



Building a Successful Palestinian State

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The RAND Corporation has developed comprehensive recommendations for enhancing the success of an independent Palestinian state. For Palestinians, Israelis, and many others around the world, it is profoundly important that a new state succeed. A failed Palestinian state, or one so weak that it must be sustained and policed by others, would endanger international security.

The RAND study does not address how Israelis and Palestinians can reach a settlement to create a Palestinian state. Instead, it focuses on what would happen if such a state is created—recommending actions that Palestinians, Israelis, and the international community can take to increase the chances that a new state would be successful. Although RAND's analysis assumes a peace accord, many of the recommendations could be implemented constructively prior to Palestinian independence. The recommendations focus on governance, internal security, economic development, water, health, and education. The study team also estimated the dollar investment that will be needed to implement these recommendations during the first ten years of independence.

Key findings:

- A new Palestinian state is more likely to succeed if it has
 - a high level of territorial contiguity (apart from the separation of Gaza and the West Bank)
 - relatively open borders allowing movement of people and goods between Palestine and its neighbors, especially Israel
 - security within Palestine and for its neighbors.
- The new state must be seen as legitimate by its citizens and the international community, be well governed, and over time become economically self-reliant.
- The new state's water supply must be enhanced and its education and health systems substantially strengthened.
- Successful Palestinian development will require some \$33 billion in capital investment over the first decade of independence.

This Highlight summarizes RAND research reported in the following publication:

The RAND Palestinian State Study Team, *Building a Successful Palestinian State*, Santa Monica, Calif.: RAND Corporation, MG-146-DCR, 2005.

A companion RAND study explores options for addressing the infrastructure needs of a growing Palestinian population. See Doug Suisman, Steven N. Simon, Glenn E. Robinson, C. Ross Anthony, and Michael Schoenbaum, *The Arc: A Formal Structure for a Palestinian State*, Santa Monica, Calif.: RAND Corporation, MG-327-GG, 2005.

For a summary of both studies, see *Helping a Palestinian State Succeed: Key Findings*, Santa Monica, Calif.: RAND Corporation, MG-146/1-RC, 2005.

All three books are available at <http://www.rand.org/palestine/>.

The RAND analysis suggests that, overall, the chances of a Palestinian state's success will increase with a high level of territorial contiguity of Palestinian lands (apart from the separation of Gaza and the West Bank); relatively open borders allowing movement of people and goods between Palestine and its neighbors, especially Israel; and security within Palestine and for its neighbors.

Below are highlights of key study findings:

Governance—A precondition to good governance is that Palestinians view their leaders as legitimate and effective. This will depend on the terms of the final peace settlement along with actions of the Palestinian government. Good governance will be more easily achieved if Palestine's borders are open, its economy prosperous, its refugee absorption manageable, its security guaranteed, and its early years bolstered by significant international assistance. This assistance should be invested to ensure long-term economic growth. Good governance and legitimacy also require that Palestine fight corruption and authoritarian practices, promote the rule of law and empower the judiciary, encourage parliamentary democracy, promote meritocracy in the civil service, and delegate power to local officials. The more the international community and Palestinians insist on good governance, the more likely good governance will be practiced.

Internal Security—The success of an independent Palestinian state is inconceivable in the absence of peace and security for Palestinians and Israelis alike. An independent state must be secure within its borders, provide for the routine safety of its inhabitants, be free from subversion or foreign exploitation, and pose no threat to Israel. The most pressing internal security concern will be to suppress militant organizations that would undermine the stability of the new Palestinian state and threaten Israel. Internal security services will need to be restructured and will need monitoring, training, and analytical support.

Public safety, routine law enforcement and the administration of justice will need to be put on a sound footing as quickly as possible. At a minimum, this will require funds for rebuilding courthouses and police stations, buying legal texts and computers, providing law enforcement training, and purchasing police equipment. A more comprehensive program would include vetting of judges and prosecutors.

Economic Development—Successful economic development in Palestine will require adequate security, good governance, stable access to necessary supplies of power and water, and a transportation infrastructure that meets the needs of

A successful Palestinian state will be:

- **Secure.** Palestinian statehood must improve the level of security for Palestinians, Israelis, and the region.
- **Well-governed.** A Palestinian state must govern effectively and be viewed as legitimate by both its citizens and the international community.
- **Economically viable.** Palestine must be economically viable, and over time, self-reliant.
- **Capable of ensuring social well-being.** Palestine must be able to feed, clothe, educate, and provide for the health and social well-being of its people.

Definition of success used by the RAND study team in developing recommendations for the state of Palestine.

Palestinians. Territorial contiguity (aside from the separation of Gaza and the West Bank) is important; in a territorially noncontiguous state, economic growth would be adversely affected. The resulting poverty would aggravate political discontent and create a situation where maintaining security would be very difficult, if not impossible. Economic development will depend on human capital, with strong systems of primary, secondary, and vocational education. Other important conditions include Palestinian access to the Israeli labor market to obtain jobs and substantial freedom of movement of people and products across Palestine's borders, including the border with Israel. Economic activity would also be strengthened by improvements and investment in the transportation, water, power, and communications infrastructure of Palestine. Equally important, the government will need to adopt appropriate monetary and fiscal measures and open trade policies.

Water Supply—A successful Palestinian state will need adequate supplies of clean water for domestic consumption, commercial and industrial development, and agriculture. Today Palestinians have access to only half the minimum daily amount of water per person established by the World Health Organization. Coping with a severe and worsening water shortage will require a combination of measures to enhance supply and restrain demand. One way to provide Palestinians with enough water to meet World Health Organization standards would be for Israel and Palestine to rene-

governments to negotiate the allocation of existing water resources to a more even per-capita use. Removing water from aquifers beyond sustainable limits must be halted to avoid creating worse shortages. Increased efficiencies, water reuse, and irrigation management should be used to deal with part of the water shortfall. The international community should be ready to finance construction of desalination plants and infrastructure improvements.

Health—Palestine has a relatively healthy population, many highly qualified health care professionals, national plans for health system development, and a strong base of governmental and health care institutions. However, there is poor coordination in the health care system, many under-qualified health care providers, weak systems for licensing and continuing education, and considerable financial deficits. Key development priorities include better integration between health system planning and policy development; updated and enforced standards for licensing and accrediting health facilities, professionals, and educational programs; an updated immunization program; comprehensive micronutrient fortification and supplementation; improved prevention and treatment of chronic and noninfectious diseases; and improved diagnosis and treatment for developmental and psychosocial conditions.

Education—The success of every education system depends on achievement in three key areas: access, quality, and delivery. In these respects, the future Palestinian state will begin with a number of strengths. To build on those strengths, schools should offer a quality education accessible to girls and boys. The education system should be open to reform, enroll more students in secondary schools, expand early childhood programs, make special education available, and stress development of student civic skills and social responsibility. Vocational education should be redesigned, expanded, and modernized to produce workers with needed skills. Universities should reduce an overemphasis on humanities and social sciences and expand science and engineering programs. These improvements will require increased funding,

higher quality standards, better-paid teachers, and new and renovated facilities.

Achieving Successful Development

RAND estimates that it would cost about \$33 billion to implement the study's recommendations over the first ten years of a Palestinian state—an annual average of approximately \$760 per person.

As a frame of reference for this magnitude of funding, the research team considered the cases of Kosovo and Bosnia—two areas where the international community has recently invested very large sums for post-conflict reconstruction. The per-person yearly investment provided to Kosovo in its first two post-conflict years was \$433; that provided to Bosnia in its first two years was \$714. Thus, there are recent precedents for providing levels of international aid that approach what RAND estimates will be needed in Palestine. At the same time, the level of international commitment described in RAND's study is higher (in per-capita and absolute terms) and is sustained over a longer period of time than the assistance provided to Bosnia, Kosovo, or other major international aid efforts in recent times. Achieving this commitment will require concerted international cooperation.

Looking to the Future

Recent events have opened up new possibilities for the Middle East. But nation-building is a very difficult undertaking, even under less challenging conditions than those surrounding a new Palestinian state. Success will require good planning; significant resources; major and sustained involvement of the international community; and courage, fortitude, commitment, and hard work on the part of the Palestinian people.

As recent U.S. experience in Iraq and Afghanistan illustrates, preparation will be essential to the success of the new state. RAND's study developed recommendations, based on objective analysis, about steps that Palestinians, Israelis, Americans, and the international community can take now, and when an independent Palestinian state is created, to increase the likelihood that the new state will succeed. ■

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