiple donors, especially the U.S., the U.K., and others in the British Commonwealth, the IFI could reach a transformative \$1.5 billion in direct funding and \$2.4 billion overall. This translated into \$44 per person per year (compared with 5% of this amount in Israel-Palestine). Before long, participation in these programs became a right—and eventually a rite of passage—for young Catholics and Protestants, rather than a privilege enjoyed by a tiny minority.<sup>24</sup>

Joining together in the common effort made the investment more appealing, reinforced and aligned shared policy between countries, and made possible a scale of activity that was otherwise out of reach. In its first 30 years, it supported 6,000 peacebuilding projects, engaged 15,000 young people in training programs, and created more than 55,000 jobs.

**Leverage: Providing “first money on the table.”** The IFI’s funding impact was even greater than the total dollars that passed through its doors. It often became a seed investor or partial funder in projects, frequently providing just the right amounts of moral and financial support to enable a project to go forward and attract greater resources. The result was \$2.20 in investment for every \$1.00 from the IFI. A project that otherwise seemed risky could get just the start it needed with an IFI grant.

In one example, the IFI helped redevelop an abandoned canal across the border between conflict areas, the Shannon-Erne Waterway. The area was considered so unsafe at the beginning, that VIPs had to attend the launch event by helicopter. At a time when there were many skeptics, the IFI provided £1 million for a feasibility study and another £5 million in capital investment, marketing campaigns, and local infrastructure over time. This enabled the effort to proceed. It attracted other supporters, brought tourism, and revived local businesses, ultimately leading to total project investments of £32 million, more than five times the IFI investment.

**Coordinating a unified strategy.** The IFI was the address for peacebuilding in Northern Ireland. It had a field-wide, cross-sector view over time. It was able to map needs and opportunities and identify organizational capacities and gaps. It could drive funding where it would have the greatest impact at any time and avoid a disconnect among funders or duplication in efforts. Of course, the IFI also quickly became the best-

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<sup>24</sup> Johnston, Adrian. “The International Fund for Ireland: A Practical Model for Effective Peace-Building,” *Palestine-Israel Journal*, Vol. 22, No. 1, 2017, <https://pij.org/articles/1733/the-international-fund-for-ireland-a-practical-model-for-effective-peacebuilding>. Last accessed Dec. 30, 2020.



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positioned and most knowledgeable agency in the world to develop and implement a unified strategy in Northern Ireland. This central expertise and coordination extended to accountability, compliance, and sound management.<sup>25</sup>

**Developing and deploying concentrated expertise.** The IFI gathered in one place the wisdom and experiences of donors, subject-matter experts, policymakers, NGOs, and local communities; developed a deeper understanding and methodology for growing grassroots engagement; and then deployed this expertise to implementing partners.

IFI staff often helped shepherd projects from concept through funding and execution. Its development consultants on the ground helped identify projects, kept closely in touch with community groups and other organizations, and helped guide and re-shape project proposals to align with the IFI mission. Other members of the project teams identified and helped address weaknesses in project proposals, possible conflicts of interest, and potential duplication where others already might be conducting similar work. Board members with a broad range of expertise would then study proposals further and raise questions for refinement before full Board approval.

**Delivering credibility.** The IFI did not only pool resources; it also pooled legitimacy. Just by virtue of bringing international support, the IFI did two things that no single government could do alone. First, it blessed the projects with support from around the world. Paul Quinn, an American observer on the IFI Board of Directors, remarked that the IFI's significance "was not just the money that was involved, but the perception that somebody else wanted to help the people of Northern Ireland."<sup>26</sup>

Second, it represented a combined set of donor nations that historically had close ties with both Loyalists and Nationalists. As a result, majorities within each society felt comfortable engaging with it. Quinn added that it worked because "[b]oth sides needed outsiders who would be honest brokers."<sup>27</sup> In a recent (November 2020) U.K. Parliamentary debate on creating an International Fund for Israeli-Palestinian Peace, the Labour MP and Shadow Security Minister Conor McGinn—himself a Northern Irish native and son of a Sinn Féin Councillor—credited this exact idea for the IFI's success: "People on all sides trust it. It has no political agenda. Its only agenda is peace and reconciliation."<sup>28</sup>

**Integrating reconciliation and economic efforts.** Given the particular conditions at any given time, the IFI was able to focus more on efforts that focused primarily on economic development or on P2P reconciliation. But in truth, many of its initiatives touched on both key elements. For example, it was able to infuse development projects with a conflict resolution agenda, as it did with border area projects to build community centers, industrial zones, and tourism infrastructure. Meanwhile, support for community centers, training programs, and youth activities also contributed to economic growth.

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<sup>25</sup> A counterexample of what can happen without such expertise and central effort was Bosnia in the 1990s, where donors took a fragmented, uncoordinated approach to rebuild and strengthen intergroup relations. An investigation in 1999 revealed that over \$1 billion went "missing," underscoring the importance of an organized and accountable body managing the funding for peacebuilding and civil society.

<sup>26</sup> McCreary, p. 120.

<sup>27</sup> McCreary, p. 120.

<sup>28</sup> International Fund for Israeli-Palestinian Peace, Westminster Debate, Volume 684: debated on 17 November 2020 <https://hansard.parliament.uk/Commons/2020-11-17/debates/1E3EC84E-81DC-4068-A1E6-1143FAF36B2D/InternationalFund-ForIsraeli-PalestinianPeace>



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The vastly different international approaches to the Northern Ireland and Israeli-Palestinian conflicts were practically side by side experiments. The stark differences in outcomes have a great deal to do with the inputs. While widespread fear and mistrust have tripped up negotiations every time in the Middle East, the IFI began a steady stream of coordinated, strategic investment to address those very issues starting over a decade before the Good Friday Accords. Over more than 30 years, the IFI also refined a working multinational model. U.S. funding commitments in MEPPA and readiness by international partners like the U.K. now make this model ripe for adoption in an International Fund for Israeli-Palestinian Peace.<sup>29</sup>

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<sup>29</sup> Of course, while it is especially relevant in the context of resolving an “intractable” conflict, the IFI is not the only successful and transformative multinational effort with U.S. leadership. Through the Global Fund to Fight AIDS, Tuberculosis, and Malaria, the U.S. has used leverage from joining with other donors to almost triple its investment in fighting these diseases worldwide. U.S. annual contributions of approximately \$1.5 billion per year are multiplied by nearly 80 other countries and private sector donors to harness more than \$4 billion dollars each year in public-private investment to save lives. Private sector funders have contributed nearly \$2.7 billion to date. The result of this coordinated, multinational effort operating at scale has been extraordinary, saving 38 million lives.







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