



## FORMING A GOVERNMENT IN A CRISIS, 2007–2009

*Henrietta Toivanen, Jennifer Widner, and Gordon LaForge drafted this case study based on interviews conducted by Tristan Dreisbach in Ramallah, Nablus, and Jericho in June and July 2019 and by Dreisbach and others in additional locations during 2019 and 2020. The case is part of a series on state building in Palestine, 2002–05 and 2007–11. Case published April 2024.*

### SYNOPSIS

When partisan conflict tore apart the Palestinian Authority in June 2007, economist Salam Fayyad suddenly found himself in the role of prime minister—responsible for security, for basic service delivery, and for recharting Palestine’s path to statehood. Few wanted to serve in the emergency cabinet the president had asked him to form, so great seemed the risk of failure. The cabinet faced competing claims to legitimacy from Hamas, which headed the unity government that had just collapsed. The Basic Law, the territories’ constitution, included specific provisions that both provided clear guidance on how to move forward under the unforeseen conditions and contained enough ambiguity that allowed government legitimacy to be politically contested. As the internationally recognized prime minister, Fayyad persuaded a diverse group of independents and technocrats to accept ministerial posts in the emergency government. To support decision-making and implementation at the center of government, he tasked a close adviser with setting up a prime minister’s office; strengthened the role of the cabinet secretariat; established systems for paying civil servants, including those in Gaza, where his predecessor, Ismail Haniyeh, continued to assert authority; worked with international partners to help meet basic citizen needs in the territory the government could not easily reach; and strengthened communications and transparency. Those steps enabled the cabinet to work more effectively and helped support urgent efforts to restore order, expand economic opportunities, and, ultimately, embark on a more ambitious political agenda toward independent Palestinian statehood.

## INTRODUCTION

“The collapse was very, very rapid—and it was devastating,” said Yasser Abed Rabbo, remembering the events of June 14, 2007, when he was secretary-general of the Executive Committee of the Palestine Liberation Organization (PLO). “We lost Gaza,” where about 1.5 million of the Palestinian Authority’s (PA’s) 4 million people lived. Since the mid 1990s, the PA, created by the PLO, had operated as a transitional government for both the West Bank and Gaza—the two territories Israel occupied in 1967. Now the competing claims to legitimacy threatened the Palestinian dream of statehood.

For months, tensions had simmered among armed factions aligned with the two main Palestinian political movements: Fatah and Hamas. The second week in June, 116 people had died in Gaza in clashes between security groups linked to each side, and more than 500 had been injured.<sup>1</sup> On June 13, Hamas party militias seized control of roads and Fatah offices in Gaza.<sup>2</sup> But that step elicited strong resistance. “Here in the West Bank, people were divided,” Abed Rabbo said.

The conflict had deep roots. Hamas, which opposed the Oslo peace accords and declined to recognize Israel, had won the 2006 legislative elections, securing 74 out of 132 seats. Its victory was aided by the deteriorating performance of the incumbent Fatah-led government and decisions by Fatah-aligned candidates to run against one another. But Hamas quickly found itself without the financial capacity to govern. On the grounds that Hamas supported terrorism, Israel withheld the clearance revenues it collected on the territories’ behalf; international correspondent banks stopped handling Palestinian government transactions; and aid donors withdrew assistance. Mediators helped the two sides constitute a unity government in mid March 2007, but by early June, that arrangement was collapsing under the weight of rising factional strife, kidnappings, and the reemergence of militarized confrontations with Israel.<sup>3</sup>

In response to Hamas’s violent takeover of power in Gaza, President Mahmoud Abbas, based in the West Bank, used emergency powers granted him under the territories’ Basic Law to dissolve the Haniyeh-led government and appoint a new cabinet for a 30-day period.

“We needed to name a prime minister in a matter of hours or the Palestinian Authority would be in danger of collapse,” said Abed Rabbo. Abbas discussed with close associates a short list of three or four plausible candidates for the post.

Appointing a Fatah leader was not an option. Abed Rabbo, who was present, said: “At the time, Fatah was defeated—even morally. Nobody came to the fore and showed that he was ready to go on stage and take a stand.” It was important to find someone who was unaffiliated, a caretaker who could sustain the PA while political conversations took place.

Among the independents, Finance Minister Salam Fayyad, age 55 years, had been in office only three months as part of the unity government, but he had served in the same role from 2002 to 2005 and had built a reputation for

effectiveness. Fayyad had sorted out difficult financial problems for several Fatah-led governments, and he was in the process of doing the same in the unity government under a Hamas prime minister. At one point, when Haniyeh had gone into hiding in anticipation of an Israeli attack, he asked Fayyad to chair the cabinet meeting—a grant of trust. That Fayyad’s name should land on the short list, under the circumstances, came as no surprise.

“I was giving a commencement speech at my children’s school while all this was happening,” said Fayyad. “Afterward, I pulled out my phone. There was a message: ‘The president wants to see you.’” When Fayyad arrived in Ramallah, the president informed him that he had scheduled a leadership meeting for the next day to choose a new government. He wanted Fayyad to consider a bigger role.

When the group assembled 24 hours later, it included the PLO’s executive committee—the seniormost decision-making body of the PLO and the group that had led peace talks with Israel and constituted the PA as a transitional government—as well as some of Fatah’s senior officials. “There were 17 or 18 people in all, and it was the grimmest meeting I had ever been to,” Fayyad recalled. “Everyone was in a state of shock. The president said that what had happened [Hamas’s unilateral assertion of authority] was a coup d’état and we needed a government to deal with the situation. So he asked each of us to take a piece of paper and write answers to three questions: (1) What kind of government [cabinet] we should have: small or large? (2) Should that government represent factions, or should it be independent? and (3) Who should serve as prime minister?”

The cabinet secretary walked around the table and collected each person’s response. The president quickly shuffled through the papers and then looked over at Fayyad: “The meeting has basically decided that you are going to be the prime minister.”

“I am an independent, not a partisan; and it was one of most difficult moments of my life,” Fayyad said, but added that he felt a deep sense of duty. “I just thought someone needed to get in there and sort things out somehow,” he said. He anticipated his role would last only a month, at which point the president would have to seek permission from the legislature to approve a new cabinet.

Now, as prime minister–designate, Fayyad needed to rebuild the center of government: he had to recruit ministers, create a system for managing the flood of challenges the new cabinet confronted, coordinate with external partners, focus public attention on the task of building the Palestinian state, and assist in trying to reunify the homeland. And all of those things had to happen at once—in the contexts of fierce challenges to legitimacy and a breakdown of law and order.

## THE CHALLENGE

In the desperate days of late June 2007, Fayyad's experience was a valuable asset. However, Fayyad faced at least five big obstacles to constituting and managing an effective cabinet: authority, sovereignty, money, capacity, and credibility.

From the outset, disputes arose about the legality of the president's decision to form an emergency government. The Oslo Accords, a key part of the Palestinian–Israeli peace process, had established the main outlines of the government system, later enshrined in the Basic Law—the territories' constitution. That document, as amended in 2003, provided for a parliament called the Palestinian Legislative Council.<sup>1</sup> The executive branch was semipresidential. The president, limited to two 4-year terms, appointed a prime minister to run the everyday business of government, subject to the legislature's approval.

That last requirement, “subject to the legislature's approval,” presented a potentially devastating problem. At the time, the Legislative Council could not summon a quorum of its members because of Israeli-imposed mobility restrictions in the West Bank and an Israeli ban on Hamas officials' travel into and out of Gaza. The council held its meetings through a video link between the two regions, but roughly half of Hamas's representatives were unable to attend consistently even in that way because they had landed in Israeli jails during the previous months.<sup>4</sup> In mid June, the Hamas legislators decided they would not convene.

Under the terms of the Basic Law, Abbas, the president, could exercise emergency powers and create a temporary government for 30 days without the legislature's approval, but after that, he would need the legislature's consent in the form of a two-thirds majority in order to extend for another 30 days. Addressing the cabinet's standing required immediate attention, because the initial 30-day tenure of the emergency government was coming to an end. “So, after one month, he [the president] had to go to the council and get approval to extend the national emergency for a maximum of another month,” Fayyad noted, highlighting the criticality of the matter. However, the law was silent on what should happen if there were still no quorum, which raised questions about how to move forward.

Fayyad said he thought it was possible that extending the emergency would support renewed negotiations between the main political factions. Legislators could convene and cast their ballots, choosing to either keep the cabinet in place or vote it out. But not everyone agreed with that logic, including Haniyeh, who asserted that he still governed both territories unless the Legislative Council

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<sup>1</sup> The Basic Law itself did not specify the council makeup. The election law did so, and this law was subject to change. At that time, half of the members of the Legislative Council were elected under a system of proportional representation and half by nonproportional block vote—sometimes called plurality-at-large voting, whereby voters selected candidates to fill multiple seats, with the top vote getters winning those posts.

approved the dissolution of his cabinet. “I was so naive to think that the minute I was sworn in, the sitting government—Haniyeh’s government—was out of business,” Fayyad said (text box 1).

### **Text Box 1: Legal Context**

Like all constitutions, the Palestinian Basic Law was an imperfect document. It contained ambiguities and contradictions that played into the partisan politics of the moment, in 2007.

Article 45 empowered the president to “remove or accept the resignation of” the prime minister. Abbas therefore acted legally in removing Haniyeh as prime minister, though, unable to rally support in Gaza, he was unauthorized, in practical terms, to implement the decision across the two territories.

Article 66 of the Basic Law required that the prime minister, upon constituting a cabinet, present the government to the Legislative Council for a vote of confidence—to take place not more than one week from the date of submission of the request. The Legislative Council would vote on the prime minister and the members of the government, together, unless a majority of the council voted to consider a single individual separately. An absolute majority—67 representatives of 132—was required for this vote to succeed.

A separate provision governed arrangements after a vote of no confidence, during a temporary vacuum of power. Article 78.3 read: “Upon the completion of the term of the Prime Minister and the government, they will temporarily exercise their powers in the capacity of a caretaker government, during which they may make decisions only insofar as they are necessary for the conduct of executive affairs until a new government is formed.”

Title seven, article 110, governed emergency provisions. “The President of the National Authority may declare a state of emergency by decree when there is a threat to national security caused by war, invasion, armed insurrection or in times of natural disaster, for a period not to exceed thirty (30) days.” That state of emergency was renewable for another 30 days if two-thirds of the Legislative Council voted to do so. The Basic Law limited the authority to suspend civil and political liberties during an emergency and empowered the Legislative Council to review any measures enacted during the emergency. The president could not dissolve the Legislative Council during an emergency in order to call new elections (article 113).

Article 43 stated, “The President of the National Authority shall have the right, in cases of necessity that cannot be delayed, and when the Legislative Council is not in session, to issue decrees that have the power of law. These decrees shall be presented to the Legislative Council in the first session convened after their issuance; otherwise, they will cease to have the power of law.”

It was possible to construe these provisions in several ways under the circumstances that prevailed in 2007—circumstances the drafters had not foreseen. One was to reason that the president could declare an emergency in response to armed insurrection, appoint an emergency cabinet under that decree, and after 30 days, present a cabinet to the legislature for a vote. If the legislature declined to assemble and therefore could not organize a quorum, the emergency cabinet would remain in office as a caretaker until such time as the Legislative Council could reassemble its members.

(Continued on next page.)

### Text box 1: Legal Context (*Continued*)

Not everyone considered this interpretation correct, however. The language of the constitution could also be understood to say that the president could hold over the original cabinet only as a caretaker government. That meant Haniyeh's unity government, its composition unchanged from March, could continue. However, that government effectively crumbled upon Hamas's takeover of power in Gaza as Haniyeh was left with only Gaza-based Hamas ministers, as non-Hamas ministers, including those based in Gaza ceased to function as members of his cabinet, which, according to Article 83 of the Basic Law, meant a de facto resignation by the whole government. And when he later replaced them, he, too, was unauthorized to convene the Legislative Council to secure approval of that cabinet—at least 67 votes—nor did he have the president's acceptance of this arrangement.

Scholars and policymakers wrestled with the problem. Asem Khalil, an assistant professor of law at Birzeit University, captured the quandary some years later: “The Palestinian Authority's political system was at an impasse, at least as a unified political system, according to the Basic Law. To a jurist, the Basic Law was a disappointment: it appeared unable to respond to the new circumstances and political needs. And things needed to be resolved, one way or another.”

*See “Palestinian parliament in deadlock,” Al Jazeera, July 23, 2007. <https://www.aljazeera.com/news/2007/7/23/palestinian-parliament-in-deadlock>. For English text of the Basic Law, see [palestinianbasiclaw.org/basic-law/2003-amended-basic-law](http://palestinianbasiclaw.org/basic-law/2003-amended-basic-law). Asem Khalil's quotation appears in “Beyond the written constitution: Constitutional crisis of, and the institutional deadlock in, the Palestinian political system as entrenched in the basic law,” *International Journal of Constitutional Law* 11(1), 2013. See also Nathan J. Brown, “What Can Abu Mazin Do?” *Carnegie Endowment for International Peace*, Washington, D.C., June 2007. <https://carnegieendowment.org/2007/06/15/what-can-abu-mazin-do-pub-18738>.*

That the PA did not preside over a unified sovereign state was the second impediment to the creation of an effective government. Israel controlled the borders, including collection of the PA's customs duties and other clearance revenues; and it could turn off the flow of revenue at will. Israel also had responsibility in whole or in part for central functions such as security, and it restricted movement within the territory. Indeed, the West Bank was divided into three categories, labeled alphabetically.

- Area A, encompassing 18% of the West Bank, was supposed to be under the full civil and security control of the PA. However, in March 2002, the Israeli army had reoccupied the main West Bank cities—in a departure from the original agreement—and after its subsequent withdrawal from those cities, the Israeli security forces continued to conduct security operations in the form of mostly night raids throughout Area A on an almost daily basis.
- Area B spanned 22% of the West Bank and consisted of about 440 villages. There the PA was responsible for civil affairs, and the PA and Israel were jointly responsible for security.
- Area C, covering 60% of the West Bank, included rapidly growing Israeli settlements, which, excluding the Jerusalem settler population, had a little more than 275,000 residents as well as about 180,000 Palestinians in 2007. It was under full Israeli control.<sup>5</sup>

For its part, East Jerusalem, after its formal annexation in July 1980, was dealt with as part of Israel, and Gaza had become more or less like Area A in the West Bank since Israel's unilateral withdrawal from it in September 2005.

The third challenge flowed in large measure from the second: the PA was broke. After the 2006 elections elevated Hamas to power, Israel withheld customs revenues and other taxes it collected on behalf of the PA, claiming that Hamas, which did not recognize Israel, was a terrorist organization. Unable to transact with people or groups subject to sanctions or whose names appeared on the terrorism watch lists of the US Office of Foreign Assets Control, correspondent banks ceased to deal with the territories. For similar reasons, aid donors, too, suspended many contributions, eventually channeling what they could through a temporary international mechanism administered by the president's office.

The net effect was to push the PA into a deep financial crisis and undo many of the improvements Fayyad had wrought when he served as finance minister from 2002 to 2005. Gross domestic product and gross national income shrank dramatically. The PA was bankrupt. Most civil servants, including teachers and police, went without pay or with only partial, irregular wages after April 2006.<sup>6</sup> Fayyad had to secure the release of PA funds withheld by Israel, as well as outside aid to fill the gaps and trim expenditure at an especially delicate time.

The fourth broad challenge was capacity. Even if Fayyad could persuade other independents to join his cabinet under the circumstances, the new government would have to overcome three significant problems in order to make a difference. First, the cabinet secretariat, which provided essential support for decision making, had fallen into disarray—eroded by the deep divisions of 2006. Second, a large portion the PA's offices and employees were physically located in Gaza, which became increasingly difficult to access due to tightened Israeli-imposed curfews, blockades, and restrictions as a result of the political strife.<sup>7</sup> Third, some of the ministries were overstaffed with people who lacked the kinds of skills needed—many of them patronage appointments. To depoliticize the civil service, pay civil servants their due, and improve effectiveness, ministers would have to decide how to gradually adjust their labor forces at a time when a weak economy was generating stiff competition for staff appointments.

Last, as if those challenges were not daunting enough, Fayyad also had to wrestle with a credibility problem. A strong supporter of Palestinian statehood, he was pragmatic in his approach and had cultivated cordial relationships with people on all sides, including in the international community. In the fraught context that existed at the time, those connections sometimes raised suspicions about his motives back home.

Taken together, the challenges would make it hard to recruit ministers, because most candidates were likely to consider the chances of success almost nil. Further, the need to coordinate with Israel and aid donors expanded the types of functions the prime minister's office would have to handle. In the

context of the PA's semipresidential system of government, this broader set of responsibilities increased the risk that in carrying out their respective duties, Fayyad and Abbas would tread on each other's domains. Finally, the ambiguities of the situation made effective public communication crucial.

## FRAMING A RESPONSE

The moment the leadership meeting recommended appointing him prime minister, Fayyad recalled: "I felt completely, absolutely lonely. What am I going to do?" In the initial days, many things would have to happen at once to prevent the PA's complete collapse.

Before the meeting ended, its members voted to constitute a cabinet made up of independents and technocrats alone—no elements with affiliation to Fatah or other PLO factions and, obviously, no Hamas elements. To secure political buy-in, Fayyad had wanted to include representatives of the PLO factions as well as independents. The PLO, which the United Nations had recognized in 1974 as the embodiment of national aspirations and which had authorized the peace process and the creation of the PA—had a status, in Fayyad's view, roughly equivalent to a constituent assembly. PLO membership was broader than Fatah, though it did not include Hamas, which formed more than a decade later and had not found an acceptable arrangement to join the coalition. But in the highly charged circumstances that prevailed at the time, the other leaders disagreed, opting for a cabinet that was less likely to generate controversy or to remain in office long—their way of addressing the problem of legality, when the Basic Law was silent on what should happen if the Legislative Council could not convene. As leaders left the meeting, they offered names of people who might serve.

In the early days of his premiership, Fayyad also clarified roles with respect to core functions—especially those that required interaction with Israel. Under the system the Basic Law set up, the president and prime minister had to share the leadership role. The president was commander in chief of the armed forces and appointed delegates to foreign countries and international organizations. Other responsibilities fell to the prime minister and the cabinet, but because the prime minister and his government were directly accountable to the president and the legislature, those distinctions could easily blur.<sup>8</sup> Fayyad and Abbas agreed to vest peace negotiations with the president, whom Fayyad termed the "face of the society"—the person Palestinians had directly elected; and the prime minister handled international economic matters along with day-to-day management of the government, including security.

Lack of sovereignty was something Fayyad's counterparts in other countries did not usually have to reckon with, but the Oslo peace accords had created the bare bones of a coordination system. Abbas agreed that security services should report to the interior minister, as they did in established democracies. He also accepted that the prime minister and interior minister, who were responsible for public safety, would have the latitude they needed to manage all aspects of



security, including with respect to coordination with the Israeli government when necessary, as long as they kept him fully informed.

Money was essential. Fayyad had shown himself able to build trust and attract support from governments and institutions that could help, and that was part of what made him the senior leaders' choice for prime minister. For the time being, Fayyad chose to retain his finance portfolio, serving as both head of government and finance minister—a decision that saddled him with a heavy agenda but that also conferred considerable power.

The capacity challenge was something the government would have to meet in stages. Quickly, Fayyad's ministers would have to re-create critical information systems and functions that were accessible only in Gaza. But the most immediate issue involved what to say to the civil servants in Gaza who were caught between conflicting governments, Haniyeh also having appointed a new cabinet and having asserted a rightful claim to lead the PA. Other staffing matters could be tackled as need and opportunity arose, should the government be asked to remain after 30 days.

## GETTING DOWN TO WORK

Immediately after the senior leaders' meeting ended, Fayyad turned his attention to getting right the legal formalities associated with the government's formation. He stayed on at the president's office and worked closely with legal counsel to ensure the letter of the Basic Law was observed. Upon leaving, he made a brief statement to the waiting media, saying he had accepted the tasking with a lot of humility but with little illusion about the enormity of the challenges ahead, underscoring his faith in citizens' willingness to join together in efforts to stabilize the situation. The following day, he taped a television address for release in tandem with announcement of the new government, which took place on June 17. He said he had decided to have the address prerecorded because he worried he might choke up when he got to the part about Gaza, as he did when he rehearsed the speech in the privacy of his own office. In the seven-minute address, he spoke directly to the residents of Gaza and the West Bank, saying he would work to reaffirm the unity of the two territories—the two wings of the homeland. He appealed for support, stressed that the situation was temporary, and asked everyone to roll up their sleeves and get to work on behalf of these shared aspirations.<sup>9</sup> Restoring public safety and ensuring residents could put food on their families' tables would be his immediate priority.

Then began the unglamorous, hard work of recruiting ministers, relaunching the offices that supported the prime minister and the cabinet, restoring capacity to provide basic services, improving communications, keeping track of progress, and wrestling with a way to provide continuity at a time of deep division.

*Recruiting a cabinet*

A core list of proposed cabinet members started to emerge immediately after the leadership meeting, and it expanded during the course of the next day. Fayyad reached out to unaffiliated businesspeople, civil society members, and independent politicians who had management experience throughout the territories, including in Gaza. Abed Rabbo, the PLO secretary-general, assisted, as did Akram Haniyeh, a longtime presidential adviser who was highly supportive of Fayyad since his early days as finance minister. Fayyad valued Abed Rabbo's judgment; Abed Rabbo was, in his view, "honest, alert, a fabulous politician, but humble."

Fayyad's initial conversations with possible candidates confirmed his suspicion that people were wary about joining the team. Saadi al-Krunz, former minister and later cabinet secretary, said: "It was difficult. People expected the government to fail." Some were deeply suspicious. On the Arabic-language edition of *Al-Jazeera*, a Qatari-funded broadcaster that some Palestinian politicians and foreign officials perceived as sympathetic to Hamas, commentators pronounced those trying to constitute a new government as "traitors."<sup>10</sup> Palestinian opinion on formation of the emergency government was divided, with 59% of those surveyed in the West Bank expressing support and 49% in Gaza saying the same.<sup>11</sup> (The same poll, conducted June 14–20, found overwhelming public approval for holding new elections.)

"The civil society types were cautious," Fayyad said. "If they agreed to join the cabinet, they said, it would appear as though they were taking sides with the government in the West Bank versus Haniyeh's government in Gaza. They were totally averse to this." Others had families that did not want them to participate, given the depth of political division and the low chances of success. "They thought this government was going to self-destruct, and it was widely rumored that many people were getting ready to leave the country." Polls conducted by the Palestine Center for Policy and Survey Research indeed indicated that more than a quarter of West Bank residents surveyed planned to emigrate.<sup>12</sup>

Working mainly from his finance ministry office, Fayyad and his close advisers began to telephone—and arrange meetings with—potential candidates by appealing to each one's sense of patriotism. Eventually, they were able to assemble a cabinet of 14 people, who doubled up or tripled up on portfolios in order to cover the PA's 24 ministries. Fayyad himself served temporarily as minister of foreign affairs as well as minister of finance and prime minister. He appointed the media minister, Riyadh al-Maliki, as acting foreign affairs minister a little more than a month later because that portfolio required a lot of travel, but he retained the finance portfolio until close to the end of his tenure.

The cabinet picks included four independents from Gaza, including one who was ex-Hamas; a Hebron businessman; an engineer who was deputy mayor of Bethlehem and had briefly served as tourism minister; a cultural heritage expert who had been tourism minister in the unity government; the head of an

economic policy research institute; a medical doctor affiliated with the World Health Organization's Palestine office; an entrepreneur; and a lawyer. Others had deep roots in their communities: a sheik who agreed to serve as minister for Waqf [Muslim charitable endowments] and a Gaza-based women's rights activist and community organizer. Lamis al-Alami, who agreed to serve as education minister, was both director general of the Palestine Human Rights Commission and a commissioner on the elections commission. She had earlier headed the Women's Teacher Training College in Ramallah.

There were no Fatah members among the newcomers, but Fayyad insisted that the interior minister be an insider—someone with the knowledge and networks essential to restoring the rule of law. For that post, he enlisted former Lieutenant General Abdel-Razak al-Yahya, who had served on the PLO executive committee many years before and then headed security talks with Israel. Al-Yahya had briefly been minister of interior in 2002, when Fayyad first agreed to serve as finance minister but he stepped down over disagreements with Yasser Arafat, who was PA president at that time. Al-Yahya was the PLO's seniormost officer—an independent—and already knew his way around the position he was asked to fill.

The president, who had left Fayyad free to form the government on his own, swore in the new cabinet on June 17. Fayyad released the short, pretaped television address to his fellow Palestinians. He also promptly froze the accounts of the previous government, as required when any ministerial change took place, and gave spending power—signature authority—to the new appointees.

#### *Defining the PM's office*

During succeeding days, while Fayyad worked to calm the situation, restore order, and find the money to move forward, a small team handled the more technical aspects of getting the government up and running. One of the first tasks was to clear time for the prime minister to make decisions. People wanted to meet about all sorts of issues, and during the opening days, when Fayyad operated from his finance ministry space, the telephones rang constantly. It was crucial to have a staff to field requests, sort them, find answers, set up and manage a diary, receive officials from international organizations or other governments, and otherwise enable Fayyad to do his job. Previous prime ministers had not had such assistance, but a personal office was essential—especially in a fast-moving, volatile context.

Aziz Abu Dagga came to the rescue. Abu Dagga had known Fayyad for years and had served as office director in the finance ministry. On the day Hamas broke with the unity government, Abu Dagga and his family left Gaza at 5 o'clock in the morning in order to reach Ramallah in the West Bank. "It was like a war," he said, remembering that time. Hearing of his arrival, Fayyad asked him to step in.

From a makeshift space in the finance ministry, Abu Dagga began by defining the responsibilities of the prime minister's personal office, keeping

those duties separate from the cabinet secretariat so that each could better carry out its functions. Clarifying the division of labor was essential. The British consulate helped find people who could advise with regard to division of labor and other issues. Abu Dagga worked with them to adapt ideas so they would fit within the Basic Law and regulations. There were 12 or 13 people in all, hired to manage mail and schedules, provide advice, prepare reports, speak with the media, and receive international delegations. The base of operations soon shifted to a new and larger office.

International engagement absorbed significant attention. The prime minister deferred to the president to handle peace negotiations, but to the extent that outside assistance or global meetings pertained to finance and operations, the prime minister was usually the main point of contact. Moreover, because the matters often interacted with peace processes or political negotiations, frequent communication with the president was essential.

Abu Dagga managed the prime minister's diary, and he knew Fayyad was overloaded. "He [Fayyad] had a phone number, but I was responsible for answering that phone, because if he did, he wouldn't be able to do anything else. I had to keep track of calls and make a list so that he could quickly glimpse the requests and decide how to handle the harder ones. We had an agenda prepared for him every day, and he would see it before he left the office the previous evening. He would assign priorities and indicate what he needed prepared before meetings." He also liked to read up on people before he met them, so he found biographical notes or even books to be valuable. Abu Dagga also summarized the routine mail and kept the originals. "We worked 12 hours a day," he said, speaking of his team. Fayyad, too, put in long hours, he said, frequently working with little sleep.

#### *Assisting the cabinet*

For the ministers, several of whom were new to government, there was little time to talk informally—especially in the initial weeks. The hours were long. The interior minister, charged with the urgent task of restoring public safety, practically lived in his office, Fayyad said. But effectiveness required coordination among ministers as well as efficient decision support, including financial and legal review of policy proposals.

In this instance, there was no need to create a center-of-government from scratch. After the PA adopted a semipresidential system in 2003, the second prime minister Ahmad Quorei saw the need for a cabinet secretariat and tapped the head of the statistics bureau, Hassan Abu-Libdeh, to come up with a plan (text box 2). Since that time, the cabinet bylaws had included three provisions:

- Every ministry would have a cabinet affairs unit to prepare for meetings. The minister had to have people who could help prepare submissions and prepare briefs on the ministry's position about other items coming before the cabinet. Ghassan Khatib, a Palestinian People's Party member who had earlier served as labor minister, described the process: "The ministerial unit

was supposed to develop the agenda items—the policy issues that my ministry was interested in raising—and send them to the cabinet secretary in advance of the cabinet meeting. The cabinet secretary would check whether the issue was ready and had the right supporting documents.”

- It was essential to respect the process for placing an item on the cabinet agenda. Abu-Libdeh noted: “We were very strict about that. That was very important.”
- The cabinet should function as a board of directors. It reviewed the budget before the finance minister submitted it to the Legislative Council for approval, and it discussed policy proposals and made decisions about whether to accept, modify, or reject them.

The head of the secretariat was a ministerial-rank position, but the officeholder did not take an oath of office as cabinet ministers did. The role involved introducing agenda items at the prime minister’s request, providing clarifications during cabinet meetings, and alerting the cabinet about inconsistencies between its decisions and the existing body of law and regulations. In theory, those responsibilities were to be performed without any political spin, but in practice, the position was politically significant: the secretary-general of the cabinet could wield authority with senior officials.

In June 2007, most of the system was still in place, though the secretariat had been dormant during most of the previous 18 months.<sup>13</sup> Al-Krunz, former minister and, later, cabinet secretary, said: “We did not make changes in this process. If someone wanted something on the cabinet agenda, the request was

### **Text box 2: Reckoning with a Revolutionary Legacy**

The cabinet secretariat, which was turned into a stand-alone entity during Fayyad’s premiership, had existed as an extension of the prime minister’s office—and for only three years, when Hamas won the 2006 elections. When Yasser Arafat was president and there was no prime minister, from 1994 to 2003, there had been weekly leadership meetings with the Executive Committee of the PLO, cabinet officers (ministers), and others he chose to include. But there were no cabinet meetings per se, and there was no support for cabinet decision-making.

Rarely was there an agenda. Ghassan Khatib, Palestinian People’s Party member and minister of labor in 2002, said: “There were no minutes, no resolutions. President Arafat ran the cabinet the way he ran faction meetings. There was no capacity to follow up.”

All that changed when Ahmed Qurei became prime minister in 2003. Qurei, a banker as well as a Fatah leader, understood the need to have some staff, and he approached the head of the bureau of statistics, Hassan Abu-Libdeh, to design and lead a new system.

Abu-Libdeh examined the experience of several countries to see how they organized their offices, and he combined some of those ideas with proposals ministers had offered earlier. “The first cabinet was a very weird mix of revolutionaries, technicians, and community leaders,” Abu-Libdeh said, “but we laid the foundations for how a cabinet should work.”

supposed to be in writing, with the reasons justified. I asked my staff to write a recommendation on behalf of the government, and I put it on the schedule. We discussed it with the prime minister. Ministers are supposed to have something they can read about the subject, with different points of view. The legal review is also done before the issue comes to the cabinet.”

Fayyad told his new colleagues he would hold cabinet meetings twice a week initially. Later, the schedule was reduced to one meeting a week, on Tuesdays at 9 a.m. Before the events of 2006–07, the sessions had often lasted three hours. Now the meeting duration was cut by half to save valuable time. A file would arrive in each person’s office a day or two before each meeting. And as required by the Basic Law, only cabinet ministers could attend without prior invitation from the prime minister. The staff secretariat kept the minutes.

Strict procedure was important, but success required the prime minister to set a tone that would enable the cabinet members to do their work well. The independents he had assembled did not like conflict, Fayyad observed, so he took steps to avoid flare-ups. Special adviser Ali Jarbawi said: “Salam Fayyad always wanted consensus. We didn’t vote. Salam tried to manage the conversation if there was a conflict. He was always, always extremely polite and low-key.” Fayyad concurred with that description, saying he wanted to avoid being a prime minister who yelled at colleagues to get things done fast and then took forever to certify a decision or never implemented it.<sup>14</sup>

Maintaining that tone was not always easy, Jarbawi said. It was hard to make the need for moderation or compromise credible, because in the absence of a functioning legislature, whatever the cabinet decided was policy. “It is more difficult to govern without a parliament than to govern with one,” Fayyad said. “All of a sudden, we had no institution to report to, and whatever we said went. That brings out the tendency to act without restraint.”

Al-Krunz, the cabinet secretary-general, worked with Fayyad to manage the discussions. “If there were disputes, I invited people to come in to talk in advance of the cabinet meetings. I could offer advice and broker compromise,” he said. “Salam Fayyad would postpone the issue to a future meeting. We had special committees to discuss issues too.”

### *Restoring ministerial capacity*

The new ministers faced towering obstacles: The civil service was in disarray, and rebuilding the capacity to deliver basic services, including policing, required a hard reckoning with three problems. First, certain essential government operations were based in Gaza, a no-go zone for West Bank officials and officials from Gaza who were affiliated with Fayyad’s government. Second, the government owed back wages to its employees and suppliers. And although many civil servants had remained at their posts to the extent that circumstances permitted, others had started to moonlight or daylight to earn enough to maintain their households. And third, pressure to appoint supporters, combined with inadequate job descriptions, had produced a mismatch between

skills and institutional needs. Since its electoral victory in 2006, Hamas had added roughly 23,000 of its followers to the public payroll without regard to their qualifications, and Fatah had added about 9,000, bringing the number of people on the public payroll to about 180,000.<sup>15</sup> When adjusted for population size, the civil service was one of the largest in the Middle East.

Fayyad moved quickly to introduce partial remedies to some of those problems. For instance, he implemented unique practices to ameliorate the difficult situation in Gaza, where teachers, public health workers, and others essentially worked behind the lines of conflict, unsure whether to report to Haniyeh's Hamas cabinet or to Fayyad's emergency government. Fayyad's West Bank-based government ordered the roughly 42,000 Gaza-based civil servants and the civil defense employees of the security establishment—emergency and rescue services—to turn up for their jobs and accept instructions from the Fayyad government but said they could stop going to work if they felt threatened. He promised to keep paying their salaries.<sup>16</sup> And he oversaw the creation of new banking arrangements that allowed payments to Gaza personnel to pass exclusively through banks located in the West Bank, so that the government would have the maximum possible oversight and control over those funds.<sup>17</sup>

The difficulty of paying salaries eased—temporarily. On July 1, Israel transferred \$118 million in PA revenues it had withheld. Combining that money with donor support made it possible to pay some of the salaries and wages due. But Fayyad also quickly made some bold cuts. One of his first steps was to lay off anyone hired since March 2006, when Haniyeh became prime minister and when scrutiny of public-sector hiring lapsed. Combined with a decision to remove roughly 1,000 employees who declined to pledge that they would follow instructions from his government, as well as 18,000 security personnel who had been recruited illegally by the previous Fatah-led government in late 2005 in the run-up to the January 2006 elections, that measure shrank the public servant rolls to about 150,000.<sup>18</sup> The first PA workers, including many thousands in Gaza, received paychecks on July 4, 2007, roughly two weeks after the emergency government formed. Shortly afterward, Hamas announced it had started to pay the people it had appointed, whom Fayyad had removed, including its 7,000-member Executive Force, a security service.

Although he aimed to pay off the debts to employees as soon as possible, Fayyad said he wanted to do so in a way that took other considerations and needs into account. So, rather than pay off in full the debts owed to employees after the release of revenues previously withheld by Israel, the government started to add to the salary payment that fell due each month a portion of the wage arrears until those arrears were completely eliminated some six months later. Spreading the repayments over time made it possible for the government to pay down its debts to suppliers to get the economy moving again. It also was essential because Israel released the withheld revenues in tranches.

Prioritizing the welfare of households most in need was a core principle whenever the cabinet had to adjust practices in response to turbulence. For example, when Israel later withheld PA clearance revenues in retaliation against a Palestinian move to gain a nonmember state status at the UN in November 2012 and there was also a precipitous decline in external assistance, Fayyad had to ration wage payments. Then too, the priority was to put money first in the pockets of those who needed it most, given that the revenue available was insufficient for the government to pay everyone at once. Fayyad said: “In the aggregate, you have enough money to pay 50% of the wage bill, for example, but that doesn’t mean that you pay everybody 50% of their salary.” In his view, helping those whose households were the most economically precarious was important. “Up to a certain threshold [income level], people get paid in full, and people who are paid more will get less than 50%,”<sup>19</sup> he recalled saying. That step helped put food on the table in households that were less well-off. Similarly, repaying debts to local businesses ahead of large companies would help inject much-needed liquidity into the economy and enable small private employers to restore jobs too, thereby taking some of the pressure off the civil service to serve as employer of last resort.

The capacity to sustain those measures as well as other fiscal policy choices and responses was in constant doubt, however. Israel continued to hold the purse strings, and it could hold back resources whenever it suited its strategy to do so. The World Bank reported that the PA could not plan spending more than a month in advance as a result of operating under a cash-rationing system rather than normal budget modalities.<sup>20</sup>

#### *Supporting citizens behind the lines*

In structuring the responsibilities of the center of government, Fayyad’s team also had to consider its obligations to citizens marooned in Gaza. Israel, which had disengaged from Gaza in 2005, blockaded the territory when Hamas seized power. Neither people nor goods could get in or out easily. Restrictions extended to construction materials important for repairing water and sanitation systems, as well as buildings damaged in repeated clashes between Gaza militias and the Israeli Defense Forces.

Always concerned about the West Bank–Gaza split’s becoming more deeply entrenched and despite domestic complaints and, at times, international murmurs about the PA’s continuing to spend in Gaza, Fayyad was keen on disbursing the wage payments in Gaza at the same time and to the same extent they were paid in the West Bank. In addition, the government continued to cover the Gaza electricity distribution company through having the dues of the Israeli supplier deducted from the clearance revenues. In addition, special arrangements were made to cover the operational expenses of key ministries, like health and education, by having those ministries submit invoices to the finance ministry, which in turn paid them directly to suppliers in Gaza, and social assistance and other stipends continued to be paid directly into the bank



accounts of beneficiaries in Gaza. The main casualty of the separation early on involved expenditures for development projects implemented by the PA itself, as it became impossible for the government to do that after the separation.

If difficult and highly challenging politically and logistically in the aftermath of the separation, the PA's capacity to deal with citizens' needs in Gaza was severely tested during and following a major Israeli military operation that launched in late December 2008 and lasted three weeks, until January 18, 2009. Dubbed Cast Lead, that operation destroyed 17% of the territory's agriculture as well as most business activity, rendering almost all households dependent on civil service salaries and outside aid.<sup>21</sup> An estimated 1.1 million of Gaza's 1.5 million people could not have survived without that assistance.<sup>22</sup>

### **Text Box 3: Using a Temporary Workaround to Deal with US Sanctions**

Immediately upon joining the Hamas-led unity government in March 2007, Fayyad had to deal with a problem that had its origins in geopolitics. In the wake of the September 11, 2001, terrorist attacks on the United States, the US Treasury's Office of Foreign Assets Control sought to reduce the ability of terrorists or other individuals targeted by US sanctions to use banks to transact business. Banks outside the United States that wanted to work with companies that listed themselves on US stock exchanges or wanted to partner with US banks and businesses had to assure authorities that they did no business with any terrorist organizations. Because the United States had declared Hamas a terrorist organization, any government dealing with Hamas found itself cut off from the international financial system.

The problem first arose in the aftermath of Hamas's unexpected electoral win in January 2006. Not sure at first how it was going to deal with the appearance of not accepting the outcome of an election that was generally considered to be fair, the US administration declared it was prepared to deal with any Palestinian government, provided that that government would accept all of the commitments that the PLO had taken upon itself in the context of the peace process—especially with respect to the requirements of recognizing Israel's right to exist and renouncing violence. The United States got its partners in the international quartet of the UN, Russia, and the EU to adopt that same position, which subsequently became known as the quartet principles. In the letter in which he tasked Haniyeh with forming the government, Abbas made it clear that he expected the government to comply with the PLO's program—meaning, with the quartet principles. In his response, which was heavily negotiated, Haniyeh used creative formulations that were clearly intended to fall short of what was required. Predictably, the government was deemed quartet noncompliant; the US administration promptly activated the OFAC restrictions; and for a year, the government could not do business through the banking system. Instead, it started to deal in cash, and it had to rely on the president's office for disbursement of payments out of the foreign aid—mainly from the EU—that started to be channeled through that office under a facility called the Temporary International Mechanism, which was set up for that purpose. A main casualty of those realities and arrangements was the rudimentary public financial management system that had been put together during Fayyad's earlier tenure as finance minister. It simply collapsed.

(Continued on next page.)

### **Text Box 3: Using a Temporary Workaround (Continued)**

By itself, the formation of the unity government in March 2007 brought no respite. Indeed, as it became clear that the reconciliation talks that had led to agreement on a unity government would not yield agreement of a platform for it that was going to be quartet compliant, the US administration and the EU made it clear they would not recognize that government. Especially to the United States, the government collectively and each cabinet officer individually had to express perfect alignment with the quartet principles. Although more than half of the ministers had no affiliation with Hamas, it was abundantly clear that the international boycott and restrictions were going to continue.

“OFAC is binary. Yes or no. Good or bad. With us or against us. Once you’re listed, you’re listed,” Fayyad said. “I thought to myself, ‘We have to be creative!’” Money could not flow into the PA’s accounts because of the boycott against Hamas.

Fayyad said he asked himself, “What if I use the PLO? The PLO is not boycotted.” He decided to create an account for the Economic Department of the PLO and to execute all the financial transactions of his ministry through that account. “That was the trick. And believe it or not, it worked.” Abbas, the president, gave him signature authority. Then his team migrated all the ministry’s systems, so the new account became the central treasury account. The money would be totally under the control of the finance minister.

With that step complete, Fayyad then began financial-world diplomatic overtures. “All of this was something I did on my own,” he said. The politicians were in the dark. His aim was first to direct EU support into this account. He reached out to the Norwegian government, which headed the Ad Hoc Liaison Committee, set up under the Oslo Accords. Norway was the only Western donor country within the Ad Hoc Liaison Committee that recognized the unity government. He then met with US Consul General Jake Wallis and sought his help in coordinating an approach to OFAC, routing the request through the EU’s envoy Marc Otte to the peace process to US Secretary of State Condoleezza Rice’s aide on Middle East matters David Welsh. He worked out the details during a visit to EU headquarters, where he met with EU External Affairs Commissioner Benita Ferrero-Waldner and her team. He then proceeded on a lower-profile visit to Washington, D.C., hand-carrying the EU letter to Washington. The United States cleared the account.

“It tells you the art of the possible,” Fayyad said. The EU stopped sending payments to the president’s office and started sending the same payments to the new account. “We started rebuilding the system and connecting with the banking system, acting through the Economic Affairs Department of the PLO,” Fayyad said. But shortly after he became prime minister, the OFAC restrictions were lifted; the PA’s banking relations were restored; and before long, international donors agreed that money could flow to the PA in the West Bank instead of through the PLO account.

For more detail on this subject, see ISS case study [“Empowerment Through Reform: Restoring Economic Activity in the West Bank, 2007–2009”](https://successfultsocieties.princeton.edu/publications/empowerment-through-reform-restoring-economic-activity-west-bank-2007%E2%88%922009)  
<https://successfultsocieties.princeton.edu/publications/empowerment-through-reform-restoring-economic-activity-west-bank-2007%E2%88%922009>

Working with the UN and other institutions, the West Bank–based government tried to organize relief for Palestinians living in Gaza. Aziz Abu Dagga, who became Fayyad’s special adviser for Gaza, said: “We were trying to

help from the West Bank. One of the biggest challenges was that Hamas didn't want us to deal with anybody. We tried to help them understand that what we were doing had no political intention." Dialogue and information traveled through intermediaries, including UN officials and employees of a few foreign companies working in Gaza. Medical supplies and other materiel began to reach people. Later, the government also secured support from the United Arab Emirates and the European Union (EU) to help revitalize businesses, though subsequent Israeli incursions destroyed many of those.

The UN Relief and Works Agency for Palestinian Refugees in the Near East, or UNWRA, became one of the main supply lines. The United States channeled \$154 million through UNWRA in 2007 and an average of about \$200 million per year for several years thereafter.<sup>23</sup> Due to the international sanctions imposed on Hamas, any transactions for the unity government under the PA were prohibited, and it took some ingenuity from Fayyad's side to set up appropriate banking channels for facilitating receipt of that aid first as a finance minister and then as a prime minister (text box 3).

#### *Getting the word out*

Fayyad often found himself playing defense, unable to control or anticipate the words others would choose. Getting out ahead, with focused messaging and a new and clear narrative, was crucial to shift public expectations and behavior as well as to draw faction chiefs into a more productive conversation about policy. Fayyad said: "It's very important [especially with security] to be clear on what the mission is, what it is about, what our role is, and why this is important to us—why is it that we should not see this as a service we're rendering to the Israelis, something that's making it easier for them."<sup>24</sup> Instead, Fayyad tried to frame the mission as an opportunity to build Palestine's statehood and prove its stateworthiness. In such a dynamic context, moreover, he had to be ready at a moment's notice to respond to problems that partisans might cause or words that partisans might spin to undermine the hard-won public trust he was attempting to build.

Strengthening the cabinet's and prime minister's office's capacity to communicate was therefore high on the initial list of priorities. When the emergency cabinet convened, the minister of information was the government spokesperson. Al-Krunz, who served as cabinet secretary-general, said his staff wrote up the minutes of each cabinet meeting. He then reviewed the report and gave it to the prime minister, who noted the points to emphasize. Next, the information minister developed a press release.

That system persisted for the next two years, but the most media-savvy advisers around the prime minister increasingly realized that effective transparency and messaging would require a different type of organization. Abu-Libdeh said, "People must know in two days about a decision; lower levels of government would not know what to do otherwise."

Eventually, Fayyad set aside the information ministry and created a Government Media Center, whose spokesperson was at the helm. Ghassan Khatib served as initial head of that unit. “I developed a communications strategy for the whole of government on behalf of the cabinet,” Khatib said. “We invited the ministers to a series of meetings. We also worked with media spokespeople for each ministry. We met weekly with them to unify messages.” The Government Media Center designated the portfolios that staff members would cover. Each person routinely checked with the ministry for updates, notification on issues a given ministry wanted to focus on, and potential controversies.

Khatib’s successor, spokesperson Nour Odeh, took further steps when she took over the job. Odeh, a former Al-Jazeera correspondent, further strengthened the Government Media Center structure. About 20 recent college graduates were on staff, as were four or five experienced journalists. Odeh sent some of the staff members to the ministries to serve as press officers. The media center also began to send officials daily reports that analyzed the coverage the government’s activities received—“as accurate a picture as possible of where the government stands, what the public thinks, what the international community thinks,” said Odeh.

Striving to build respect for facts and alter the culture surrounding news and political discourse, Odeh decided to focus on the kinds of things reporters wanted to know and to increase her availability, thereby making it as easy as possible to report on events in a balanced way. “The phone would start ringing at 6 a.m. and stop at 2 a.m. every day,” she said. “If I couldn’t take a call, I would send a message.” Odeh began to post policy positions and quotable statements on her social media account where journalists could find them quickly, and she joined a media Facebook group to help get the information out. She also worked with ministers to create visuals and photo opportunities.

Although Odeh did not attend cabinet meetings, the cabinet secretary-general provided access to the background papers and decisions. “There was a huge file to read every Sunday—ahead of the Tuesday meeting—and sometimes on Thursday as well.” She consulted with the cabinet secretary general as she developed the communique about each meeting.

Fayyad also opted to elevate government transparency in the belief that if people could see what the government was doing, they would place less stock in conspiracy theories, and levels of trust would increase. Abu-Libdeh underscored that perspective: “Cabinets are public offices, and they must be evaluated on how they function and make decisions. If everything is secret, people can’t know, and there is clearly a problem.”

In addition to authorizing the release of weekly reports on the substance of cabinet meetings, Fayyad began to make government financial reports available monthly. Gradually, transparency extended to more and more aspects of government activity, as the cabinet harnessed the power of the statistics office to collect and publish data.

The third prong of the communications strategy was for the prime minister to be seen in public—something Fayyad relished. “If you really want to change things, you need to be visible,” he said. “You need to show up. You need to be there.” During his first days in office, he appeared in person at the Ramallah city offices to make his support for the mayor, Janet Mikhail, abundantly clear to a band of armed men who threatened her and her staff. Later, he began to appear in hot spots, schools, and especially at tree-planting projects and olive harvests, which had symbolic value—and which he thoroughly enjoyed, he said.

Other components of the communication efforts included a five-minute weekly radio address; extended radio and television interviews; press points and press conferences, including with international visitors; extensive use of social media; and informal, but not off-the-record, roundtable conversations with journalists on a roughly monthly basis. Frequent participation in open civil society and private-sector meetings and events was also a key component in the communications strategy.

The communication challenges were especially delicate because of Fayyad’s own orientations toward his work. Fayyad was deeply committed to securing Palestinian statehood. But he was also pragmatic in his approach to achieving that end, and he got on well with the leaders of international institutions such as the International Monetary Fund, the World Bank, EU organizations, and the George W. Bush administration, as well as several European leaders themselves. Fayyad also enjoyed considerable bipartisan congressional support in the United States, and he won respect—or at least a modicum of trust—from some of his Israeli interlocutors. Earlier, he had been on cordial terms with Hamas prime minister Haniyeh. But in Palestine, such relationships invited suspicion from some of his own fellow inhabitants—those whose support he most needed to stitch the government and the two territories back together.

The government continued struggled with this problem throughout Fayyad’s tenure. In the toxic swirl of speculation, supportive comments by foreign leaders could easily backfire, causing Fayyad and his government *more* difficulty rather than *less*, as they tried to rebuild public trust. During the difficult days of June 2007, President Bush had commended Fayyad as “a good fellow.” In some minds, such comments fueled suspicion that the prime minister was in league with people they considered oppressors or viewed at best as sorcerer’s apprentices.

### *Monitoring implementation*

The Basic Law specified the general responsibilities of cabinet ministers and required that ministers submit detailed quarterly reports on activities, projects, plans, and achievements with respect to the government’s program. That ability to track implementation was especially important for building trust with both the Palestinian public and aid donors, but aid dependence or the involvement of outside partners also potentially made the task more difficult

because not every country ran all of its assistance through the PA's central treasury account.

Fayyad wanted to be proactive and so, invited the heads of missions to visit him. He also kept them informed of his own thinking and the steps the government was taking, so they could then tell their capitals what they were getting for the money they provided. "It was a lot of work. We were very busy, like a beehive at the time. All wheels were turning and there was lots of adrenaline. Running from one thing to another to another to another, not enough time to really be briefed on anything."<sup>25</sup>

The PA's international partners also had their own monitoring systems in place. Beginning in late 1993, the Ad Hoc Liaison Committee (AHLC), chaired by Norway and cosponsored by the EU and the United States, with the World Bank and the UN acting as a joint secretariat, was set up for that purpose and, in its words, helped promote dialogue between donors, the PA, and the Israeli government.<sup>26</sup> It was supposed to meet twice a year, with the meeting venue typically but not always alternating between Washington and an EU capital. The regularity of the meetings was all but completely abandoned during the Intifada years, and it was not before fall 2007 that the semiannual meeting pattern was restored. As part of the AHLC structure, local aid coordination mechanisms and processes were set up. The broadest such forum—the Local Aid Coordination Committee—consisted of representatives of all donor countries, with Norway serving as chair and the World Bank and the UN acting as a joint secretariat. The committee met at the prime minister's office every six months. Early on, Fayyad was present at the meetings; he also convened off-schedule meetings of that forum when he wanted a certain message conveyed to all capitals. Under those auspices were also local task forces, which kept track of PA policy implementation and sometimes offered to help troubleshoot when necessary.

During the first three years of Fayyad's tenure, the ministries gradually began making information more easily available too. Later, in 2009, Abu-Libdeh tried to amplify accountability when, with Fayyad's approval, he introduced a television program called *Musatallah* (Accountability), on which each minister had to appear to answer questions from the public as posed through a moderator. The program eventually failed, Abu-Libdeh said. The ministers did not want to participate. But he said the idea was important. "People have to realize that we work for them. They must hold us accountable."

## OVERCOMING OBSTACLES

Fayyad said he had hoped that finding ways to improve public safety and ease economic pressure would help restore a modicum of trust and help the parties see a way forward. But even though interfactional violence in Gaza subsided in a matter of days after Hamas gained full control over that territory, accusations and counteraccusations continued to escalate and erupt.<sup>27</sup> Haniyeh's government continued to assert legitimacy, although Haniyeh himself maintained he was interested in dialogue.

The problem was what to do if the Legislative Council again failed to muster a quorum to vote a government up or down. By mutual agreement, negotiating a political solution fell largely in the president's domain. When Abbas tried to call the council into session in early July, Hamas boycotted in protest, and when 28 Hamas legislators tried to convene, their Fatah colleagues declined to appear. The Basic Law was silent on what to do under such circumstances.

As the end of the 30-day emergency period approached, the president was still trying to find some sort of political accommodation. Fayyad told the president he would resign. The president could ask Fayyad to form another government and try to convene the Legislative Council to seek its approval. If a quorum declined to assemble, then by one reading of the Basic Law, the existing emergency cabinet would become a caretaker until such time as the legislature was back in session.

Abbas decided to pursue that course of action. Fayyad went to the Legislative Council chambers in Ramallah to present his cabinet and program, but Hamas parliamentarians boycotted the meeting, thereby eliminating the possibility of assembling a quorum.

"These guys could have really forced reconciliation, had they shown up," Fayyad said. Hamas's representatives—those not in Israeli jails—could have joined other parties and voted the cabinet down, requiring political chiefs to come together and compromise. Instead, they chose neither to approve nor to disapprove the proposed cabinet, leaving the situation in limbo.

Its legitimacy still unsettled, the emergency cabinet became a caretaker government on July 14, enlarged by four additional ministers, a change that meant fewer ministers had to double up or triple up on responsibilities.

Al-Krunz summed up the views of key advisers: "We did not think the division would continue for more than a few months. We thought building institutions would help unify the country."

But the situation would endure far longer than anticipated. Fayyad said, "Essentially everything that happened after that became an extended exercise in being a caretaker government, but when you are there for this length of time, people forget about the caretaking part of it; in their minds, you're the government."

## ASSESSING RESULTS

"I was eternally grateful to the 14 who accepted to work with me," Fayyad said of his initial cabinet members, most of whom stayed through 2009, when the PA once again tried to create a government that included political factions. Like Fayyad, the 14 had expected to be in office only a month when they first joined in June 2007.<sup>28</sup>

During the first six months, the center of government began to function effectively. Decision-making processes were well-defined at the outset and improved subsequently, although Fayyad kept tight control of policy in certain

critical functions—a decision that, though perhaps essential, overstretched his time. “Salam Fayyad’s vision and leadership were the glue,” said special adviser Jarbawi. “That was the most positive thing and also the negative thing about this cabinet—because it all depended on him.”

Transparency improved dramatically. “It was the only transparent cabinet in the history of the PA,” Khatib said. “Before that, there was much less transparency, and afterward, there was a clear retreat. We used to publish on the website the resolutions of every cabinet meeting.”

Press chief Odeh added, in reference to finance ministry reports: “We routinely published accounts on a monthly basis, and we could send people to those documents to see how the government was spending their money. After Fayyad left, that practice stopped. I began to hear journalists asking for that information, so I knew we had done an important part of our job well. It is important to remember that this kind of transparency is important for people living in a conflict zone.”

Through most of 2009, Fayyad and Abbas were able to work together effectively in a semipresidential system wherein division of labor was sometimes hard to manage. When the president or prime minister crossed into each other’s responsibilities, they worked it out. Al-Krunz said, “In the first Salam Fayyad government, the relationship between the president and Salam was strong.”

The president handled most of the diplomatic negotiations and left the rest, including internal security, to the prime minister. “Abu Mazen [Mahmoud Abbas] gave the government the authority and power to work,” al-Krunz said. Others shared that view. Khatib recalled: “In most of the period, Abu Mazin had huge confidence in Salam Fayyad. Abu Mazen was interested in putting time and attention into political strategy, the negotiations. He was never interested in running the government’s day-to-day tasks. So Salam Fayyad saved him this need.”

## REFLECTIONS

Thinking back on the experience after he left office, Prime Minister Salam Fayyad said: “To students studying government in hard places, I would say, the more you know the better, but in a crisis situation, you do not have a book in your back pocket to help guide you. There is no recipe for taking a first step.”<sup>29</sup>

There was no map for successfully navigating the kinds of challenges Fayyad faced in naming an emergency cabinet, building capacity and coordination at the highest levels of government, and identifying a legal basis for moving forward when the constitution was silent on the predicament the territories faced. A strong believer in doing something instead of allowing problems to fester, Fayyad plunged in and appointed people he thought could manage effectively and innovate when necessary. He then aimed to use the political space that improvements had created to draw contending parties back into dialogue with one another.



With respect to cabinet management, Fayyad accorded priority to the development of processes that would enable cabinet members to work together effectively, to have clear communication, and to offer transparency—all of which were keys to building trust.

Cabinet members and advisers alike echoed Fayyad's view of how to navigate the circumstances. Abu Dagga said: "You have to believe in the goal of putting the country together, and you put all your effort into that and try to do the right things. That makes it easier. Keep that goal in front of you all the time. If you think [the] country should be run systematically and you are clear, that will make it easier for people to accept you. It makes everything easier."

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- <sup>5</sup> For data on Israeli settlements, see B'Tselem, "By Hook and by Crook: Israeli Settlement Policy in the West Bank," July 2010. [https://www.btselem.org/download/201007\\_by\\_hook\\_and\\_by\\_crook\\_eng.pdf](https://www.btselem.org/download/201007_by_hook_and_by_crook_eng.pdf). For data on Palestinian population, see Orhan Niksic, Nur Nasser Eddin, and Massimiliano Cali, "Area C and the Future of the Palestinian Economy, World Bank," 2014, p. 12. <http://documents.worldbank.org/curated/en/257131468140639464/pdf/Area-C-and-the-future-of-the-Palestinian-economy.pdf>.
- <sup>6</sup> UNCTAD Secretariat. "Report on UNCTAD Assistance to the Palestinian People," November 7, 2007. <http://www.un.org/unispal/document/auto-insert-188373/>.
- <sup>7</sup> Israel imposed restrictions on movement into and out of Gaza beginning in the early 1990s. These intensified in 2000 and then again in 2007, when Israel imposed a land, sea, and air blockade on Gaza. See UN OCHA and Israeli human rights organization B'Tselem for more information. <https://www.ochaopt.org/data/crossings> and [https://www.btselem.org/gaza\\_strip](https://www.btselem.org/gaza_strip).
- <sup>8</sup> As outlined in the Basic Law of the Palestinian National Authority, which serves as a temporary constitution, the "governing system in Palestine shall be a democratic parliamentary system, based upon political and party pluralism" where the president is directly elected and the government is held accountable by the president and the Palestinian Legislative Council (Title 1, Article 5). See [https://www.elections.ps/Portals/0/pdf/The\\_Amended\\_Basic\\_Law\\_2003\\_EN.pdf](https://www.elections.ps/Portals/0/pdf/The_Amended_Basic_Law_2003_EN.pdf).
- <sup>9</sup> From ISS interviews with Salam Fayyad. Also referenced by Walid el-Umari in an on-camera interview with Salam Fayyad conducted June 17, 2007, as reported in "Salam Fayyad gives interview to Walid al-Umari," BBC Worldwide Monitoring of Al-Jazeera broadcast, June 18, 2007. Accessed through Lexis-Nexis (June 18, 2007 Monday). New Palestinian PM says mission "difficult but not impossible". *BBC Monitoring Middle East - Political Supplied by*

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*BBC Worldwide*

*Monitoring*, <https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:4POM-VTH0-TX34-N240-00000-00&context=1516831>.

<sup>10</sup> In Arabic, two articles from Aljazeera. <https://www.aljazeera.net/news/2007/7/8/-تفاقم-معاناة-العالمين-يرفع-واعلان>

<https://www.aljazeera.net/news/2007/6/20/عباس-يرفض-اجراء-حوار-مع-حماس-ويتهمها>. In mid June 2007, PLO leaders and Fatah heavily criticized Al-Jazeera for articles they said favored Hamas and inflamed violence. For example, see “PLO lashes out at Al-Jazeera over conflict coverage,” Agence France Presse English, June 17, 2007 and “Al-Jazeera denies Palestinian Fatah charge of favouring Hamas,” BBC Worldwide Monitoring text of report by Quds Press web news agency, June 22, 2007,

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<https://infoweb-newsbank-com.ezproxy.princeton.edu/apps/news/document-view?p=WORLDNEWS&docref=news/119F403B7904E898>. For more on Qatar’s relationship to Hamas, see Kenneth Katzman, “Qatar: Governance, Security, and U.S. Policy,” US Congressional Research Service, updated March 11, 2020. <https://fas.org/sgp/crs/mideast/R44533.pdf>.

<sup>11</sup> Palestine Center for Policy and Survey Research. Full report on poll conducted June 14–20, 2007. <https://www.pcpsr.org/sites/default/files/p24e.pdf>, p. 2.

<sup>12</sup> Palestine Center for Policy and Survey Research. Full report on poll conducted June 14–20, 2007. <https://www.pcpsr.org/sites/default/files/p24e.pdf>, p. 10.

<sup>13</sup> Abu-Libdeh interview.

<sup>14</sup> ISS interview with Salam Fayyad. Interview 7, p. 4.

<sup>15</sup> See “Haniya for protests by Gaza workers,” Al Jazeera, July 3, 2007,

<https://www.aljazeera.com/news/2007/7/3/haniya-for-protests-by-gaza-workers>, and from World Bank. Independent Evaluation Group. World Bank Group in the West Bank and Gaza, 2001–2009, Evaluation of the World Bank Group Program, 2010, p. 70. <http://documents.worldbank.org/curated/en/144151467998201026/pdf/100011-PUB-P108234-WestBankGaza-CPE-Box393217B-PUBLIC.pdf>.

<sup>16</sup> Conal Urquhart, “A Tale of Two Factions,” *The Guardian*, October 24, 2007. <https://www.theguardian.com/world/2007/oct/24/israel>.

<sup>17</sup> Robert Beschel and Mark Ahern, “Public Financial Management Reform in the Middle East and North Africa: An Overview of Regional Experience,” World Bank, April 2012. <https://elibrary.worldbank.org/doi/abs/10.1596/978-0-8213-9529-5>.

<sup>18</sup> World Bank Independent Evaluation Group; The World Bank Group in the West Bank and Gaza, 2001–2009, Evaluation of the World Bank Group Program, 2010, no pagination. <http://documents.worldbank.org/curated/en/144151467998201026/pdf/100011-PUB-P108234-WestBankGaza-CPE-Box393217B-PUBLIC.pdf>. See also UNISPAL. Division for Palestinian Rights, Chronological Review of Events Relating to the Question of Palestine Monthly Media Monitoring Review, July 2007, <https://www.un.org/unispal/document/auto-insert-209221/>.

<sup>19</sup> SF interview 11, p. 4.

<sup>20</sup> World Bank, West Bank and Gaza, Public Expenditure & Financial Accountability (PEFA) Public Financial Management Performance Report, June 17, 2013.

<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/221731468329969745/west-bank-and-gaza-public-expenditure-and-financial-accountability-public-financial-management-performance-report>.

<sup>21</sup> Husan Zomlot, “The Politics of International Post-Conflict Interventions Palestine between Peace-building, State-building and Back to Reconstruction,” Belfer Center, Harvard University, Dubai Initiative Working Paper, January 2010, p. 5. <https://www.belfercenter.org/sites/default/files/legacy/files/Zomlot-Working%20Paper.pdf>.

<sup>22</sup> Husan Zomlot, “The Politics of International Post-Conflict Interventions Palestine between Peace-building, State-building and Back to Reconstruction,” Belfer Center, Harvard University, Dubai Initiative Working Paper, January 2010, p. 6.

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<https://www.belfercenter.org/sites/default/files/legacy/files/Zomlot-Working%20Paper.pdf>

<sup>23</sup> Jim Zanotti, “U.S. Foreign Aid to the Palestinians,” Congressional Research Service, July 3, 2014.

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<sup>24</sup> SF Interview 11, p. 1.

<sup>25</sup> SF interview 11, p. 17/

<sup>26</sup> See UN Ad Hoc Liaison Committee. <https://unsco.unmissions.org/ahlc-reports>.

<sup>27</sup> <https://www.aljazeera.com/news/2007/6/22/hamas-murder-plot-video-released>.

<sup>28</sup> SF interview 10, p. 9.

<sup>29</sup> SF interview 11, p. 27.

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