

“Three essays on Self-Government Accounting Practices under Settler Colonialism: A Case  
study from Palestine”

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A thesis submitted for the degree of Doctor of Philosophy in Accounting



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Date of submission: 2/7/2020

### *Abstract*

This thesis consists of three self-contained essays that investigate self-government accounting practices in the salient context of the Occupied Palestinian Territories (oPt). The first essay (Chapter 2) explores the enactment of New Public Financial Management (NPFM) as a component of the liberal peace-building discourse, disseminated by the World Bank. The study relies on the Fairclough dialectical relational approach to Critical Discourse Analysis (1992, 1999, 2010, 2012). The essay performs a semiotic analysis of the text of the World Bank's (NPFM) strategies in the context of the peace-building efforts in the oPt. The analysis revealed the use of the genre of governance to mediate the relationship between the donor community, Israel, and the Palestinian Authority post-peace-agreement. This mediating genre specialises in 'action at a distance', such as initiating mechanisms for budget revenue transfers. The essay identifies value assumptions in the NPFM discourse, and exclusion of social agents (nominalisation) on several occasions, for instance, in the revenue-collection process or invoice validations. Further, extensional assumptions are ideologically vital as they reflect powerful representation.

The second essay (Chapter 3) explores the budget of indigenous self-governing entities in the context of settler colonial studies. It adopts settler colonialism theory (SCT) as a theoretical framework and was initially introduced by Denoon (1979), subsequently developed by Wolfe (1994, 1999, 2001, 2006), and theoretically extended by Veracini (2010, 2012, 2018). The study highlights several strategies implemented by settler-colonisers to liquidate indigenous self-governing entities—and ultimately indigenous nations—using the budget as a weapon (e.g., the legitimisation of budgetary cuts and the suspension of the main source of indigenous self-government revenues, known as clearance revenues). It also presents an account of how settler corporate capitalism serves illegal settlements by channelling services and investing in

the intelligence architecture of these settlements. This type of capitalism has also promoted settlers' collective obsession with sovereignty, which has translated into a segregation regime that prevents indigenous self-governments from holding settler states financially accountable.

The third essay (Chapter 4) examines the nature of accountability between settler state and indigenous self-government in an extreme power imbalance. The essay deploys Hopwood's (1994, 1990) account of accountability and visibility. Three examples were presented in the essay regarding the nature of accountability between the settler state and indigenous-self-government. The first example discusses the sharing revenue mechanism and the refusal of computerised system invoice. The second example presents the failure of revenue transfer from the settler state to indigenous self-government. The third example presents an untraceable deduction in health and electricity bills. All examples indicate that the settler state refuses to 'provide an account' to indigenous self-government, which enhances the invisibility. This has also weakened the internal accountability of indigenous self-government.

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## *Acknowledgments*

*“We cannot fight for our rights and our history as well as future until we are armed with weapons of criticism and dedicated consciousness.”*

— *Edward W. Said*

I have been blessed during my PhD journey with two brilliant supervisors. Truly, no words can express my appreciation and thankfulness for my first supervisor, Professor Shahzad Uddin. His academic guidance and support in this process have made this journey possible. I want to tell you that your commitment to emancipation and empowering marginalised societies has been an inspiration to my academic journey. It is because of your commitment to raising indigenous voices in the literature that this thesis is submitted.

Your research endeavours in emerging economies and your academic supervision made me strive to be a better academic. Thank you for challenging me intellectually and thank you for listening to me and answering my questions. Thank you for encouraging me to attend seminars, conferences and training to develop my knowledge and skills. Many thanks for all the constructive feedback and the efforts that you have put in this thesis. And, most importantly, thank you for understanding and being patient with me when I slacked on with my study as I juggled my work and my family. Thank you for believing that I have good potential. You have unconditionally supported my career aspirations, and I am indebted to you. I will always be reminded of our long conversations and the lessons that I have learnt from you.

To my second supervisor, Dr. Pawan Adhikari, for his brilliant support and the opportunity he granted me in my research fellowship at the University of Essex before I started my PhD journey. You have also guided me in my PhD path, and you have supported my academic development. Above all, you supported my academic career and research journey.

I also would like to extend this acknowledgment to Professor Trevor Hopper, my academic mentor, and brilliant advisor. Professor Hopper enlightened my master's journey at the University of Sussex. He helped me tremendously in my search for a PhD scholarship for almost four years in Palestine, continuously responding to my emails, reference letters and applications. His encouragement and support extended during my PhD with his insightful comments during the Accounting and Accountability in Emerging Economies conference (2017). I thank him for believing in me and supporting me all these years.

I have been privileged to be part of Essex Business School and the accounting academics and much appreciation goes to Dr. Magda Abou Seada, Dr. Daniela Pianezzi, Dr. Silvia Gaia, Dr. Azimjon Kuandikov, Professor Thankum Arun, Professor Kelum Jayasinghe, Professor Musa Mangena, and Professor Teeroven Soobaroyon. Many thanks as well to the University of Essex for funding this research through the 'Essex doctoral scholarship'.

Many thanks to the Centre of Ideology and Discourse at the University of Essex and, the insightful comments from Professor Lee Parker and David Cooper. I would also like to acknowledge two anonymous financial supporters during my journey. I also acknowledge the help of the Palestinian Ministry of Finance, the Ministry of Health, and the State Audit and Administrative Bureau staff in conducting the interviews. Acknowledgements are extended to the brilliant UNCTAD/ Palestinian unit staff for providing updated reports and data.

I am grateful as well to my line manager, Dr. Abeer Hassan, at the University of West of Scotland for all the support and encouragement she has given me in the last four months. Thanks are extended to Professor Heather Tarbert for her trust and visions.

Many thanks to my brilliant colleagues, who supported me: Polly, Jayne, Usman, Rashid, Soud, Shoaib, Melissa, Mohammad, Lili, Kiet, Eki, Claudia, Christina and Ali.



## *Dedication*

*“There is no getting away from the fact that, as an idea, a memory, and as an often buried or invisible reality, Palestine and its people have simply not disappeared. No matter the sustained and unbroken hostility of the Israeli establishment to anything that Palestine represents, the sheer fact of our existence has foiled, where it has not defeated, the Israeli effort to be rid of us completely” (Said, 1998:1)*

I dedicate this work to my homeland Palestine, to the dispossessed Palestinian refugees around the Globe, to the Palestinian right of self-determination, to all the Palestinian martyrs who died defending our long resistance right against the settler-colonial state.

I extend this dedication to peace, justice, and to a day where we can restore our faith in humanity.

I dedicate this work to my dearest family. My father, Dr. Abul Muti Alazzeh, who inspired my journey and supported me, and my mum Salma, and my siblings (Rula, Rami, Aboud and Zeina). To my supportive husband Nayef, to my son Kamal and my baby girl Rita. And, to my childhood friend Amany Nabut for her continuous support.

*To a vivid memory*

At night, she marched in faith,

At night, she stood in front of the tank,

At night, she holds her father's hands,

At night, she ran from bullet's fate,

At night, she feared peace death,

At night, she passed by the martyr's face,

At night, she saw his mother's weep,

At morning, she turned her fear to faith.

## *Chapter 1: Introduction*

### *1.1 Study background*

In the aftermath of the Cold War, and along with the various shifts in the world order, there has also been a tangible shift in conceptualising peace to the overarching process of peace-building (Richmond, 2009). Notably, these shifts cannot be divorced from the discourse of neoliberal hegemony. The transnational development agencies have injected different peace-building agendas to revoke destructive violent events and adjust the underlying structural imbalances in these societies (Richmond, 2005; 2009).

Nevertheless, most of these strategies have been strongly contested in extant literature for having unintended consequences, such as corruption, incompatibility with justice, instability of society, asymmetric containment, the rise of elite control, undermining human capacity, and sustainability of peace (Richmond, 2003; 2006; 2009; Choapra and Hohe, 2004; Le More, 2008; Turner and Shweiki, 2014; Haddad, 2016). Noticeably, most of the peace-building agendas occur in conjunction with accounting reforms and require an enormous amount of budget (Richmond, 2005). Thus, further investigation is necessary to address how these accounting reforms (i.e., New Public Financial Management) are enacted and disseminated in the liberal peace-building discourse agenda implemented by peace actors such as the World Bank.

Furthermore, peace is also inextricably linked to indigenous societies through historical treaties and peace agreements (Alfred and Corntassel, 2005; Turner 2006). Researchers are urged to examine the ongoing role of accounting and accountability mechanisms in indigenous societies (Gallhofer and Chew, 2000). Extant literature has investigated the role of accounting and accountability mechanisms in the historical and continuous oppression, dis-empowerment, as well as dispossession of indigenous nations (Chew and Greer 1997; Davie,

2000; 2005; Gallhofer et al., 2000; Gibson, 2000; Patel and Greer, 2000; Graham, 2004; 2006; Greer and Neu, 2009; Jayasinghe and Thomas, 2009; Buhr, 2011). Importantly, this strand of literature is a powerful tool to support the indigenous cause and include their voices in the body of literature. Historically, it has been observed that these societies have witnessed various events over time. It is important to present an account of the differences in the underlying contexts of these events (Greer and Neu, 2000). However, further insights can also be obtained from the role of budget in this process and how it forms a weapon to dominate indigenous people and the accountability mechanisms applied in these contexts.

### *1.2 Self-government arrangement and indigenous nations*

The rise of a self-government arrangement is rooted in colonial legacies around the world (Michleman, 1986). The term coins the practice of giving specific autonomy to indigenous nations using a practical arrangement as an integral part of indigenous recognition of self-determination (Michleman, 1986). While it is widely argued in the literature that self-determination differs greatly from the different packages of self-government (Philpott, 1995), these self-government packages have commonalties such as “the assertion of genuine decision-making authority over lands and other natural resources held to be an Indigenous patrimony, over the internal affairs of Indigenous communities, over the nature and processes of economic development on their lands, over cultural properties and the management of cultural heritage, over the organization of self-government, and over other matters that directly affect Indigenous welfare” (Cornel, 2015, p. 2).

Wolf (1994) discussed the emergence of self-government arrangements under the settler-colonial context, such as Canada, Australia, New Zealand, the United States and Palestine. Thus, this thesis focuses on the emergence of Palestinian self-government entities declared in 1993 through the Oslo Accord peace agreement. In this thesis, self-government is perceived

as a diplomatic transfer in which “indigenous peoples are constrained within sovereign or semi-sovereign political entities” (Veracini, 2010, p. 45).

### *1.3 Research motivation and questions*

Thus, this research will contribute to critical inquiry into accounting and indigenous nations as a tool of emancipation and support. Extreme cases usually hold information that can extend practical knowledge. This provides a different angle to the Palestinian struggle and raises more awareness as to what’s happening on the ground. Hence, the following main question becomes pertinent: How are self-government accounting practices articulated under settler-colonialism?

I have formulated three sub-research questions to explore this articulation in three main accounting areas: new public financial management (NPFM), budgeting and accountability mechanisms. Each chapter will attempt to answer the sub-questions contributing to the broader understanding of the articulation.

Research sub-questions are presented in Table 1.1 below:

<b>Chapter</b>	<b>Research question</b>	<b>Research method</b>
2	How are NPFM practices enacted and contextualised in peace-building discourse during the establishment of indigenous self-government entities?	Textual Analysis
3	How (and why) does the settler state use the budget as a weapon to dominate indigenous self-government?	Case study- Deductive thematic analysis
4	How can accountability mechanisms render (in)visibility in extreme power imbalances in the settler-colonial context?	Case Study- Inductive thematic analysis

### *1.4 Overarching theory-critical research*

Considering your research meta-theoretical underpinning is essential for building a persuasive crafted research (Cunliffe, 2011). It will influence the logic in choosing your research methods and producing knowledge, it is also considered the philosophical lens through which we see the world (Cunliffe, 2011; Tyler, 2015). Morgan and Burrell (1980) argued that researchers need to figure out their ontological position (the nature of social reality and what it means to be human), and their epistemological position (the nature and purpose of knowledge) before choosing the research methods (Morgan and Burrell, 1980; Johnson and Duberley, 2000; Cunliffe, 2011).

The objectivist ontology sees reality as a concrete structure, which might shape individual behaviour (Cunliffe, 2011). Objectivity reflects the structure of reality we live in, including the organisations, conditions and power relations (Dallmayr, 1997), while, the subjectivist view's reality as a product of the human mind where humans give meaning to things surrounding (Cunliffe, 2011). Objectivism focuses on structure, actions, systems and patterns while subjectivism focuses on exploring individual experience and meaning (Johnson and Duberley, 2000). Therefore, different typologies need different research methods (Johnson and Duberley, 2000). For example, subjectivist methods might include ethnography, unstructured interviews and symbolic analysis, whereas objectivist methods might include surveys, historical analysis and coded interviews (Morgan and Burrell, 1980; Cunliffe, 2011). Nevertheless, the distinction in this relationship (Object-Subject) is blurred and many scholars (Giddens; 1979; Bourdieu, 1990) consider that the object-subject relationship might intertwined.

It is very important for a researcher to understand their philosophical position, such as Zald (1996, p.257) stated “Organizational scholars can resist philosophy as long as they assume the ends of institutions and the current definitions of those ends by participants or scholars.” My research will be underpinned by objectivist ontology, accepting a concrete reality with discursive characteristics, adopting a realist position with interest in the process of domination and resistance, inequality and power relations with the aim of emancipation in socioeconomic structure (Raelin, 2008). Epistemologically, I will draw on subjective acquisition of knowledge constructed by one’s ideological context (Cavallaro, 2001). Moreover, facilitated by epistemic reflexivity, my research is designed to allow the subjects to reveal their problems and develop their knowledge.

Fundamental to the proponents of critical theory and critical realism are ideas that social science must contribute to the development of an emancipation path, the unmasking of exploitation and the false consciousness in societies (Alvesson and Willmott, 2000). However, the critical realist approach claims that there is a real world consisting a natural and social world with the latter being socially constructed (Johnson and Duberley, 2000). So, the social structure is a necessary condition whilst human beings act under this structure and any analysis should include the structure and the subjectively social phenomena, as Bhaskar stated (1989, pp.3-4) “ these structures which preexist us are only reproduced or transformed in our everydaylife.” Central to this, is the notion that casual power can’t be observed directly, only through their effects on human agency (Johnson and Duberley, 2000). Even though, humans socially construct their reality, the practical order of the structure will still constrain human action. In this research, I will be using critical discourse analysis (CDA) as a meta-theoretical as developed by Norman Fairclough. This paradigm works within the tradition of critical social research and ontologically relies on a critical realist position (Fairclough, 2010).

CDA is a “moderate form of social constructivism” (Fairclough, 2010, p.5), it’s a transdisciplinary analysis that must be tackled with transdisciplinary methods (Fairclough, 2010, p.5). It involves a theory-driven process of constructing the object of research as well as preselected methods (Wodak and Meyer, 2016). The analysis requires building the objects of research for our research topic; turning it into a researchable object (Fairclough, 2010). This construction of objects must be transdisciplinary, reflecting the research questions, theories and relations (Fairclough, 2010). Initially, I will construct the following objects from my research topic:

- ‘Researchable object’: Self-government accounting practices
- Point of entry 1 (object 1): International organisation
- Point of entry 2 (object 2): Settler-colonialism

Basically, according to Fairclough (2010) and Wodak and Meyer (2016), point of entries would allow the discourse analyst to study the power relations between the researchable object and other objects (point of entries). The first point of entry (international organisation) will comprise the first chapter in this thesis; it will study the NPFM enactment as an accounting practice in the new emerged self-government disseminated by one of the international organisations (The World Bank). The chapter will theoretically operate under critical discourse analysis and uses textual analysis as a method. The second point of entry will be represented in Chapter 3 and 4. It will connect settler-colonialism with self-government budget and accountability mechanisms. Chapter 3’s theoretical framework will rely on settler-colonialism theory, which is also aligned with the agenda of unravelling the domination of the settler state, and Chapter 4 will adopt a critical notion from Hopwood (1984). Under CDA, the use of methods depends on the research questions (Fairclough, 2014). CDA’s objective is to analyse, understand and explain a complex social phenomenon by acquiring a transdisciplinary and multi-method approach (Van Dijk, 2013; Wodak & Meyer, 2016).



The CDA method is not only textual analysis, but any method decontextualising within the discourse depending on the researchable object (Fairclough, 2010; Wodak, 2016). CDA depends on the power behind a specific discourse rather than the power of discourse, merely “how people with power shape the ‘order of discourse’ as well as the Social order in general, versus how people with power control what happens in specific interactions such as interviews” (Fairclough, 2014, p.4). CDA can include ethnography, interviewing, focus group, textual analysis and case studies (Wodak and Meyer, 2016). Chapter 3 and 4’s research questions, as stated in the previous schedule, will be answered through case study chain of evidence and open-ended interviews.

### *1.5 Chapter previews and contribution to the literature*

The first essay is a transdisciplinary research inquiry into the enactment and dissemination of new public financial management in liberal peace-building discourse implanted by the World Bank (donor's compass). Two decades of peace-building intervention by transnational development agencies like the World Bank have witnessed the emergence of liberal peace-building discourse that mobilises NPFM as a strategy in so-called post-conflict countries. Methodologically, the essay draws on the Norman Fairclough version of critical discourse analysis (1992; 1999; 2003; 2008; 2010; 2012) and implements a set of methodological phases before the selection and application of textual analysis. The first stage theoretically constructs a researchable object by initiating a dialogue between different discourses: neoliberalism, liberal peace-building, and the mobilisation of NPFM in the neoliberal development agenda as a component of liberal peace. In this context, an influential report was selected according to critical discourse analysis text selection (Alvesson and Kärreman, 2000; Philips and Hardy, 2002). The analysis presents an interdiscursive and linguistic analysis for the researchable object.

The second essay stems from an interest in stimulating indigenous accounting research in an ongoing settler-colonialism site. While the body of literature on accounting and indigenous peoples is growing, this essay strives to contribute by investigating the role of budget in controlling and disempowering indigenous peoples. Thus, the essay adopts a case study method to explore a modern account of the role of budget in this domination. According to extant settler-colonial studies literature, one of the most revealing settler-colonial projects is the Zionist movement project in Palestine (Wolfe, 2012, p.137). This was our case study setting: fieldwork was conducted in the Occupied Palestinian Territories (Opt). The ‘extreme case study’ underscores the eruption to normality and holds more information that can extend practice knowledge in accounting research (Yin, 1994; Stinchcombe, 2005; Clegg et al., 2006, p.143). The units of analysis included the Palestinian central government, primarily the Ministry of Finance (MOF) and Ministry of Health (MOH). Data were collected over five months in two intervals. Fieldwork was conducted for three months in the West Bank. Additionally, two-month follow-up interviews were carried out on Skype earlier this year in February and March. In total, the researcher has conducted 30 interviews with different government officials.

Theoretically, the second essay draws on settler-colonialism theory propounded by Wolfe (1994) and its theoretical extension introduced by Veracini (2010). The main theoretical underpinning of this essay is settler corporate capitalism and sovereignty, the logic of elimination, the conquest of labour as well as the triangulation of relationships in the settler world. The essay explores the role of the budget before and after the peace agreements in the settler-colonial space. The indigenous accounting literature has ignored the emergence of settler studies discipline and how it provides further development to our understanding.

The case study revealed six episodes of budget revenue suspension performed by settler-coloniser state. This was linked to Wolfe’s (1994) theoretical notion of the logic of

elimination, as it represents an organising process of liquidation for indigenous self-government. The second theoretical notion developed by Veracini (2010) conceptualises the set of relationships in the settler-colonial situation. Budget support and external pressure on the settler state was apparent in the case study, suggesting how European sovereignty articulates grievances that emanate from settler abuse (Veracini, 2010). The third theoretical notion tackles settler corporate capitalism where capitalists' relations serve the settlement's expansion. The settler corporate sovereignty is well linked to settler sovereignty (which relates to geographical determination, position in world trade). The case study showed how the settler state civil administration has accumulated tax revenues to support the expansion of the settlements and maintain a balanced budget discarding any development expenditures for indigenous population.

Prior peace agreements budgets produced were balanced, reflecting severe austerity on the services provided for indigenous people. Militarised revenues served the establishment and infrastructures of settlement. In the aftermath of the peace process, the budget was used as a weapon to eliminate the existence of self-government. This essay traced six episodes of budget revenues withheld by the settler state over the past 22 years in addition to the budgetary support pattern based on European sovereignty.

The third essay unpacked the nature of accountability and the pattern of invisibility/visibility in the context of extreme power imbalances, namely, the settler state and indigenous self-government. Referring to Hopwood's (1990; 1994) account of accountability, the essay contributes to the growing body of research on the impact of accountability on indigenous peoples. It relies on the single case study method to investigate the nature of accountability mechanisms and invisibility/visibility in extreme power imbalances. Units of analysis were Palestinian central governments, specifically the State Audit and Administrative Control Department Bureau (SAACB) and MOF. Inductive thematic analysis was used to analyse the

data from interviews and document analysis. Accountability mechanisms between the settler state and indigenous self-government arose from signed peace agreements that have outlived the agreement period owing to the absence of further negotiations (UNCTAD, 2019).

The essay provided three pointed examples about revenue sharing system, revenues from territorial jurisdiction and electricity and health bills. The nature of accountability mechanisms presented includes the following: settler state refusal of computerised invoice system, untraceable revenue deductions and the refusal of revenue transfer. The three examples demonstrate how the state refused to 'give an account' to indigenous self-government, thus creating a pattern of invisibility towards indigenous self-government even as a pattern of excessive visibility is present in indigenous self-government.

## *Chapter 2: Recontextualization<sup>1</sup> of New Public Financial Management (NPFM) in liberal Peace-building discourse: investigating the World Bank strategies in Post-conflict countries.*

### *2.1 Introduction*

*“It may well be that many assertions about peace are actually a form of ‘orientalism’ in that they depend upon actors who know peace then creating it for those that do not, either through their acts or through the peace discourses that are employed to describe conflict and war in opposition to peace” (Richmond, 2005:5)*

Peace is the antithesis of war; it has widely been studied in the literature. An early version of peace represents a Utopian peace, which describes a condition in which a state has a complete social, political, and economic harmony with the absence of violence (Richmond, 2005). While this ideal form of peace is unattainable, conflicts between parties may last for a long period. Thus, peace is a far more complicated affair than war but both the terms should be understood jointly (Kelly, 2000; Richmond, 2005). In peace literature, the concept interpretations were extended to ‘negative peace’ and ‘positive peace’ (Galtung, 1969; Goodhand, 1999). ‘Negative peace’ refers to the absence of physical violence; for instance, a truce between states or conflicted parties can be reached. Yet, violence manifests itself in unequal power distribution in conflict societies (Galtung, 1969; Goodhand, 1999) while ‘positive peace’ represents an absence of physical violence and a decline in structural violence such as inequity or oppression (Galtung, 1969; Goodhand, 1999).

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<sup>1</sup> A concept originally developed by Bernstein (1990) to capture the operationalisation of one social practice in another social practice (Bernstein, 1990; Chouliaraki and Fairclough, 1999; Fairclough, 2003). Particularly, we are using this concept in reference to Norman Fairclough’s version of transdisciplinary Critical discourse analysis (2010) to formulate an agenda on the how the discourse of NPFM is recontextualized in liberal peacebuilding-discourse.

During the last 20 years, there has been a shift in conceptualizing peace; it has been represented as a process from peace to peacebuilding. In practice, peace is a constellation of actors, agreements, negotiations, operations, military interventions, and institutional interventions (Richmond, 2005). Hence, to achieve this constellation, UN peace modes<sup>2</sup> are followed by different peace actors. However, our focus will be on the peacebuilding discourse as one of the five modes operationalized internationally. It represents different socio-economic and institutional intervention practices in conflicted areas, in an attempt to tackle roots of conflict (Richmond, 2005; Goodhand 1999).

Interestingly, it has been noticed that the majority of the peacebuilding processes currently occur in conjunction with the neoliberal development discourse as it is seen as a central component in peace, and it requires a large volume of budget and reforms (Richmond, 2009). However, in this research study, our focus will be on the enactment and dissemination of New Public Financial Management (NPFM) in the peacebuilding discourse implanted by peace actors in conflicted societies. Peacebuilding is the total strategy applied by different peace actors to revoke destructive violent events, focusing more on adjusting the context of structural imbalances.

Almost two decades of peacebuilding intervention practices by leading peace actors and transnational development agencies like the United Nations (UN), World Bank, International Monetary Fund (IMF), European Union (EU), and Organization for Economic Cooperation and Development (OECD) produced liberal peacebuilding discourse in diverse post-conflict-

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<sup>2</sup> Goodhand (1999) explained five modes of UN-interventions: emergency assistance (humanitarian aid to war victims), peace-making (attempt of conflicted parties to negotiation table including political, diplomatic and military interventions), peacekeeping (maintaining social order, monitoring compliance with conflicted parties' agreement and sometimes deploying international military forces), preventive diplomacy measures (response at the edge of physical violence escalation) and finally peacebuilding (socioeconomic and institutional intervention practices in conflicted areas to tackle roots of conflict).

reconstruction countries<sup>3</sup>. Western peacebuilding practices have transformed peace into an attainable objectified version referred to as liberal peacebuilding (Richmond, 2005). After any peace agreement, international peacebuilding communities hurry to implement peacebuilding agenda for post-conflict-societies (Richmond, 2005). This liberal peacebuilding discourse has emerged in the light of neoliberal discourse and as a conflict resolution post the Cold War era (Richmond, 2010). The study begins with transdisciplinary literature in liberal peacebuilding, accounting in neoliberal development, and NPFM reforms. Then, the CDA (critical discourse analysis) analytical framework is explained, followed by the methodological undermining. From here, the essay performs a textual analysis and conclusion.

## *2.2 Liberal Peacebuilding, Accounting in Neoliberal Development and NPFM*

Along with shifts in the world's order and after the cold war, surprisingly, 371 conflicts<sup>4</sup> were recorded in 176 countries (in 94 locations) from 1989 to 2017 by the Uppsala conflict data programme (UCDP) (Wallensteen and Sollenberg, 1997; Pettersson and Eck, 2018). Many conflicts arose after the Cold War era; around 101 armed conflicts between 1989 and 1996 were recorded by UCDP (Wallensteen and Sollenberg, 1997; Pettersson and Eck, 2018). The same period holds a historical record of 19 peace agreements divided into full, partial, and peace process agreements (Wallensteen and Sollenberg, 1997). Most recent debates in conflicts and peacebuilding literature indicate that the liberal peace model can presumably terminate conflicts but, in practice, conflict society's structure reacts differently to this model (Richmond, 2005, 2009). The main components of the liberal peace model are: human rights, free and globalized markets, the rule of law, democratization, and neoliberal development

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<sup>3</sup> In this essay, we will use these terms interchangeably as it appears in peace literature: post-conflict reconstruction or reconstruction in war-torn societies or post-war reconstruction or post-conflict zone areas (Richmond, 2009).

<sup>4</sup> This includes three categories of conflict: Interstate armed conflict, Internationalized internal armed conflict, and Internal armed conflict (Harbom, 2006).

(Richmond, 2005, 2006, 2009).

Meanwhile, employing the trajectory of liberal peacebuilding in post-conflict reconstruction (peacebuilding) is extremely contested and has resulted in unintended consequences (Richmond, 2009). Several unintended consequences of the liberal peacebuilding discourse are discussed in peacebuilding literature like genocide, corruption, incompatibility of justice, instability of society, asymmetric containment, rise of elite control, undermining human capacity, and impact on the sustainability of peace (Choapra and Hohe, 2004; Richmond, 2003, 2006, 2009; Le more, 2008; Turner and Shweiki, 2014; Haddad, 2016).

For instance, Mandy Turner (2006, 2009, 2011, and 2016) investigated the Western peacebuilding practices in the occupied Palestinian territories (oPt), concluding that these practices echoed counterinsurgency strategies in governance, development, and security; contradictions in preparation of imagined sovereignty in the context of Israeli occupational practices and enriching colonial practices implemented by the Israeli government. In Sierra Leone, the post-war reconstruction process revealed that the civil society was acquainted with the national water system privatization after a British NGO (World Development Movement) exposed the case (Turner, 2006). In Kosovo and Albania, privatization mechanisms transferred the government's assets at very low prices to the elite group without recognizing employee protection schemes (Turner, 2006).

Moreover, Quinn and Cox (2009) provided an account of the US liberal peace or the 'post-war industry,' questioning the kind of peace exported to other countries. This notion was addressed in accounting research by Chwastick (2013), who explored the reconstruction failure in Iraq post the USA invasion in 2003 and the massive profit gained from the country's destruction turning the territory to the lawless and corrupted area. Chwastick relied on Wolin's (2008) notion of managed democracy to demonstrate how accounting was used to transfer wealth from government to private corporations in a short time during reconstruction. In Iraq,



“accounting was not an innocent bystander in this distributional conflict, rather, accounting has become one of the forms of corporate welfare, along with accompanying fraud, which has become institutionalized, rationalized and normalized” (Chwastick, 2013:34).

Interestingly, it has been noticed that the majority of the peacebuilding processes currently occur in conjunction with the neoliberal development discourse as it is a central component in peace and requires a large volume of budget support (Richmond, 2009), while this internal structure of liberal peacebuilding is criticized for exporting the neoliberal and free-market agenda (Richmond, 2009). The neoliberal discourse has ‘re-engineered’ the state while penetrating every aspect of social life (Alawattage and Wickramasinghe, 2019). Wacquant (2010:213) described this “revolution from above” as an articulation of four correlated institutional logics: economic deregulation (market-led), social welfare devolution, penal apparatus (punishment system), and cultural (individual) responsibility. This articulation is carried out mainly by the new global dominant players including transnational development agencies like the World Bank, IMF, and OECD (Wacquant, 2010; Alawattage and Wickramasinghe, 2019).

A growing stream of literature covers the accounting implications of neoliberal reforms in both Western industrial economies (Craig and Amernic, 2004, 2006, 2008; Crompton and Jupe, 2002) and emerging economies (e.g., Alawattage and Alsaied, 2018; Uddin and Hopper, 2001; Uddin and Tasmenyi, 2005; Wickramasinghe et al., 2004). Empirical evidence explored how accounting was deployed in realizing the neoliberal agenda and reforming public sector accounting. Chiapello (2017) addressed the shifts of neoliberalism in three different approaches that are disjoint in inquiries namely: as a phase of contemporary capitalism, as a discourse, and as governmentality (the Foucauldian approach). Nevertheless, a dialogue between the three might exist.

In this vein, insights from growing literature on ‘development in accounting’ will enrich our arguments (Wickramasinghe, 1996). Neoliberal development discourses enacted management accounting as technology in different development agendas like structural adjustment, good governance, NPFM reforms, and lately, poverty alleviation and combating corruption, and economic development (Hopper et al., 2009, 2012; Alawattage and Wickramasinghe, 2019). This notion was ignored for a while in accounting literature even though accounting can play a crucial role in the operationalization of these neoliberal development discourses (Alawattage and Wickramasinghe, 2019).

Nevertheless, since the late 1990s, A growing number of researchers have addressed this agenda (e.g. Hopper and Hoque, 1994; Uddin and Hopper, 2001; Wickramasinghe et al., 2004; Alawattage et al., 2007; Hopper et al., 2009, 2017) and lately (Jayasinghe and Uddin, 2019; Alawattage and Wickramasinghe, 2019). Trajectories of the literature suggest that management accounting technologies are deployed to increase efficiency and productivity in development discourses. For example, Jayasinghe and Uddin (2010) studied the shift of development discourse agenda (state-led development to market-led development to localization-led development), concluding that each discourse demanded a particular management accounting model.

The emergence, dissemination, and operationalization of these discourses are linked to what James Ferguson (1994) calls the “development machine,” where constructed development discourses have no relation with prevailing realities. Ferguson (1994) discussed a report for the World Bank published in 1975 about economic development in Lesotho (a nation surrounded by South Africa), concluding that the bank made false assertions about Lesotho’s economy to construct a case for development and to rearrange reality by development loans.

Another bulk of literature investigated how development agencies diffused accounting practices in emerging economies, for instance, research studies by Andrews (2010, 2013);

Annisette (2004); Chang (2007); Graham and Annisette (2012); Hopper et al. (2012); Neu and Ocampo (2007); Neu et al. (2002, 2006); Schiavo-Campo (2009); and Wynne and Lawrence (2012)).

Accounting is used as a technology in neoliberal development discourses while facilitating and legitimizing these discourses (Alawattage and Wickramasinghe, 2019). Even though exploring an accounting role in peace as a social process is very crucial, nevertheless, it remains very limited. Interestingly, it has been noticed that the majority of peacebuilding and reconstruction discourses currently occur in conjunction with the neoliberal development discourse and requires a large volume of budget (Richmond, 2009). Neoliberal development is a contested component in post-conflict reconstruction, and we aim to contribute to the accounting debate neoliberal agenda configures in a different form due to the complex structure of post-conflict societies.

A stream of the literature covers the influence of international organizations in disseminating and implementing public sector accounting reform ideas including financial public management reform, budgetary reform and management accounting reform (e.g. Adhikari et al., 2013; Neu, Everett, and Rahaman, 2009; Rahaman, Everett, and Neu, 2007; Rahaman and Lawrence, 2001; Rahaman, Lawrence, and Roper, 2004; Uddin, Gumb, and Kasumba, 2011; Uddin and Hopper, 2001, 2003; Allen, 2009; Annisette, 2004; Manning, 2001; Polidano, 1999; Reichard, 2004; Schick, 1998). Besides, Jayasinghe and Uddin (2010) studied the shift of development discourse agenda (state-led development to market-led development to localization-led development), concluding that each discourse demanded a particular management accounting model. Another bulk of literature studied the impact of the international organizations upon management accounting, for example, Andrews (2010, 2013); Annisette (2004); Chang (2007); Graham and Annisette (2012); Hopper et al. (2012b); Neu and Ocampo (2007); Neu et al. (2002, 2006); Schiavo-Campo (2009).

Furthermore, most of these studies have stated a common perspective that international organizations tend to impose public sector accounting practices in emerging economies (EE) (Adhikari et al., 2013; Helden and Uddin, 2015). These studies have also discussed: the applicability of these reforms in the context of the EE, the transferring of different ideologies such as neoliberalism, and the imposition of ‘imperialist’ practices on indigenous nations to revive neo-colonialism in a way (Adhikari, 2013; Annisette, 2004; Mir and Rahaman, 2005; Rahaman and Lawrence, 2001). The next section will discuss the CDA of Norman Fairclough (2010) as an analytical framework.

### *2.3 Critical Discourse Analysis as an Analytical Framework*

#### *2.3.1 A dialectical relational approach to CDA in transdisciplinary<sup>5</sup> social research*

Norman Fairclough’s version of the CDA has three different variants developed over the last 40 years (Fairclough, 2015). An earlier version was presented in *Language and Power* (Fairclough, 1985) and corresponded to the hegemony of Fordism, criticizing mainly its ideological discourse along with the proliferation of social order (Fairclough, 1985). The second variant is a research programme that analyzes neoliberalist shifts and the restructuring of socioeconomic order focusing on a discourse perspective and social change presented in several works of Fairclough (1993, Chouliaraki and Fairclough, 1999; and Fairclough, 2000, 2001, 2003, 2006, 2010). The third variant has been associated with the most recent economic and financial crisis, developing a framework to analyze practical argumentation in the public debate presented in Fairclough and Fairclough (2012). Nevertheless, all three variants are related, and more than one concern can be incorporated in the discussion.

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<sup>5</sup> Interdisciplinary research is distinguished from transdisciplinary research as the latter addresses the question "how a dialogue between two disciplines or frameworks may lead to a development of both through a process of each internally appropriating the logic of the other as a resource for its own development" (Chiapello and Fairclough, 2002:186).

In this research study, I will draw upon the second variant of Norman Fairclough's version of CDA in transdisciplinary research (Chouliaraki and Fairclough, 1999; Fairclough, 2000, 2001, 2003, 2006, 2010; Fairclough, Jessop and Sayer, 2004), which was advanced from a particular interdisciplinary approach (Dubiel, 1985; Halliday, 1993; Kellner, 1989). This variant makes an account of the discursive aspect of social transformation that is identified in the contemporary process as "neoliberalism, globalization, transition, and learning society" and the dialectic relations between discourse and other elements of social process (Fairclough, 2003, 2010, 2012).

The dialectical-relational approach in the CDA (Fairclough, 1992, 1999, 2010, 2012) considers semiosis as an element of the social process (Harvey, 1986) that is dialectically related to other social elements (e.g., social relations, institutions, activities, objects, and instruments). The underlying objective of the dialectical process is to unravel how semiosis figures in the formation and reproduction of unequal power relations. Semiosis will be an irreducible part of the material and social process, implying that all these social relations 'internalize' semiosis without being reducible to it (Fairclough, 2008, 2010, 2012). Coupland (1998) stated that interest in language in social theory was increasing, and socially-oriented research on language could advance social theory. Thus, Fairclough (2012) agreed that advancement could happen with the transdisciplinary approach and by focusing on the dialectic of structure and action as argued by other theorists (i.e., Bhaskar, 1986; Giddens, 1991; Bourdieu and Wacquant, 1992; Archer, 1995).

Discourse in this version has three different characteristics: it is dialectical, relational, and transdisciplinary (Fairclough, 2010). Discourse is dialectic because the relations between different objects are not entirely "discrete", for instance, the relations between power and discourse can be explained as power is not reducible to discourse, yet it is partly discursive (Fairclough, 2010, p. 4). For instance, the modern state and its representatives hold power

between the state and its citizens, and maintaining its legitimacy is partially discursive. Discourse is also partly power; both power and discourse can internalize each other (Fairclough, 2010). This version of discourse aims to understand the layered social relations that constitute meaning-making and social life (Fairclough, 2010).

In the discourse analysis field, the term ‘discourse’ can be used in various ways, such as meaning-making as an element of social process and a language that can be linked to a particular social practice (e.g., cultural discourse and political discourse), and it can also be a way of interpreting the world from a specific social perspective (e.g., neoliberal discourse of globalization) (Fairclough, 2010, 2012). Following Fairclough et al., (2004) and Fairclough (2010), I will adopt the term ‘semiosis’ in the most general and abstract sense. Instead of using the term ‘language’ (which will be used later as a count noun for specific language systems) and the term ‘discourse’ (as an abstract noun, it is problematic and has various meanings, as explained above, as a count noun it will be used later as a way of representing aspects of the social field). Hence, this version uses different ‘semiotic modalities’ that comprise not only language but also visual images and body language (Fairclough, 2010).

Ontologically, this approach adopts a critical realist position that considers the social structure and social events as part of the social reality (Fairclough, 2001, 2010, 2012). The social practice represents the mediating categories between social events and social structure (Fairclough 2001, 2010, 2012). Thus, social events and social structures construct various forms of durable social activities that articulate together to construe social fields, institutions, and organizations. Fairclough (2001, 2010, 2012) argued that there was a semiotic element for each of these levels: language is the semiotic element of social structure, the order of discourse is the semiotic element of social practice, and text is the semiotic element of social events (Fairclough et al., 2004). The semiotic aspect of articulated networks of social practice is referred to by Fairclough (1992, 1999, 2003, 2008, 2010, 2012) as the “order of discourse.”

For instance, a public sector entity like the Ministry of Finance is constituted semantically as the order of discourse.

The importance of this analysis stems from the notion that texts as an element of the social event have causal effects on society (Fairclough, 2003). These effects bring change to the material world, people's attitudes, and social relations (Fairclough, 2003). Fairclough (1999, p. 46, 2004) have extended the understanding of 'text' as a contemporary mediation between interaction and quasi-interaction. This includes written text, which, in current trends, contains more multi-semiotic features such as photographs or diagrams and spoken conversation, or what we refer to as 'semi-semiotic' such as TV or radio. Texts are viewed here as part of social events, while some actions are relatively more textual than others. Texts can prompt war or initiate peace; these can also legitimize certain actions or promote them for the interest of a particular social actor (Fairclough, 2003). However, regularity is not the same as causality; I can't claim the mechanic causality of the text's features to be directly attributable to change (Fairclough, 2003).

Yet, both events and texts have causal power that affects the features of particular texts, under the realist notion texts shaped by two causal power categories: The social structure and social practice act as one causal power, and the social agents and people engaged in the social events act as another causal power (Archer, 1995; Sayer, 2000; Fairclough, 2003:22). Social agents are the participants in the social process; they are not 'free' agents as they are socially constrained; they have causal power, but it is not reducible to the causal power of structure and practice (Archer, 1995; Fairclough, 1999, 2003:22).

Social agents attribute meaning making to the texts; they texture it and establish the relations between different elements. In written text, this process has structural constraint as the grammar of a language (Fairclough, 2003). This means that a particular text meaning does not have a pre-existing presence before texturing the words by the social agents (Merleau-

Ponty, 1964; Fairclough, 2003). Social structure is constituted by abstract entities with a set of possibilities (Fairclough, 2003:23). There is a difference between what is structurally possible, considering the constraints, and what takes place. It is also distinguished from the 'empirical' what we already know about reality (Bhasker, 1979). Both the actual and the potential can't be reduced to our knowledge of reality as it is partial and contingent (Bhasker, 1979; Fairclough, 2003). The application of this on text means that "we should not assume that the reality of texts is exhausted by our knowledge about the text" (Fairclough, 2003:14).

Accordingly, the social process is represented by the interaction between the three social reality- structures, practices, and events (Chouliaraki and Fairclough, 1999; Fairclough, 2010, 2012). In this approach, the analysis addresses two dialectical relations: between structure (especially social practice as an intermediate level of structuring) and events (or between structure and action; structure and strategy), and, within each, between semiotic and other elements (Fairclough, 2010:232). However, there are three preeminent ways in which semiosis pertains to other elements of social practices and social events: "As a facet of action; in the construal (representation) of aspects of the world; and in the constitution of identities" (Fairclough, 2010:232). The three discourse-analytical categories related to these are:

- i. Genres: The discursual features of acting and interacting within the social events. Action and interaction activities, such as news, interviews, jobs, and reports (Fairclough, 2010). There are several types of genres which can be identified at different levels of abstraction like pre-genre (such as Narrative or report), situated genre (such as political interviews), and disembodied genre (council advertisement to attract investment) (Bakhtin, 1986; Swales, 1990; Fairclough, 2003).
- ii. Discourses: Semiotic ways of construing aspects of the world (Fairclough, 2010: 232). It is a way of representing the material world (including processes, relations, and structure), the mental world (thoughts, feelings, and beliefs), and the social world



(Fairclough, 2003). Nevertheless, this representation cannot only be the world as it is seen to be in the actual world, but it can also be a representation of ‘imaginary discourses’ linked to an agenda of change (Fairclough, 2003).

- iii. Styles: Semiotic aspects of the way of being or the identities; for instance, the identities of the workers have changed under the production system of ‘Taylorism’ (Fairclough, 2012). Managers under the new public management discourse experienced a process of ‘changing the subject;’ the style can be described as inculcation where people position themselves in the discourse, sometimes unconsciously (Fairclough, 2010, 2012).

New discourses often accompany the social change in countries. This will incorporate changes in structure, social practice, and social events (Fairclough, 2003, 2010). Change in social practices will alter the articulation of the different elements in social practice, leading to change in a network of social practice and eventually change in the order of discourse (Chouliaraki and Fairclough, 1999).

Discourses that arise in a particular social field might be disseminated across structural and scalar boundaries leading to ‘recontextualization’ in other social fields (Chouliaraki and Fairclough, 1999; Fairclough, 2010). Particular social agents incorporate the discourses into strategies in the recontextualized field (Fairclough, 2010). Thus, neoliberal discourses have been recontextualized in the peacebuilding of the post-conflict zone countries.

Moreover, discourses can be operationalized in social practices dialectically in three ways: “they may be enacted as new ways of (inter) acting, they may be inculcated as new ways of being (identities), and they may be physically materialized” (Fairclough, 2010:233). The process of enactment and inculcation has semiotic features, for instance, the adoption of the NPFM discourse in the public sector enacted new management techniques, the new genre of

interaction between managers and workers, and public sector entities and citizens. As critical discourse analysts, we cannot detach the analysis of the text from the context, and this is what distinguishes CDA researchers from the traditional linguistics scholars (Alvesson and Kärreman, 2000; Chouliaraki and Fairclough, 2010; Leitch and Palmer, 2010). Texts' causal effects should be positioned in the social-historical context to make an account of the social phenomena (Philips and Hardy, 2000).

## *2.4 Methodology<sup>6</sup>*

This study introduces CDA as a methodology for transdisciplinary research in accounting to investigate discursive and non-discursive elements in disseminating NPFM as part of the social peace process. Particularly, how NPFM is realized semiotically in the construction of peacebuilding. I will present discourse analysis in this essay as a methodology that epistemologically interprets the social world, along with a method for understanding it (Phillips and Hardy, 2000). I aim to present the relationship between discourse and other elements of the contemporary process of peace, especially with regards to the introduction of management accounting in peacebuilding. Drawing on Fairclough (1992, 1999, 2003, 2008, 2010, 2012), I will implement a set of methodological stages before the selection and application of textual analysis (which will include interdiscursive and linguistic analysis). In this study, I also aim to explore the relationships between discourse and other elements of the contemporary agenda of neoliberalism, especially regarding the introduction of NPFM in peacebuilding. Thus, this means that the analysis must be tackled with a transdisciplinary methodology rather than a method (Fairclough, 2010). I will also follow Leitch and Palmer's (2010) protocol steps that strengthen the consistency and rigour of our CDA version.

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<sup>6</sup> We will use the term 'Methodology' instead of 'Method' following Fairclough (2010). As our discussion will progress in a series of stages to theoretically construct the objects of research (Bourdieu and Wacquant, 1992) followed by an application of specific methods aligned with our researchable objects.

The methodological stages are not rigid sequential orders as these make more sense for the researcher to loop back in the steps bearing in mind the researchable object formulation (Fairclough, 2010, 2012). The methodology is originally derived from Bhaskar's 'explanatory critique' (Bhaskar, 1986; Chouliarkai and Fairclough, 1999; Fairclough, 2010). It is rather a theory-driven process of constructing the object of research (Bourdieu and Wacquant, 1992) for the research topics, i.e., for research themes as they initially present themselves to us. Constructing an object of research for a research topic is converting it into 'researchable objects': Cogent, coherent, and researchable research questions. Objects of research are constructed in a transdisciplinary way by theorizing research topics in terms of the categories and relations of not only the theory of discourse, in this case, Norman Fairclough's version, but also other relevant theories. Objects of research are constructed in a transdisciplinary way to allow for various points of entry for the discourse analyst. So, discourse analysis will not focus on discourse in isolation. The first stage will entail a discussion of the dialectical relations between the social structure and strategies. The second stage will include a discussion about the dialectic relations between semiosis and other social elements. The third stage will further discuss the dialectical relations between texts and other elements of social elements, paving the way for the application of textual analysis.

#### 2.4.1 Stage one: Theoretical construction of the researchable objects in a transdisciplinary way

In this section, I will deepen our discussion of the two dialectical relationships between structure and strategies, and semiosis and other social elements. This stage will suggest a more specific formulation for our research topic "disseminating NPFM in peacebuilding discourse", which entails some discussions about neoliberal discourse, liberal peacebuilding discourse, and accounting in the neoliberal development agenda. Drawing upon this version of discourse, a dialectic-relation between semiosis (as an element of the social process) and other social

elements of the social process will be constructed. A semiotic point of entry will be formulated for 'NPFM' through constructing the researchable objects from condensed transdisciplinary literature that recognizes the effect of neoliberalism discourse in all social fields including peacebuilding discourse and neoliberal development discourse (Fairclough, 2010). Thus, I will pin the discussion with a highly condensed summary of different discourses: neoliberalism and liberal peacebuilding and the mobilization of NPFM in the neoliberal development agenda as a component of liberal peace.

I will start by presenting our perspective on neoliberalism, relying on the Bourdieusian account (Bourdieu, 1998), adopted in Fairclough's (2000) version of the CDA. Since the 1980s, neoliberalism has become a dominant political and economic discourse that aims at restructuring the social order in accordance with unrestrained global capitalism demands (Fairclough, 2000). Thus, in search of the Utopia of neoliberalism, the New Institutional Economics (NIE) theory was deployed (Bourdieu, 1998). NIE emphasizes institutional capacity as NIE theorists' powerful institutions minimize transaction costs, protect private property rights, and enhance market efficiency (North, 1995; Harvey, 2007; Haddad, 2016). The essence of neoliberalism requires creating the structural conditions for the application and the questioning of any obstruction for market logic (Bourdieu, 1998) while the consequences of this dominant discourse vary, arguably depending on the context, the social field, and the form. According to Bourdieu, (1998:1):

*“Neoliberal discourse is not just one discourse among many. Rather, it is a “strong discourse” - the way psychiatric discourse is in an asylum, in Erving Goffman’s analysis. It is so strong and so hard to combat only because it has on its side all of the forces of a world of relations of forces, a world that it contributes to making what it is. It does this most notably by orienting the economic choices of those who dominate economic relationships. It thus adds its own symbolic force to these relations of forces”.*

Stemming from this view, the neoliberalism programme is realized not only by one discourse but also by many other discourses that contribute to the new social order (Bourdieu, 1998; Fairclough, 2000). Wacquant (2010:213) described this “revolution from above” as an articulation of four correlated institutional logics carried out mainly by the new global dominant players including transnational agencies like the World Bank, IMF, and OECD, which are: economic deregulation (market-led), social (welfare) devolution, penal apparatus (punishment system) and cultural (individual) responsibility. Economic deregulation is driven by market-like mechanisms in the public sector using new public management (NPM) discourse; in this vein, the transformation of neoliberal market logic uses accounting techniques to materialize the political ideologies into a set of practices (i.e., TQM, ABM, and BSC) that might realize capital accumulation in capitalist societies (Alawattage and Wickramasinghe, 2019).

Welfare devolution has shifted from ‘protective welfare’ policies to ‘corrective workforce’ (Wacquant, 2010; Alawattage and Wickramasinghe, 2019). Corrective workforce reconstructs the relationship between the state and the citizens using quasi-contractual and workfare forcing them to enter the cycle of employment and production (Wacquant, 2010; Alawattage and Wickramasinghe, 2019). The neoliberal rupture has ‘re-engineered’ the state economically while penetrating every aspect of social life (Alawattage and Wickramasinghe, 2019). The penal institutional logic emanates from the notion that social insecurities can create social disorder, and this requires the management of the population through surveillance technologies (Wacquant, 2010; Alawattage and Wickramasinghe, 2019).

The neoliberal state will follow a fiscal discipline, which composes budget cuts and a decline in national debts, partly promoted by a transitional organization like the IMF and World Bank (Wacquant, 2010, 2012; Alawattage and Wickramasinghe, 2019). Finally, to reengineer the three logics, a motivating discourse must be produced for any responsible individual. This will

accommodate the state shifts from welfare to workfare orientation (Wacquant, 2010; Alawattage and Wickramasinghe, 2019).

Neoliberalism forced the state to ditch the bureaucratic pillars of the Weberian model and follow the NPM doctrine (Alawattage and Wickramasinghe, 2019). Hood, the father of the NPM doctrine, explained the main seven components of NPM that are: hands-on professional management (accountability needs clear assignment); explicit standards and measures of performance (accountability requires a clear statement of goals); emphasis on output control (stress results); disaggregation of public units (manageable units); competition in public agencies (rivalry is key to lower costs); management style of private sector (tools); greater discipline; and use of resources (doing more with less) (1991:4-5). Neoliberal advocates have welcomed the NPM discourse, but the doctrine has also encountered many critiques in the literature. Alawattage and Wickramasinghe (2019) presented several examples such as ambiguity in the way societies conceptualize and embrace NPM; it can rearticulate with the existing system further investigation that could be fruitful in reproducing neoliberalism in a different form. The NPM agenda has produced a new form of management accounting through 'imagining' the subjects into commercial-like categories.

A growing stream of literature covers the accounting implications of neoliberal reforms in both Western industrial economies (Craig and Amernic 2004, 2006, 2008; Crompton and Jupe, 2002) and in less developed countries. Empirical evidence explores how accounting has been deployed in realizing the neoliberal agenda and reforming public sector accounting (e.g., Alawattage and Alsaid 2018; Uddin and Hopper 2001; Uddin and Tasmenyi 2005; Wickramasinghe et al. 2004).

The neoliberal rupture has 're-engineered' the state economically while penetrating every aspect of social life (Alawattage and Wickramasinghe, 2019). The state has abolished the bureaucratic pillars of the Weberian model and has involved the NPM discourse (Alawattage

and Wickramasinghe, 2019). A wave of reforms has swept through public sector entities around the world in the late 1980s (Lane, 1995; Pollitt and Bouckaret, 2000; Tagesson, 2015). Hood, the father of the NPM doctrine, summarized the main seven components of the NPM that are: hands-on professional management (accountability needs clear assignment); explicit standards and measures of performance (accountability requires a clear statement of goals); emphasis on output control (stress results); disaggregation of public units (manageable units); competition in public agencies (rivalry is key to lower costs); management style of private sector (tools); greater discipline; and use of resources (do more with less) (1991:4-5).

Nevertheless, as Cooper (2015:15) suggested “Neoliberalism is not stable or unified. It ranges and changes temporally and geographically and is still being made and remade”, indications that neoliberalism configures in different forms and relationships are discussed in a non-Western context. For instance, Ong (2006:3) argued that neoliberalism in non-Western contexts such as east and the southeast Asian states configured sovereign rule and citizenship to formulate a constellation of significant relationships (e.g. governing and the governed, power and knowledge, and sovereignty and territoriality). Thus, governing activities are represented as a non-political and non-ideological problem that requires technical solutions (Miller and Rose, 1993; Ong, 2006). This hegemonic discourse has colonized many social fields like education, media, social relations, welfare, development, even peace, and conflict (Richmond and Frank, 2009; Lehman et al., 2016). Nevertheless, our concern in this research study is to extend the effect of neoliberalism phenomena regarding its recontextualization in the peacebuilding agenda, and in terms of geographical enlargement (Chiapello, 2017).

Thus, neoliberal discourse explores its geographical expansion in post-conflict countries, and its extension continues in other social domains, particularly peace. The incorporation of the neoliberal agenda within post-conflict peacebuilding has emerged after the collapse of the communist bloc in 1989 (Heathershaw, 2008; Haddad, 2016). The advocates of neoliberalism

have played an influential role in disseminating these practices, particularly international ‘think tanks,’ including the International Monetary Fund (IMF), the World Bank (WB), the World Trade Organization (WTO), the United States Agency for International Development (USAID) and the Department for International Development (DFID).

Between 1989 and 2000, a record of 111 cases of armed conflict was documented, of which 104 were ‘intrastate’ internal conflicts (Haddad, 2016). The World Bank reported that low-income countries witnessed conflict since 1980, while 16 of the 20 poorest states are post-conflict (World Bank, 1999). Amid these transitions, the UN’s ‘post-conflict peacebuilding’ discourse emerged. International relation’s literature (e.g Richmond, 2004; Heathershaw, 2008) argued that this was related to the process of globalization and the political pressure in the West on the necessity of intervention in the case of humanitarian disasters and conflict. The circulated mission for the UN agenda is “to create the conditions necessary for sustainable peace in war-torn societies,” with the aid of major donors including the World Bank (Annan, 1999a). The World Bank in 1997 created a ‘post-conflict unit’ to manage the reconstruction of the weak post-war institutions. In this vein, the work of Paul Collier, director of the World Bank development research from 1998 to 2003, is vital. Collier and Hoeffler (1998, 2004) and Collier (1999, 2004) tried to understand the causes of conflict in these countries deploying quantitative econometrics analytics and comparative statistical approaches to analyze conflict’s roots and contain it in the economic bubble.

The debates on development practices have paralleled debates on peacebuilding, as explained by Murphy (2005:97): “*Development is vital for capitalism as it secures global stability, while war has a destructive impact on development*”. This creates the tendency to account for war-torn societies as a cause for global under-development and instability (Chua, 2004; Pugh, 2005; Murphy, 2005). Historical evidence from different post-conflict countries, such as Sierra Leone, Bosnia, occupied Palestinian territories, Kosovo, and Iraq, suggests that neoliberalism



has failed as a framework for sustainable development and peacebuilding (Pugh, 2005; Chua, 2004). Liberal practices have engendered wealth imbalances and increased violence (Pugh, 2005).

Collier's (1999:1) study titled "Doing well out of War" statistically investigated large-scale conflicts since 1965. The study influenced the post-conflict peacebuilding discourse. He concluded that "economic agendas appear to be central in understanding why civil wars get going. Conflicts are far more likely to be caused by economic opportunities than by grievance. If economic agendas drive conflict, it is likely that some groups are benefiting from the conflict and that these groups, therefore, have some interest in initiating and sustaining it". While intervention strategies are the conflict resolution for these countries, if not addressed, low-income countries will be stuck in "the conflict trap", and the war cost will be reverse development (World Bank and Collier, 2003). According to this view, the economic incentives in the conflict context should be altered to maintain the social order (Collier, 2004). Peace aid should be deployed in reviving the economic environment while observing the balance of power between actors (Collier, 2004; Goodhand, 2002; Haddad, 2016). This means that 'economization' of non-economic practices is not the solution to these conflicts because the economic opportunity agenda also becomes the cause of conflict (Caliskan and Callon, 2009; Cooper, 2015).

As Harvey (2007:7) discussed, individual freedom in the neoliberal discourse is "guaranteed by freedom of the market". Harvey (2007) referred to the US invasion of Iraq as facilitation for capital accumulation, a kind of liberal freedom derived by businessmen, international conglomerates, and capitalists. Neoliberalism is a global transformation, and the consequences of this phenomenon in war-torn societies and post-conflict countries are arising out of practices of property rights, privatization, and free trade.

In the last 20 years, liberal peacebuilding practices have been implanted in post-conflict societies (Richmond, 2016). Through a variety of interventionary practices, democratic governance and economic liberalism have been dispatched to these societies to address the conflicts (Paris, 2010; Doyle, 2012; Richmond, 2016). This involves a reform process that includes reconstructing state institutions or creating institutions (in case none exists like our case study), security, development, rewriting the laws, and market-based economic reforms. The ideology of liberal peacebuilding has derived from war-torn societies to a conflux of ‘market liberalization’, increasing poverty and ignoring the roots of the conflicts.

The outcome of the implantation is the negative and positive graduation of hybrid peace that couldn’t sustain the peace process (Richmond, 2005). Hybridity is defined as “a condition where liberal and illiberal norms, institutions, and actors coexist, interact, and even clash” (Jarstad and Belloni, 2012:1). In a different context, the peace process and settlements have the tendency for exclusionary practices (a dimension of negative hybrid peace) that fosters injustice (Richmond, 2005). The peace process reorders the power relation in conflicted societies; usually, liberal peace initiated by international agencies encapsulates power with political elites through the authorization, while this political group plays a role in maintaining domestic stability and securing external legitimacy within donors and countries (Richmond, 2016). Liberal peacebuilding rests ideologically in neoliberalism; the birth of this discourse can be traced to the World Bank’s “Conflict Prevention and Reconstruction Unit” (Richmond, 2014). Insights from conflict theory suggest that liberal peace has been theorized as a development driver and a conflict resolution.

During the last two decades, the liberal peace framework heavily withdrawing from Western philosophical debates (i.e., Hobbes, Rousseau, Penn, Paine, and Kant) has been implemented in nearly 50 to 60 post-conflict and fragile states (2011). Richmond (2011) argued that these components emanated from four different strands: ‘the victor peace,’ ‘the institutional peace,’

‘the constitutional peace’ and the ‘bivil peace.’ These strands contribute differently to the components of liberal peace: governance, security, and the ‘technologies’ of human intervention, liberal institutionalism, civil society, free trade, human rights, and development (Richmond, 2005, 2011) Nevertheless, peacebuilding is dominated by the three strands of the liberal peace framework (the victor peace, the institutional peace and the constitutional peace).

Each strand has a different engagement level with the local context in post-conflict societies, eventually graduating three forms of liberal peace: conservative, orthodox, and emancipatory peace. Transitional periods in post-war societies bring about conservative peace, which is normally a top-down process, especially if there is a humanitarian intervention in an illiberal transition situation (Richmond, 2011). The orthodox graduation of liberal peace was the product of the UN system (international ownership peace) peacebuilding practices and governance reforms after the Cold War. International actors focus on constructing the neoliberal economy through top-down institutional building, security, and order. Meanwhile, the bottom-up approach is possible with a variant tendency of civil society engagement (Richmond, 2011). Final graduation is the emancipatory peace entailing more local ownership and more emphasis on social justice (Richmond, 2011). Relying on Richmond's (2004, 2005, 2011, 2017) theoretical analysis through a liberal peace framework as a notion of peace as-governance, one can draw on Foucault's biopolitics and governmentality. As a result, this concept of peace as governance conveys modern state sovereignty and the leading states in the international community.

#### 2.4.2 Stage two: Analysing dialectical relations between semiosis and other social elements

Understanding the context is crucial in our methodological section and prevalent in moderate social constructivist views including a version of the CDA. Fairclough's early version of CDA (1992) represents a “three-dimensional” approach that connects texts to discourses and

context. Fairclough and Wodak (1997:277) suggested: “Discourses are not produced without context and cannot be understood without taking context into consideration”. Nevertheless, there is a variation in commitment to context (Phillips and Hardy, 2000). Fairclough (1992:29) emphasized the text-context relationship in the CDA acknowledgement discourse “*as a constitutive part of its local and global, social and cultural context*”.

However, operating this theoretical notion in empirical research is extremely challenging as researchers set boundaries for the data that are selected bearing in mind that the local context of analyzed texts is always significant (Phillips and Hardy, 2000; Wetherell, 2001). In this vein, I will incorporate both distal context and the proximate context drawing on Schegloff (1992) and Wetherell (2001) adopted in Philips and Hardy (2000). The subject of inquiry in this study is transparent; as I have targeted an “extreme” case as it is urged by Eisenhardt (1989), I am trying to address a site where discursive struggles are obvious and evident between actors, and the implications are visible.

As I am studying an organization that is acting as a peace actor disseminating reports to the international community, naturally produced texts present an advantage greater than interviews (Phillips and Hardy, 2002:72). The targeted organization published around 73 documents in the peacebuilding phase, from 1993 until September 2000. The challenges in this essay are not data collection but analysing texts. Generally, discourse analysts face this problem; they require a selection of manageable corpus of texts and the ability to justify the selected texts (Phillips and Hardy, 2000). Texts chosen may be associated with particular social events or reactions to an event, modification in practices (Phillips and Hardy, 2002). It is possible as well to link data collection to the ‘Natural’ time limit (Phillips and Hardy, 2002).

#### 2.4.3 Stage three: Text selection and categories for analysis

It is impossible to perform a complete analysis of the corpus of texts associated with a change

process or discursive struggle (Van Dijk, 2001). In this vein, CDA researchers try to limit the corpus of texts and are confronted with 'rigour vs. significance' (Alvesson and Kärreman, 2000; Philips and Hardy, 2002). The implication of corpus limitation is particularly reflected in the selection of texts for analysis, a crucial component in the CDA research, relying on the researcher's ability to justify the text selection with vigorous authorial reflexivity. The essay has tried to establish an intertextual relation between the analyzed texts and the individual texts to understand the researchable objects as intertextuality is a very important component in the CDA (Philips and Hardy, 2002; Leitch and Palmer, 2010).

The general method of this CDA version, as generally in discourse analysis, is inevitably subjective and reflexive, which stems from the social constructivist epistemology (Phillips and Hardy, 2000). I recognize the challenge that we have faced in the construction of categories and the production of reality. But the methodological steps in this study have paved the way through complex relations using the theoretical construction of objects at multiple levels. I have tried to cope with the complexity of using this methodology which reflects texts, contexts, and discourses by making reference to broader discourses and recognizing the location and significance of our texts in a larger body of texts. Using textual analysis will provide different insights that might have been blocked out by the application of traditional methods. In this research study, I am building on new concepts and new categories derived from our transdisciplinary discussion, as suggested by Phillips and Hardy (2000:16). Less traditional methods can result in the researcher's being innovative in interpretation and creative in the application.

The interest of this actor in the field stems from the important role the Western donors played after signing the peace agreement. during the last two decades; donors have generated tremendous publications about their operations and practices considering the oPt a benchmark for post-conflict countries. There are 93 registered donors in the Development Assistance and

Reform Platform, who are implementing around 1,132 projects (Haddad, 2016). The World Bank has 753 project documents and 186 publications and 99 projects on its oPt website. Tackling this huge amount of publications and the number of donors is by focusing on the neoliberal policies of the mainstream development actors that normally manifest through the multilateral channel of the Ad Hoc Liaison Committee (AHLC) (Haddad, 2016). The World Bank was also the compass for other actors; the bank was a leading actor as ANNE le more noted: “The US decides, the World Bank leads, the EU pays” (Le More, 2005).

The reports I have analyzed by a “Fortunate coincidence,” as described by Schiavo-campo (2003) dissemination, were published two weeks after the peace handshake and were very praised in the international community. The World Bank was a key mediator between the Palestinian officials and the Israeli government.

The focus will be on a summary report of Volume I that represents an overview of the current situation for the territories and recommendations for setting a new agenda to promote sustainable development and construct peacebuilding. Volume II maps the economic situation for the area with future development strategies. Volume III focuses on the private sector and its future role in sustainable development. Volume IV assesses the agriculture sector, with a discussion on its financial and technical needs.

## *2.5 A Glimpse of the Distal Context and the Proximate Context*

### *2.5.1 The World Bank’s post-conflict reconstruction<sup>7</sup> packages: The distal context*

In this section, I will address the early World Bank framework for involvement in post-conflict countries to understand the distal context. After the Cold War, a new paradigm of

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<sup>7</sup> Post-conflict reconstruction is defined by the bank as the cumulative support for transition from conflict to peace in these countries, focusing on the socioeconomic dynamics. “Conflict, particularly long-lasting conflict, transforms societies, and a fragility of the economies and weak governance structure of such societies have played a significant role in creating the conditions for conflicts” (World Bank, 1998). The World Bank conceptualization of the conflict roots in these countries, marginalizes conflict causes and blocks a deeper understanding of these

reconstruction emerged and was practised by international development agencies like the World Bank (Ginty and Richmond, 2009). The World Bank engagement in post-conflict countries should not be ignored, rather, further academic research should shed light on the bank's past and present activities in these societies. The World Bank was entrusted by different international actors like the UN and IMF in supporting countries in transition from conflict to sustainable peace operating through the Bank's post-conflict unit (World Bank, 1998). The World Bank pertains to an image for having a competitive advantage in post-conflict countries, partially, because the bank has the economic expertise and holds a neutral position- the bank is prohibited from the domestic political intervention in member states- (Moore, 2009). The Bank activities include peacebuilding rather than peacemaking or peacekeeping as I have discussed in this essay.

The World Bank was creative in intervention packages deployed in these societies. The Bank's experience in the West Bank and Gaza made it to be an entrusted organization for post-conflict reconstruction programmes adopting different discourses and developing the practice strategies. The conflict prevention and reconstruction unit were established later. The Bank was portrayed as the credible organization for leading these programmes as Schiavo-Campo (2003:ii) stated: *“Overall, there is a consensus that the World Bank can provide the experience, drive, and diversity of knowledge, and credibility required for effective leadership of international assistance to post-conflict civilian reconstruction. With that consensus comes a responsibility for the bank to listen, consult and facilitate”*. The Bank has started the post-conflict reconstruction in West Bank and Gaza, Bosnia and Herzegovina, East Timor, Kosovo, Sierra Leone, and Afghanistan.

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conflicts. The term post-conflict reconstruction or post-conflict peacebuilding is used interchangeably in peace literature.

A conceptual and operational guideline for the bank staff was published in 1998. The guidelines present the Bank's working in such a context. The rationale of this report was simple "*we will not have peace without economic hope*" (p: VI). The reconstruction packages between 1993 and 2000 consist of (for instance) reviving the economy through investments and trade, reframing governance in governmental institutions, re-establishing a legal framework, supporting war-affected populations, and rebuilding significant infrastructure (World Bank, 1998).

As outlined by the World Bank report (1998:6-10), there are five main standardized stages for post-conflict reconstruction:

- I. "A watching brief in conflict countries": The bank creates a knowledge base for the conflicted country (negotiatory partners in reconstruction, short-term relief strategies, and spillover effects on other countries).
- II. "A transitional support strategy": Mainly in this stage ceasefire is effective. A complete assessment for the country and reconstruction plans is prepared with national governments and reconstruction partners. Overall assessment should include resource mobilization strategies and financing strategies. The transitional support strategy for post-conflict countries can be financed using one of these instruments: Grants from IDF that are in-line with country assistance strategies, social funds that can be used for member countries, and finally for non-member countries or countries with no sovereignty, other mechanisms of funding are used like Special Trust Fund (for instance, this mechanism was first used in West Bank and Gaza and then Bosnia and Herzegovina).
- III. "Early reconstruction Activities": Small-scale operations take place.
- IV. "Post-conflict reconstruction": Large-scale operation takes place.



- V. “Return to normal operation”: Go back to normal lending procedures and programmes.

The focus in this study will be on the second stage (to be discussed in the next section).

### 2.5.2 Peacebuilding in the occupied Palestinian territories: The proximate context

In the pre-peace process, the West Bank and Gaza were under Israeli civil administration and the UNRWA (United Nations Relief and Works Agency) for Palestinian refugees. The declaration of principles (DoP) incorporated liberal peace paradigm by international donors that helped design a self-government entity called the Palestinian Authority through technical Support and financial Funding that has reached \$3.622 billion, of which \$2.775 billion has been appropriated to development aid from 1993 to 1999 before the Second Palestinian Uprising (Fisher et al., 2001; Haddad, 2016). Throughout this period, the World Bank was the First Secretary of the Ad Hoc Liaison Committee and the key agency for development arrangement.

### 2.5.3 The World Bank as the donors' compass

The importance of the World Bank role in the peace process stems from its extensive engagement in modelling, assessing, evaluating, financing, and releasing resources for the Palestinian National Authority and its intellectual leadership for other donors. For the World Bank, the oPt experience as a post-conflict reconstruction country forged the first layers of the Bank's design for post-conflict reconstruction policies (World Bank, 1999). The World Bank programme targeted the development of the private sector and free-market capitalism.

Western donors and international agencies concentrated their efforts on building governance structure for the PNA in the limited jurisdiction area (Area A, B and C % of the land) (Haddad, 2016). Regional and local development programmes were activated and financed through the ‘Marshall plan’ along the peace negotiation process and signature of the declaration of

principles on interim self-government arrangements (known as DoP or Oslo Accord I).

In this phase, the Western donors and international agencies abstained from describing their actions in establishing the Palestinian State because they can't compromise their neutrality. Western donors have an ideological and political agenda that has been embedded in the development models implemented. Neoliberal imaginary discourse in this context relied on the mechanistic market forces to end a long political struggle. Four main international actors were fully engaged in the Israeli-Palestinian peace process in 1993: the US, the UN, the EU, and the World Bank (Le More, 2008).

The Bank was the compass for the donors' community and maintained an influential political position from 1993 to 2005 (Le more, 2008; Haddad, 2016). The Bank was considered a mediator between the two parties (the Palestinian self-government and the Israeli government), and socio-economic assessment publications were key references for the international community for many reasons (Le More, 2008). Firstly, the Bank was the only organization at that period that could produce detailed, timely, and valuable reports for the donors to lay the strategies for the peace process. Secondly, the Bank was a mediator and trusted by Israel; the access for information and mobility in the territories for fieldwork was an advantage for the Bank, which was strictly enforced by opening the Bank's first office in East Jerusalem in 1994.

Finally, even though the Bank was not a big lender or donor in the context of occupied Palestinian territories (Due to restriction on the legal status of the oPt) in the early years of peace. But the Bank was entrusted by the organizers of the Madrid Multilateral Peace Process to perform economic prospects. Afterwards, the Bank held several positions in donor coordination such as the chair of Consultive Group (CG) representing the senior technical representatives of all donors and UN agencies, and the secretariat of the Ad Hoc Liaison Committee (Le More, 2008). This gave the World Bank access for discourse as the Bank

forged the strategic path for the economic development during Oslo years. As Le More pointed (2008:106), *“Those reports shaped the response, agenda, and allocation of funds of the entire aid community.”*

The bank published six-volume assessments for Palestinian development and economic prospects after a couple of weeks of signing the DoP (Le more, 2008). The assessment was essential because it was the first document submitted to donors’ pledging conference in October 1993, and it acquainted the first strategic emergency assistance plan for the oPt. ‘Developing the territories: An investment in peace’ was an influential document and the beginning of funding for the new self-government entities. In October 1993, the Bank assessment was the cornerstone for the first donors’ pledging conference after signing the peace declaration (Le More, 2008). I have traced the chronology of the analyzed report below:

***Table 1: A chronology for the social events and the history of the main text***

<b>October 1992:</b> The Madrid Working Group for Middle East Peace requested an assessment of the development needs and prospects of the West Bank and Gaza economies.
<b>January-21 February 1993:</b> The five teams of the World Bank on Agriculture, Human resources, Infrastructure, Macroeconomics, and Private sector development visited the occupied territories. Each team conducted fieldwork for two weeks.
<b>July 21-26, 1993:</b> Early version of the report was discussed with the Palestinian authorities, Jordanian and Israeli officials.
<b>September 13, 1993:</b> Signing Oslo Peace Agreement.
<b>September 30, 1993:</b> “Developing the occupied territories- An investment in Peace”. World Bank report was Published.

**December 1993 and January 1994:** Interim donor meeting in Paris where the report was presented and resulted in donors' pledging of \$2.1 billion for 1994-1998.

**October 1993:** The technical assistance trust fund was established (\$23 million was the amount of donations from 12 donors).

**November 1993:** The trust fund for West Bank and Gaza was established.

The report is divided into two sections: The oPt current situation and strategies for the future. The first section discusses the current macroeconomic situation in the oPt and the challenges the area has faced in the last decade. It also emphasizes the important role of future strategies to pertain peace in the territories. The second section presents the future strategies that the new self-government entities need to implement to sustain development and peace in the region. These strategies include a focus on economic development like free trade, private sector investment, and introducing policies for the new-self-government entities. The key policies the report has focused on are the legal and regulatory framework and management of public finance. The focus of this study will be on strategies for public finance.

Table 4.1 Phasing of institutional and policy reforms

Area of reform	Short-term	Medium-term
Regulatory and legal reform	<ul style="list-style-type: none"> <li>• Publish all the regulations in Arabic.</li> <li>• Review all commercial laws with a view to harmonizing and modernizing.</li> <li>• Relax licensing requirements for foreign trade and for business.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop market-friendly commercial laws.</li> <li>• Ease restrictions on movements of goods and people.</li> </ul>

	<ul style="list-style-type: none"> <li>• Simplify procedures for trade with Jordan.</li> </ul>	
Fiscal system	<ul style="list-style-type: none"> <li>• Relax advance income tax requirements.</li> <li>• Reform income tax reporting and compliance.</li> <li>• Reform tax assessment practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a budgetary framework.</li> <li>• Agree on mechanisms for fiscal transfer with Israel.</li> <li>• Establish mechanism for management of external assistance.</li> <li>• Design new taxation structure and develop tax administration capability.</li> <li>• Establish cost-recovery mechanisms for public services.</li> </ul>
Public utilities	<ul style="list-style-type: none"> <li>• Study issues concerning ownership and regulation of utilities.</li> <li>• Initiate training programmes for utilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish financially commercially oriented utilities.</li> </ul>
Financial sector	<ul style="list-style-type: none"> <li>• Eliminate barriers to entry and expansion</li> <li>• Establish payment clearing system.</li> </ul>	<ul style="list-style-type: none"> <li>• Create an enabling legal framework for financial system.</li> <li>• Establish a single regulatory authority.</li> <li>• Encourage establishment of investment bank.</li> </ul>

Natural resources	<ul style="list-style-type: none"> <li>• Relax regulations governing rehab irrigation wells.</li> <li>• Study alternative to address drinking water quality problems in Gaza.</li> <li>• Relax constraints to grazing land use.</li> <li>• Develop environmental action plan.</li> <li>• Share data on natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish agency to coordinate and oversee water resource development.</li> <li>• Reform regulatory framework development of urban lands.</li> <li>• Establish mechanisms for protection of antiquities and cultural property.</li> <li>• Establish an environment management organization.</li> </ul>
Social services	<ul style="list-style-type: none"> <li>• Articulate sectoral policy framework.</li> <li>• Launch socioeconomic studies.</li> </ul>	<ul style="list-style-type: none"> <li>• Adapt coherent policies for social sectors.</li> <li>• Create health sector coordinating body.</li> <li>• Start preparation for a census.</li> <li>• Modernize educational curriculum.</li> </ul>
Local government and public administration	<ul style="list-style-type: none"> <li>• Review laws and regulations affecting local government operations.</li> <li>• Launch studies on trade, monetary and fiscal issues.</li> <li>• Initiate training programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Revise legal framework governing local governments.</li> <li>• Provide greater financial autonomy to local governments.</li> <li>• Prepare strategies for regularizing UNRWA establishment over the longer term.</li> <li>• Establish a development policy institute.</li> </ul>

These policies are justified by the narrative in the report. For instance, legal framework strategies are important to support private sector development. Textured in many quotes as “Unleashing this potential requires the creation of a legal and regulatory environment that

supports private sector initiative” (p.17), and, “Progress in the current peace negotiations and agreements on self-government arrangements should make possible a thorough review and overhaul of the existing legal and regulatory framework to provide the private sector with a sounder legal basis for commercial transactions” (p. 17).

The report concludes with short and medium investment assistance needs to plan the reconstruction. Technical assistance has amounted to \$35 million, and investment needs have amounted to \$50 million in the medium term, which was funded through the trust fund mechanism.

## *2.6 Analysing NPFM Texts in the World Bank Report*

In this section, I shall perform a textual analysis for my researchable objects adopting Fairclough’s textual analysis method of CDA (2003). This version of textual analysis reflects the relational approach to texts and text analysis connecting different ‘levels’ of analysis (2003). The main reference for this method is the Systemic Functional Linguistics (SFL) theory developed by Halliday (1978, 1994). I should briefly mention here that this method is intended for a sample of texts rather than a large corpus of texts as it tends to be a ‘labour-intensive’ one applying different categories of analysis on the same text (Fairclough, 2003). Moreover, in our analysis in the study, we will focus on text production rather than interpretation or reception in making meaning as our concern is how the World Bank as a social agent textured NPFM in peacebuilding discourse in the text analyzed.

I will analyse ‘internal’ relations of text including (lexical, semantic, and grammatical relations). This comprises syntagmatic relations that are actually presented in analyzed texts and paradigmatic relations that link what is actually presented in the texts and what might be present but ‘significantly absent’ (2003:37). Moreover, it is connected to the ‘external’ text relations (represent text relations with other social elements including other social events or

texts, social practice, and social structure) mediated through interdiscursive analysis (genre, discourse, and style). The interdiscursive analysis represents an intermediate level of discourse that “mediates text per se and its social context (social events, social practice, and social structure).”

I will start the discussion by interdiscursive analysis (genre, discourse, and style) that articulates together to form an order of discourse. The extract comes from the World Bank report titled “Developing the Occupied Territories: An investment in peace, An overview.” Section IV: Management of public finances.

### **2.6.1 Public sector governance: Governing post-conflict reconstruction**

I will start the analysis by tracing the network of events for the report (Fairclough, 2003). The report is a summary of a field mission conducted from January until the 21<sup>st</sup> of February 1993 before the signing of Oslo Accord I on the 13<sup>th</sup> of September 1993 (officially the Declaration of Principles on Interim Self-Government). After the DoP, the World Bank issued a six-volume series titled “Developing the Occupied Territories: An Investment in Peace,” and the section I am analyzing comes from the first volume: An Overview. The mission had assessed the West Bank and Gaza economic development after the peace agreement, focusing on these areas: agriculture, human resources, infrastructure, macroeconomics, and private sector.

Contemporary governance is understood here as managing or regulating different forms in social life such as markets, hierarchies, and networks of social practice (Jessop, 2000; Fairclough, 2003). The report mediates the relationship between the donor community, Israel, and the Palestinian Authority post-peace agreement, and contributes to the construction of the peacebuilding process. This mediated genre is specialized in ‘action at a distance’ where distant participants of action communicate through circulating written reports. It emphasizes interaction at a distance (Fairclough, 2003).



The genre of governance has a characteristic of linking different scales local/national/regional and global contributions to rescaling and restructuring of new capitalism during the peacebuilding process (Fairclough, 2003). The report summary links the new self-governing entities with two types of relations: a) structural relations, and b) scalar relations. The structural relations are the relations between self-governing entities (representing the public sector or the government) and the private sector (businesses), for instance:

“A critical element of the strategy for achieving sustained economic and social development in the occupied territories (OT) is the major upgrading of physical and social infrastructural services. This is a function to be undertaken mainly by the public sector, and it is important not only for improving the quality of life in OT but also for providing an enabling environment that supports the growth of a dynamic private sector’ (p: 23).

And,

*“Public sector investments should support rather than pre-empt private initiative. Accordingly, only those investments where the private sector is unlikely to be interested in some time to come would be undertaken by the public sector. Even then, where possible, the investments should be designed in a manner to facilitate privatization at a later date”* (p: 23).

The genre of governance links scalar relations between the local, regional and global relations. It starts with the local, on the awaking of the peace process; the World Bank is expecting that Palestinian businessmen living abroad will wish to invest in the oPt, and financial resources can be used as remittances as well as direct investment in productive ventures. In addition, “Palestinian financial resources abroad could be tapped to support public sector investment through, for example, subscription to a Palestinian bond scheme” (p. 12).

This will also help for improving regional relations and linking the economy with neighbouring countries like Jordan, Egypt, and the Gulf countries with extensive emphasis on free trade with Israel and normalization of relations. For example:

“From the perspective of the West Bank and Gaza, a strategy that attempted to open up opportunities elsewhere, especially with Jordan, Egypt and the Gulf countries while maintaining open trade relations with Israel, would make sense” (p. 14).

In addition to other global relations, “Equally important, for export diversification by product and by destination, trade links with Israel should be complemented by increased access to both the traditional Arab markets and to non-traditional markets in Europe and North America” (p. 14).

Furthermore, a specific property of governance genre is ‘recontextualization,’ a concept developed by Bernstein (1990) to capture the operationalization of one social practice within another social practice transforming the latter into the process (Bernstein, 1990; Fairclough and Chouliaraki, 1999; Fairclough, 2003).

The report reflected how layered recontextualization worked together to operationalize the new self-governing entity and good governance, and policy was recontextualized in economic development, and economic development was recontextualized in the peace process, transforming peace to liberal peace agenda.

As we have discussed earlier in the study, the liberal peacebuilding discourse is rooted in neoliberalism. International development agencies disseminate these discourses globally including NPM reforms, which are committed to private sector development. The NPFM framework integrates a variety of private-sector management concepts (e.g. privatization, decentralization, and competition) into the public sector (Hood, 1991; Richard, 2010;

Adhikari, 2011; Tagesson, 2015). The following section will include a detailed textual analysis of the public financial strategy.

### **2.6.2 Public financial system**

*Sentence 1:*

*International experience suggests that establishing a sound system of public finances in the West Bank and Gaza will be necessary for creating an environment conducive to private sector development and attracting external assistance.*

The public financial management strategy starts with a propositional assumption and a value assumption. The propositional assumption is about “establishing a sound system of public finances in the West Bank and Gaza”; that means there is a “private sector development”. The value assumption centres the importance of this system “in creating an environment conducive to private sector development and attracting external assistance”. The value assumption is triggered by “conducive”; if we have a sound public system, the desirable outcome is private sector development and external assistance. This value belongs to the value system of ‘neoliberalism discourses’ like the NPM where there is much focus on the private sector. In this sense, the assumed meaning of desirable outcomes for the public finance system has an ideological effect. These ideological effects strengthen domination and alter power relations. Alteration of power relations in the peacebuilding process has a great tremendous effect on the structural building. Neoliberalism is represented as an ideological hegemonic discourse; this relates to more than the textual evidence (Fairclough, 2003:59). Thus, it serves in seeking hegemony in the text by universalizing the meaning as unquestionable and inevitable reality (2003) presenting a set of common grounds like the importance of establishing public finance system in the West Bank and Gaza (notice, the author didn’t write in the public sector or government or new self-government or the OT), the private sector development as an

unquestionable aim in public sector strategies in peacebuilding. Assumptions are less dialogical in the sense they reduce the difference by assuming common ground (Fairclough, 2003). Moreover, there is no reference to the social agent who made the suggestion for establishing a public finance system; it was the “international experience”. There is an absence of a social agent; omitting agency relates to the mystification of responsibility in the process of establishing the public finance system (one might ask the question who will establish? Is it the World Bank? Is it the government? Is it consultants?). There is a bridging assumption between sentences 1 and 2; it gives a semantic connection between “system” and “revenues” and “resources” and “management”. Semantic connection creates the link between the two sentences. The bridging assumption is that the public finance system will bring adequate revenues, and that resources will be managed properly.

Semantic relations between sentences and clauses indicate different social issues, for instance: legitimation, equivalence and difference, and appearances and reality (Fairclough, 2003). One issue of the research into neoliberal discourses is restructuring the social order, which has changed how the new order is justified and elucidated. As transnational organizations guide peacebuilding, they seek legitimacy in actions and programmes implemented in conflict societies from the international community and donors. Fairclough (2003) distinguished six main semantic relations that relate to these three social issues: causal, conditional, temporal, additive, elaboration, and contrastive. The sentence has an additive relation “conducive to private sector development ADDITIVE and attracting external assistance”. The author simply adds ‘attracting external assistance for private sector development’.

We will refer here to the ‘Logics of equivalence’; the additive relation suggests that the author has subverted the two objects in an equivalence relation (co-homonymy) (Fairclough, 2003; Laclau and Mouffe, 1985); private sector development and external assistance are equivalent. This indicates that private sector development has the same properties as attracting external

assistance, while we argue setting up this relation contributes to building up a perception of subsuming differences. Both belong to different discourses (aid discourse and the NPM discourse). This adds up to fulfil the hegemonic neoliberalism discourse. Many other alternatives are excluded. We will also connect the value assumption here to moral evaluation and rationalization. Rationalization legitimization is triggered in this sentence by reference to ‘international experience’, so the establishment of the system (an action that has to be taken by future authorities) is legitimized by reference to the World Bank knowledge society (later on disseminated to all post-conflict countries’ reconstruction agenda). According to Fairclough (2003), these two legitimization strategies- rationalization and moral evaluation, may overlap. Moral evaluation invokes legitimization by reference to a value system in this sentence neoliberalism.

A value system such as neoliberalism generalizes motives and assumes agreed, has instrumental rationality, a process that legitimizes certain action or structure to achieve an end (in this sentence the public system is needed for private sector development and attracting external funding). The modality in this sentence is epistemic modality reflecting a statement.

Sentence 2:

*Establishing such a system will mean ensuring that adequate revenues are collected/received by future authorities in the West Bank and that the resources, including those that might be obtained from external sources, are managed properly.*

There is a value assumption that links the public finance system with the revenues collected, reflecting the desirability of the system to bring revenues. In terms of resources, there is a propositional assumption about obtaining external resources. In terms of semantic relations, an elaborative relation is realized in conjunction with cohesion ties ‘and that’; the elaborative relation herein also suggests that the author operationalizes the logic of equivalence;

‘revenues’, ‘recourses’ and external sources are textured in an equivalent relation. The elaborative semantic relation can be linked to Fairclough (2003:95) logic of appearance and explanatory logic. Additive and semantic relations are common in a highly abstract report with no specific description (Fairclough, 2003; Martin, 1992). In this sentence, there can be a form of explicit argument how can such a system ensure that revenues are collected? There is an absence of a complete understanding and explanation of the public finance system? The resources? The external sources? And what type of management can be considered as proper in this highly political context? The causality relation between establishing the system and receiving revenues has no analysis.

Turning to modality, this sentence has two explicit markers of modality ‘will mean’ and ‘might be’. The first modality marker ‘will’ present an epistemic statement with high certainty, an assertion rather than a modalized statement reflecting a high commitment to truth with future prediction. So, the system will certainly ensure that revenues are collected by the future authorities. The second modality on the other side, concerning external resources, has a low probability for a situation or action (the future authorities might have external resources). Modality presents a commitment to truth, reflecting social agent power to commit to future predictions (Fairclough, 2003). We can see the World Bank’s commitment to truth for the ability of the system to generate revenues. This ‘futures’ prediction legitimizes and directs new self-government entities into particular action in the future.

Social events (texts) present different elements in the texts such as forms of activity, space-time, objects, means, persons, social relations, and language (Fairclough, 2003). These elements can be included or excluded in the texts, and we can compare the representation of a particular text. I shall investigate two more representations in this sentence: social actor and spatial representation. The social actor here is represented as classified generic ‘by future authorities’; the author did not use ‘the Palestinian future authorities’. This reflects

representation in the peacebuilding society, so ‘the future authorities’ will collect revenues. Furthermore, notice that there is an absence of social agent in the establishment of the public finance system; the sentence is reflected as the process by the exclusion of the agent in the clauses in the beginning ‘Establishing such a system will mean’. The question we can ask is who will establish the system? The World Bank? The Palestinian future authorities? The Israeli government? We can see that the spatial element here is not like the first sentence ‘the West Bank’, so revenues will be collected by the future authorities in the West Bank unlike the first sentence ‘The West Bank and Gaza’.

### 2.6.3 Public sector revenues

Sentence 3:

*On the revenue side, five key issues need to be addressed: The legitimacy of Tax system ELABORATIVE Currently, there is a widespread perception among the Palestinian population that the existing system of taxation lacks transparency ADDITIVE and due process ADDITIVE and is administrated by arbitrary fashion.*

The sentence presents an existing assumption among the Palestinian population about the taxation system so what exists is that the system of ‘taxation lacks transparency and due process and is administrated by arbitrary fashion’. So, there is a taxation system. This can be linked to certain discourses, in this case, the NPM discourse. Semantic relations in this sentence are temporal and additive relations. These semantic relations are realized through Parataxis. We can identify here a higher-semantic relation, in this case, ‘Problem-solution’ which stretches to the next sentence (Hoey, 1983; Fairclough, 2003). The text suggests that there is a problem, and the problem is that ‘the legitimacy of the tax system’ is elaborated through the perception about the current tax system which lacks ‘transparency and due process and is administrated by arbitrary fashion’. We will identify the ‘solution’ for this problem in

the next sentences. We can see that the problem is legitimized by authorization to ‘Palestinian population’ and reference to legal discourse triggered by ‘due process’ and by reference to public administration discourse triggered by ‘administrated’. This implies that the tax system is not delivering revenues because of its legitimacy. The problem-solution semantic relation is common in policy texts and reform agendas. Also, the additive semantic relations are an unordered list of appearances that are diverse and can be reordered differently (for instance, ‘taxation is administrated by arbitrary fashion and lacks due process and transparency’). There is no causal relationship that represents (e.g. why the tax system is administrated in arbitrary fashion). There are no ‘expository arguments’ for the lack of transparency in the system, for instance, tracing the tax system changes and narrative in time in such a highly political context. In terms of relations of meaning set up in ‘Co-hyponymy’, the legitimacy of the tax system is elaborated by the perception of tax system transparency, due process, and the administration process.

This implies that the author's legitimacy of the tax system is: transparency, due process, and administration process. And, the additive semantic relation ‘hyponymy’ gave equivalent meaning for ‘transparency’ and ‘due process’ and ‘administration’; so the division between transparency, due process, and administration is subverting and building up equivalent relations contributing to the hegemony of neoliberalism.

Two kinds of modality exist here; epistemic modality ‘is administrated’ and deontic modality needs to be . The author's commitment to truth for the first modality is high, so it is sure that the tax system is administrated by arbitrary fashion. The second modality suggests the author's commitment to the necessity to address these issues in revenues. The author's commitment to truth is high when he textures the arbitrary process of tax administration at the same time the social agent in this process is passivated. The exclusion of social agents, in this case, entails a



political significance as the tax was collected by the Israeli civil administration as mentioned in the same report (World Bank, 2003).

Sentence 4:

*These negative perceptions materially reinforce tendencies for tax evasion ADDITIVE and noncompliance, ADDITIVE, which exist, at least latently, in all societies.*

The assumption present here is existentially triggered by ‘these’ and bridging assumptions with sentence 3 which gives coherent meaning. The Palestinian population has a negative perception about the legitimacy of the tax system (in the previous sentence defined as transparency, due process, and administration), that’s why tax evasion and non-compliance exist. This sentence reflects an assumed meaning about what exists as given and unquestionable, and this can take an ideological dimension to domination; we can see that the sentence also universalizes the assumed meaning to all societies. Two semantic relations exist, and both are additive. Additive semantic relations reflect in this sentence no understanding about how the Palestinian’s population perception led to tendencies in tax evasion and noncompliance; there is no evidence or social analysis (or political analysis which is really important in this case, for instance, Palestinian perception about tax payment to a colonized government?).

As well, there is no explanation of how this stretches to all societies? It is a universal assumption that is not supported by any causal relationship. This contributes to the logic of appearance in the text. Additive relations also figure in making the equivalent relationship; tax evasion properties are similar to noncompliance. There is also an equivalent relation between ‘Palestinian population perception’ and ‘all societies’ perception’; both are equal.

Sentence 5:

*To a large extent, the negative perceptions are directly related to the current military occupation; ADDITIVE and the emergence of a self-governing authority as part of peace settlement should help change this significantly. ELABORATIVE That would, however, in no way obviate the need for creating an efficient tax administration system that is perceived to be fair by population.*

There is a bridging assumption here that is stretched from sentence 3; the existential assumption about the ‘current military occupation’ and the value assumption are triggered by the factive verb ‘help’ about the emergence of self-governing authority as part of the peace that will help change the perception. The assumption reflects a peacebuilding discourse. Also, there is a value assumption about the need for efficient tax administration. The ‘efficient tax administration’ assumption is linked to the neoliberal discourse as it perceives efficiency as desirable (Fairclough, 2003). Notice here that the author has linked the negative perception with the military occupation, and the emergence of self-government authority will change the perception.

In terms of modality, epistemic modality (assertion) and deontic modality (modalize) exist. The author's commitment to truth is high in relating the negative perception of the tax system to the current military occupation and commitment to be fair by population, while deontic modality represents the obligation of the new self-government authority to change the negative perception about the tax system.

Higher semantic relations exist here. The problem mentioned earlier is the legitimacy of the tax system. The solution is creating an ‘efficient tax system’. The author is setting up a relation between different discourses in a dialogical/polemical relationship; the tax administration which is part of the NPFM discourse that is perceived as neoliberal (neoliberalism discourse)

is mixed with the peacebuilding discourse reflecting a process of ‘hybridization of discourses’, ‘peace settlement’, and ‘efficient tax administration’.

Sentence 6:

*The current tax administration system would need to be overhauled, ADDITIVE including the establishment of transparent rules ADDITIVE and enforcement mechanisms for tax assessments; the rationalization of advance payments of income taxes; ADDITIVE and the introduction of a credible and efficient institutional mechanism for the settlement of tax disputes. ELABORATIVE The role of accounting and auditing professionals would also need to be clarified in this context.*

The sentence reflects the propositional assumption and value assumption. A propositional assumption is about reforming the tax administration system. The value assumption about tax dispute mechanisms belongs to the neoliberalism discourse triggered by the words ‘credible’ and ‘efficient’.

Additive semantic relations are present between clauses and sentences. On one hand, the relation of equivalence (co-hyponyms) is textured between ‘establishment of transparent rules’, ‘enforcement mechanisms for tax assessments’, ‘rationalization of advance payments of income taxes’, ‘the introduction of credible and efficient institutional mechanism for tax disputes’ are all hyponyms (inclusion) of ‘current tax administration overhauling’. This means that ‘establishing transparent rules’ and ‘rationalizing advance payment of income tax’ are equivalent; the author explores background of the meaning differences between these clauses. Both of these co-hyponyms have the properties of ‘tax administration overhauling’. The author is building a vision on ‘tax administration overhauling’ while accounting and auditing professionals would have a role in building this vision. This can also exclude any other alternatives to the tax administration overhauling. Processes in the sentences are represented

without social agents as if transparent rules are established through people or government. All processes reflect normalization and exclusion of social agents. Legitimation by rationalization is present here.

#### **2.6.4 Fiscal transfer between Israel ADDITIVE and oPt**

Notice, the additive semantic relationship is reflecting an equivalent relationship between fiscal transfer between 'Israel' and 'Palestine'. A new term is used here to describe the spatial relationship OT, in previous sentences, it was 'West Bank and Gaza' or the 'West Bank'. The meaning of the relationship reflects a fiscal transfer between both the parties subverting differences (Israel has the fiscal transfer to the OT, and the OT has the fiscal transfer to Israel). It reflects a textual process between the two parties; I will assign this to a new discourse 'mediation between conflicted parties'. This argument is presented later on in the analysis. Now let's take a look at the analysis below and then return to this argument.

Sentence 7:

*Under the current tax ADDITIVE and trade arrangements between Israel ADDITIVE and the OT, ELABORATIVE some OT taxes (primarily, the value-added tax (VAT) ADDITIVE and other taxes on net OT imports from Israel ADDITIVE and custom duties on imports through Israel) are accruing to the Israeli treasury.*

The fiscal transfer between Israel and the OT section begins with an existential assumption about 'some OT taxes are accruing to the Israeli Treasury'. Particular discourses have an existential assumption about what exists; in this case, there is a powerful political assumption about what exists between the two parties and what exists in 'one-party accumulating tax in its treasury'. Also, this extensional assumption here serves an ideological significance reflecting the relation of power which is 'best served by meaning taken as given' (Fairclough,

2003:58). In this case, the process of accruing taxes in the Israeli treasury is an unquestionable reality. I will link this to the semantic relations in the sentence.

Additive and elaborative relations appear in the sentence. Notice that the elaboration relations clarify the type of taxes that accrue in the Israeli treasury. The rest of the semantic relations are additive setting up relations of equivalence ‘current tax’ and ‘trade arrangement’, ‘Israel’ and ‘OT’. Even though there is textured relation of equivalence between ‘Israel’ and ‘OT’ but the elaborative semantic relations present a powerful hegemonic statement, ‘some OT taxes are accruing in the Israeli Treasury’ with no explanation or expository argument (a genre of expository). On the other hand, ‘the value-added tax’, ‘other taxes on net OT imports from Israel,’ ‘custom duties on imports through Israel’ are all co-hyponyms that share the same property of the hyponymy ‘Some OT taxes’.

Sentence 8:

*Given the absence of custom borders between the OT and Israel, the “original principle” of indirect taxation is applied with respect to trade between the two, whereby taxes are collected where the goods are produced rather than consumed. REASON Since the OT has a large trade deficit, ELABORATION there is a net revenue loss to the OT. CONTRAST Conversely, Israel also incurs expenditures in the territories from its own budget that are of benefit to the Palestinians (e.g. the subsidization of essential food items; Palestinians’ use of subsidized infrastructure and services in Israel).*

There is an existential assumption about ‘the absence of custom borders between the OT and Israel’ and ‘the implementation of indirect taxation’. There is also a value assumption about ‘Palestinians benefiting from Israel expenditures’. One party is benefiting from the expenditure of another party. The value assumption here has a significant political discourse specific assumption, capitalism, in its roots.

There is a contrast semantic relationship that is linked to the previous sentence, where the author is trying to make a difference between two expressions through the semantic relation of contrast. The connection can be expressed as ‘there is a net revenue loss to the OT; on the other hand, Palestinians are benefiting from expenditures Israel is spending from its budget’.

### **2.6.5 Management control and assets**

Under neoliberalism, management control technologies anticipate that people are required to maximize capital by attracting investments, entrepreneurship, networking (Brown, 2015, Cooper, 2015). Neoliberal thoughts consider humans to be “an active economic subject” (Cooper, 2015); it is related directly to producing income.

The first assumption is an existential assumption about what exists in the OT, and what exists in “structural problems and imbalances” and “very limited natural resources base” but “substantial assets”. These existential assumptions shape a common ground that is shared with the community. Assets here represent human resources, a representation related to the new capitalism discourse and neoliberalism. A value assumption is about the high-quality human resource base, and an existential assumption is about “no shortage of either entrepreneurial talent or professional skills”. Also, an existential assumption is about the private sector resources with a value assumption that the sector can operate under rather challenging conditions. There is also a value assumption about the significant supply response.

There is a propositional assumption about “private capital flow to the OT from the large and relatively prosperous expatriate Palestinian community”. Another propositional assumption points that in the light of this peace agreement, remittances, as well as direct investment in productive ventures, will increase. A propositional assumption about financial resources can support public sector investment referring to bond schemes. A propositional assumption is about “the potential for developing it into a tourist centre”. An existential assumption about

the effect of political condition on the tourism sector, nevertheless the value assumption about peace and normalization of relation in the region, will be a major source for the OT economy.

An existential assumption is about the absence of external debt, unlike any other country. A propositional assumption is about the ability to maintain a level of external borrowing to enhance the public sector infrastructure. Existential assumptions about the political turbulence the area suffered followed by value assumptions about the good possibility of “attracting international assistance” in times of crisis and deficit. An existential assumption is about the ‘economic imbalances’ and the ‘unmet social needs. In this case, a propositional assumption is about the significant role of the public sector in economic development in the transition period. A propositional assumption about the public sector is responsible for improving ‘the physical and social infrastructure for private sector development and living standards of the population’.

## *2.7 Conclusion*

Despite the increase in post-conflict societies and the implementation of liberal peacebuilding agendas, there has been little critical accounting research inquiry addressing this field. This essay has explored how semiosis figures in disseminating NPFM in peacebuilding context. The study has adopted Fairclough’s CDA version (2010). The methodology originally is derived from Bhaskar’s ‘explanatory critique’ (Bhaskar, 1986; Chouliarkai and Fairclough, 1999; Fairclough, 2010). It is rather a theory-driven process of constructing the object of research (Bourdieu and Wacquant, 1992).

The essay has focused on two researchable objects: the recontextualization of the neoliberalism agenda in NPFM strategies, and the semiotic realization of NPFM strategies. The method used in this essay was a textual analysis of Fairclough (2003). The textual categories were semantic relations between sentences and clauses, assumptions and

nominalization, and interdiscursive analysis (genre, discourse, and style). The analysis has relied on the World Bank's successful model for reconstructing the Occupied Territories (also known as the West Bank and Gaza).

The analysis revealed the use of the genre of governance to mediate the relationship between the donor community, Israel, and the Palestinian Authority post-peace-agreement. This mediating genre specializes in 'action at a distance,' such as initiating mechanisms for budget revenue transfers. The study identifies value assumptions in the NPFM discourse, and exclusion of social agents (nominalization) on several occasions, for instance, in the revenue-collection process or invoice validations. Besides, extensional assumptions are ideologically vital as it reflects powerful representation. It has also revealed the emergence of hybrid discourses in NPFM in our case study; 'Peacebuilding' and 'neoliberal NPFM' were articulated together. The author is setting up a relation between different discourses in a dialogical/polemical relationship; the tax administration, which is part of the NPFM discourse that is perceived as neoliberal, is mixed with peacebuilding discourse reflecting a process of 'hybridization of discourses such as 'peace settlement' and 'efficient tax administration' (World Bank, 2003). I was able to discursively present the hegemonic neoliberalism discourse in NPFM using the textual category assumptions. I have explored how the World Bank has textured the reform legitimation using moral evaluation and rationalization.

However, the general method of this CDA version as generally in discourse analysis is inevitably subjective and reflexive stemming from the social constructivist epistemology (Phillips and Hardy, 2000). The construction of textual categories and the selection of the World Bank text were very challenging. And, the textual analysis method has limitations as it is intended for a sample of texts rather than a large corpus of texts because it tends to be a 'labour-intensive' one applying different categories of analysis on the same text (Fairclough, 2003). But, using the methodological steps has paved the way in this research study to develop



the complex relations using the theoretical construction of objects at multiple levels, and using textual analysis will provide different insights that might be blocked out by the application of traditional methods.

As NPFM is an integral part of the agenda of reconstructing post-conflict countries and the imaginary discourses, they disseminate which certain conditions might turn to operationalize reality. It is vital to contribute to this agenda that sheds light on the discourse disseminated by an international organization like the World Bank.

## *Chapter 3: Weaponizing budget in settler-colonial context*

### *3.1 Introduction*

This essay emanates from an interest in stimulating indigenous accounting research in the ongoing settler occupation. I share Gallhofer and Chew's (2000) continuous urge to support indigenous causes around the world through research inquiries. Most of the current strands of literature present historical accounts for the role of accounting in the disempowerment of indigenous people as a specific group and have linked accounting to indigenous people's suffering (for example, Davie, 2000; Gallhofer et al., 2000; Jacob, 2000; Neu, 2000).

Thus, this essay will extend the exploration of accounting and indigenous peoples by investigating the role of the budget in the disempowerment and domination of indigenous people. Hence, the essay adopts a case study method to explore a modern account for the role of the budget in controlling indigenous people. Drawing on settler-colonialism theory introduced by Wolfe (1994) and Veracini (2010) by theoretical extension, I perform a critical analysis of budgeting practices in an extraordinary context, namely the occupied Palestinian territories (oPt).

The essay is structured as follows: first, the theoretical elements underpinning the research are outlined, these are drawn from settler-colonialism theory introduced by Wolfe (1994; 1999; 2001; 2006), particularly settler capitalism and sovereignty, the logic of elimination and triangulation of the relationship. Then, I will provide contextual information about the West Bank and Gaza, the self-governing entities. The research methods are then presented, followed by the case study section. This section is followed by the discussion section, which links the empirical findings with the theoretical elements. The essay concludes by reflecting on the research questions and suggesting future research opportunities.

### 3.2 Literature review

A growing strand of literature has linked accounting and accountability with the domination of indigenous nations as an ethnic minority, mainly in Canada, the USA, Australia, New Zealand and British imperialism in Fiji, with the earliest publication in 1995 by Hopper and Pratt (Gallhofer and Chew, 2000; Buhr, 2011). The literature has investigated the role of accounting in the historical and continuous oppression, disempowerment, and dispossession of indigenous nations (Chew and Greer 1997; Davie, 2000; 2005; Gallhofer et al., 2000; Patel and Greer, 2000; Graham, 2004; 2006; Greer and Neu, 2009; Jayasinghe and Thomas, 2009; Buhr, 2011).<sup>8</sup>

However, the prevalent accounting literature is committed to colonisation and indigenous peoples. Powerful accounts were presented further to the nineteenth century arguing that accounting as a mediator has enriched colonialism and imperialism's ideological perception of indigenous nation inferiority (Anisette and Neu, 2004; Greer and Neu, 2009).

To begin with, Neu (2000a; 2000b) traced the linkage between accounting techniques and the Canadian government practices, relying on literature related to governmentality, colonialism and genocide. Neu (2000) presented three historical examples that proposed accounting techniques helped to translate (neo)-colonial policies into practice with (UN) intended genocidal outcomes. The examples documented how accounting techniques and calculations were implicated in the colonial policies of Canadian governments to repress the indigenous peoples of Canada.

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<sup>8</sup> Three special issues were published in this vein. The first issue titled 'Accounting and indigenous peoples' was published in 2000 in the *Journal of Accounting, Auditing and Accountability* (Gallhofer and Chew, 2000), the second issue titled 'The role of accounting and empire' in 2004 was published in the *Journal of Critical Perspectives in Accounting* (Anisette and Neu, 2004) and the third issue titled 'Accounting and subalternity' was in 2009, published in the *Journal of Accounting, Auditing and Accountability* (Graham, 2009).

The study argues that, within a political context that is largely hostile to the struggles of indigenous peoples, accounting and accountability mechanisms helped colonial powers translate colonial objectives into practice, the consequence of which often was genocide. Through tracing the links between accounting techniques and calculations and the pattern of government activities directed towards indigenous peoples, the study attempts to make visible and draw attention to the roles played by accounting in the production and reproduction of colonialism and the repression of indigenous peoples.

On the other hand, Patel and Greer (2000) investigated the language of accounting and accountability systems in Australian settings from a cultural minority perspective using a yin/yang values framework. Patel and Greer (2000) argued that indigenous values originated from work and land, such as kinship ties and sharing, have a mismatched relationship with the values of the yang framework, such as quantification, objectivity and efficiency, established by the Western capitalist mode of accounting.

The 'value-neutral' accounting paradigm has supported the economic growth inquiry in modern societies, refuting subjectivity and non-economic values (Gibson, 2000). This has resulted in mobilising accounting terminology that reflects wealth accumulation and neglects social values in indigenous societies (Gibson, 2000). The study presented an account of how modern accounting lexicons like "wealth, assets and income" knowledge provide economic power to some members, dispossessing older indigenous members from the decision-making circle (Gibson, 2000). Moreover, the operation of accountability rhetoric has imposed higher accountability for Aboriginal organisations, restraining resource access to Aboriginal communities (Gibson, 2000). This has resulted in the continuous disempowerment of Aboriginal Australians through accountability, extending the work of Chew and Greer (1997). Moreover, Gibson (2000) questioned the role of modern Western capitalist accounting practices in the disposition of Aboriginal Australians. Moreover, such practices have

privileged narrow economic values, displacing more holistic social values such as those held by Aboriginal Australians. Concepts of profitability and financial accountability have contributed, she suggests, to the historical dispossession of Aboriginal Australians. The study highlighted accounting's active involvement in this process by contrasting the values and concepts of Aboriginal organisations with the values and concepts of Western capitalistic accounting.

Further, Gibson (2000) argued that the dispossession of Aboriginal Australians and accounting's role in it is not an event of the past, but is still alive today. This notion is illustrated through an analysis of the accounting and accountability requirements imposed by the government on the Aboriginal and Torres Strait Islander Commission (ATSIC). Moreover, accounting calculations and practices were explored in imperialism programmes. For instance, in Fiji, accounting was an important tool in the creation of an imperial collaborative system between British colonisers and indigenous elite chiefs in Fiji (Davie, 2000; 2005). The archival study has revealed how accounting aided the British imperial expansion in Fiji, relying on arguments that contradict the conventional imperialism discourse, particularly insights based on Robinson (1972; 1978; 1986) and Wesseling (1978). Davie (2000) emphasises the role of “elite indigenous collaboration” in the creation of “collaborative bargains” to dominate the colony of the metropolis pre-annexation and post-annexation (Davie, 2000, p.333).

The indigenous elite structure was the main mediator with the colonial state and represented the ‘informal system’ of control, such as the accounting systems (Davie, 2000). The accounting calculations were explored before annexation, specifically “claims of American debts”, and after annexation accounting practices were introduced to the self-governing native administration in Fiji (Davie, 2000). In this vein, it is worth reflecting that members of the Native Fijian administration were positioned in the colonial government structure (Davie, 2000).

Nevertheless, post-annexation accounting was mainly transactions recorded in ‘cash books’ and ‘subsidiary books’ following the imperial state policies; based on these books, preparation of revenue, expenditure, assets and liabilities statements were prepared by the central colonial treasury (Davie, 2000). The Fijian Board was accountable for province budget preparation, government grants and revenues (collected from provinces). Thus, accounting activities represented a formal channel between the colonial state and the indigenous, chiefly administration, forming an alliance to exploit Fiji resources. Other studies have investigated accountability mechanisms between the government and the indigenous nation; for instance, Jacobs (2000) explored accountability obligations post the treaty of Waitangi in New Zealand in two pilot sites. The study reflected the visibility notion of accountability developed by Hopwood (1984) and Jacob (2000) argued that, while the New Zealand public sector has delivered “accountability for Maori”, it has still failed to deliver an “accountability to Maori”. Thus, critical research has suggested that environmental accounting and reporting research can be advanced by insights from three indigenous cultures: the Maori, the Native American and the Australian Aboriginal (Gallhofer et al., 2000). This enhancement can be embraced in external reporting practices by reconsidering the unit of account and its link to the community (Gallhofer et al., 2000), as well as by recognising rituals, spirituality and respect for the earth and its resources.

However, in the literature, several calls were made to extend the exploration of accounting and indigenous peoples. For instance, Neu (2001) and Greer and Neu (2009) emphasised the importance of studying different sites as not all cases are the same and it is important to document the accounting role in this process. In addition, exploring accounting technologies in modern government and indigenous relations, as most of the literature presents a historical account. Moreover, the main theoretical underpinning for the discussed literature relies on Foucault’s concept of governmentality, imperialism and his discourse on power. Other studies

have relied on concepts of accountability. Insights from other theoretical underpinnings to understand the ongoing structure of the domination of indigenous peoples are encouraged (see Greer, 2006; Greer and Neu, 2009), for instance, Greer (2006) suggested theories of internal colonialism or welfare colonialism, while, the use of settler-colonial theory will give

Thus, this essay will extend the exploration of accounting and indigenous peoples in different sites. It also strives to contribute to an understanding of the role of accounting in the ongoing domination structure as suggested above (Greer and Neu, 2009). Particularly, I am devoted to present an account of how the settler state uses the budget as a weapon to dominate indigenous self-government. I will propose a rather different theoretical lens to explore the budget within the settler-coloniser state and indigenous self-government as accounting literature has largely ignored research inquires and development in settler-colonial literature. To this end, I will rely on settler-colonialism theory, which highlights the settler domination and grasps the indigenous settler context. In the next section, I will present the theoretical notions underpinning this essay.

### *3.2 Settler-colonialism Theory (SCT)<sup>9</sup>*

#### *3.2.1 SCT theoretical overview*

In this section, I will present the theoretical framework underpinning this case study. An extensive body of postcolonial studies and historical literature has discussed the colonial situation, which is premised on a series of imperial dichotomies (i.e., subject-object, East-West, coloniser-colonised, civilised and savages). Historically, the colonial condition is characterised by the domination of the exogenous minority, as defined by influential

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<sup>9</sup> The theory analytically distinguishes colonialism from settler-colonialism, nevertheless, it is out of this essay's scope to discuss these arguments as the literature is rich in this vein (see, for example, Wolfe, 1994; 1999; 2006; Veracini, 2007; 2009; 2010; 2011; 2014; 2016). However, both might intertwine and overlap (Veracini, 2010). Insights and comparisons between settlers and migrants are discussed in the literature as both travel across space; however, settlers are founders of the political order, unlike migrants (Veracini, 2010).

anthropologist and sociologist George Balandier (1951, p.54): “The domination imposed by a foreign minority, racially (or ethically) and culturally different, acting in the name of a racial and cultural superiority dogmatically affirmed, and imposing itself on an indigenous population constituting a numerical majority but inferior to the dominant group from the material point of view.”

This colonial system fundamentally forms a structure that serves the demands of exploitation (Veracini, 2011). Within this structure, a reinforced process maintains the difference between colony and metropole, as well as the nature of relational order, which positions the colonised as permanently subordinate and indispensable (Osterhammel, 1997; Veracini, 2011b). Settler-colonialism is defined as “a specific mode of domination where a community of exogenous settlers permanently displace to a new locale, eliminate or displace indigenous populations and sovereignties, and constitute an autonomous political body” (Veracini, 2010).

Researchers have deployed postcolonial theory to grasp the historical-material legacy of colonialism (Shohat, 1992; Wolfe, 1999). Despite the dazzling contribution to the literature, the theory was criticised significantly for not carefully addressing the politics of location for the term ‘post-colonial’ (Shohat, 1992), while the critical consideration for the politics of location is vital to link the geographical and historical metaphysics and to analyse the structural conditions of these societies (Shohat, 1992).

This absence of historical specification caused the collapse of various colonial chronologies (Shohat, 1992). Consequently, several studies indicated that post-colonialism, as a theoretical framework, has obscured different modes of domination and has mixed collective identities (Shohat, 1992; Wolfe, 1994; 1999; 2006; Veracini, 2010; 2011a; 2011b; 2014). As a result, researchers started to investigate a distinct form of exogenous domination other than colonialism. These attempts marked the emergence of settler-colonialism as a separate field of inquiry. Settler phenomena can be traced back to the anthropologist Denoon (1979), who



strove to explain the distinctive characteristics of settler societies in the southern hemisphere during the late nineteenth century. Denoon (1979) opposed the perception of determinism in exploring the history of these societies, pointing out the structural differences between settler economic development and colonial de-development.

Nevertheless, the introduction of settler-coloniser studies in the literature emerged two decades ago by Patrick Wolfe (1994), with *Nation and Miscegenation*, published in *Social Analysis* (Svirsky, 2016). The theory is distinct from colonisation studies in that it targets a phenomenon with features that colonial and postcolonial studies fail to address in the literature (Veracini, 2010). This discipline represented a breakthrough after the publication of Wolfe's book *Settler Colonialism and the Transformation of Anthropology* in 1999, as this phenomenon is distinct, Wolfe has articulated one of the most influential theoretical models for understanding the processes of the settler-colonial project (Svirsky, 2016). The theory frames the settler world as a structure, not an event (Veracini, 2010; Svirsky, 2016). Wolfe (1994) traced the historical continuity of Australian colonisation and presented an account of the structural characteristics associated with this colonisation; it evaluates the claim of relationship re-formation between the Aboriginal and settler societies after the Native Title Act in 1993 (Wolfe, 1994).

Wolfe (1994) asserted the continuity of the settler project even after the Native Title Act (1993), bridging between the past and the present. The analysis presents an elementary logic for the settler-colonisation project within Australia (Wolfe, 1994). It reflects that the primary objective of the settler-colonial project is the land; it is rooted in displacing indigenous nations or replacing them with no interest in the surplus-value produced by mixed labour (Wolfe, 1994, p.3).

Initially, a colony is a term that has two different connotations: a political body that is dominated by an exogenous agency and an exogenous entity that reproduces itself in a given

environment (Veracini, 2010, p.8). Settler-colonialism is related to permanent movement and reproduction of counties and the dominance of exogenous agency over indigenous agency, contrary to colonialism where exogenous minorities control the indigenous nation. The theory presents several notions concerning the phenomena of settler-colonial context. However, we will focus on the logic of elimination, the triangulation of relationships in the population economy, and settler corporate capitalism (Wolfe, 1994; 1999; 2006; Veracini, 2010; 2011a; 2011b).

### 3.2.2 The logic of elimination

The relationship between genocide and the settler-colonial tendency is known as the ‘logic of elimination’; both should be distinguished, while elimination can be manifested as genocidal (Wolfe, 1994; 1999; 2006). The crucial reason for the elimination of the indigenous nations, as described by Wolfe (2006), is not race but territory, as settlers are concerned with their access to land. The logic of elimination is an organising process, not a one-off occurrence; it can include several strategies practised by the settler-collective (Wolfe, 2006). The strategy of elimination that oppresses the indigenous nation continues to structure the settler-colonial world. This continuity of time reaffirms that this is not an event; it is a structure (Wolfe, 1994; 1999; 2006), including frontier homicide, demolishing indigenous communities, miscegenation, the breaking-down of native titles into alienable individual freeholds, native citizenship, child abduction, the effacement/replacement of indigenous village, and excluding indigenous peoples from the labour force – the conquest of labour in the case of Zionism (Wolfe, 1994; 1999; 2006; 2012).

Wolfe (1994; 2006) argues that the settler logic of elimination reflects a summary of liquidation, but is not necessarily inclusively genocidal. The driver of elimination is not a race, but the land itself, the irreducible element in the settler world (Wolfe, 1994; 1999; 2006). The

logic of elimination shares summary liquidation like genocide, but “as settlers come to stay invasion is a structure, not an event” (Wolfe, 1994, p.388).

The logic of elimination is an organising process in building the new settler world. Settler-colonialism's main feature is its power in demolishing indigenous nation society to establish their territory (Wolfe, 2006). Elimination is not only the summary liquidation of the indigenous nations in the settler-colonialism phenomena, indeed, settler-colonialism is a land-centred project that coordinates with a set of agencies from the metropolitan centre to the frontier with a view to eliminating the indigenous (Wolfe, 2006, p.393). Thus, settler-colonialism was foundational to modernity, and it is presupposed that a global chain of command exists linking remote colonial frontiers to the metropolis, all related to the international market. A form of genocide demands an advance centralised technological, logistical and administrative competences of the modern state (Wolfe, 1994; 1999; 2006).

### 3.2.3 A triangular of relations in the population economy

In this section, I will try to conceptualise the set of relationships established within the settler-colonial situation. Veracini (2010) suggests that the settler-colonial situation constructs a system of relationships comprising three different agencies: the settler-coloniser, the indigenous colonised, and a variety of differently categorised exogenous alterities (Veracini, 2010).<sup>10</sup>

Essential to our understanding in the context of our case study of the triangulation of relationship, is how “indigenous and subaltern exogenous others appeal to the European sovereignty to articulate grievances emanating from settler abuse, and the metropolitan agency

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<sup>10</sup> Patrick Wolfe referred to two categories: any non-indigenous people who are considered settlers, and indigenous (Veracini, 2016).

interposes its sovereignty between settler and indigenous while settlers insist on their autonomous capacity to control indigenous policy” (Veracini, 2010, p.16).

The settler-collectives are the founders of political order, and they carry their sovereignty (Wolfe, 1999; Veracini, 2010). The political background focuses on the independent collective in that both sovereigns claim charge and regenerative capacity (Veracini, 2010). The concept of sovereignty for the settler-coloniser is translated into economic and land control policies for indigenous people. The economy of settler-colonisation is the domestication of the “population economy” (Veracini, 2010).

Moreover, two vital features can be identified in settler-colonial situations, an exogenous/indigenous dialectic is established across space, and this dialectic is very complicated when the settler-coloniser claims the historical right to the land, such as Zionism settlers believe they are indigenous (Veracini, 2010). Central to the colonial-settler project is the transfer (either on a practical level or discursive level) of indigenous and exogenous others, which, in the Zionist movement, means the transfer of indigenous Palestinian is foundational (Mashala, 2005; Veracini, 2010).

#### 3.2.4 Settler corporate capitalism and sovereignty

Historically, several settlers’ projects were operating as a corporate foundation across different times and places (i.e., 1830s South Australia, 1840s New Zealand, Western Australia, and pre-state Israel). In this sense, it was a corporate effort to expand the settlements and confiscate land, not primarily targeting profit (Veracini, 2010). While capitalist relations serve the settlements and not the opposite (Veracini, 2010), settlers are the founders of political order, and they carry their inherent sovereignty across space to settle and nestle (Wolfe, 1994; Veracini, 2010). Settler state sovereignty is understood in pluralistic terms with territory and jurisdiction; the relationship can be complex in colonial forms, particularly when sovereignty

is shifting and is layered in society (Benton, 2010). Nevertheless, to effectively address settler sovereignty as explained by Veracini (2010), we should explore settler corporate sovereignty, which focuses more on the political power of settler political entities (Veracini, 2010). This understanding of sovereignty stems from the regenerative nature of settler-colonial settings and the comprehension of the settler-collective, with a strong emphasis on sovereign capacities (Veracini, 2010; 2011; 2012; 2016).

Settler sovereignty is supported by metropolitan sovereignty and a refutation of indigenous sovereignty. The analysis of the phenomena has been approached from different perspectives. Traditionally, Veracini (2010, p.13) argued that there is an emphasis on geographical determination, climatic determination, the gradual development of separate entities, language, its ultimate success (the eventual foundation of stable settler national politics), specific positioning in world trade balance, 'settler capitalism' and coloniser permanence. It is equally important as well to note that settlers rely on the shifts in landscapes and territorial tenure and the architecture of settlements (Veracini, 2010; 2011; 2012; 2016).

### ***3.3 Research methods***

Our aim in this essay is to perform a holistic and in-depth investigation within the settler-colonial context; clearly, the single explanatory case study method will achieve this objective (Scapens, 1990; Yin, 1994a). The single case study is fruitful in presenting an extreme case extending the spectrum of cases in accounting research (Yin, 1994a). Moreover, 'extreme cases' demonstrate eruption to normality and hold more information that can extend practice knowledge (Yin, 1994; Stinchcombe, 2005; Clegg et al., 2006, p.143). Our case study setting was the occupied Palestinian territories (West Bank and Gaza). The Zionism movement established the settler state in Palestine and has a long-standing history in settler studies literature (see, for example, Rodinson, 1973; Abdo and Davis, 1995; Ghanem, 1998; Ilyd,

2012, Salamanca, 2012). Interest in this case stems from its prevalent contribution to settler-colonial studies. As Wolfe (2012, p.137) states:

“The Zionist case enables us to see some general features of settler-colonialism with enhanced clarity. This is particularly so because, in the annals of settler-colonialism, Zionism presents an unparalleled example of deliberate, explicit planning. No campaign of territorial dispossession was ever waged more thoughtfully. Methodologically, this characteristic makes Zionism a particularly revealing archive for research into the logic of settler colonialism.”

The research has followed a deductive strategy that started with the theoretical underpinning discussed in the above section and a triangulation protocol for data sources to ensure data validity and accuracy (Yin, 1994; Denzin, 2017). The researcher has created a case study database to maintain the chain of evidence (Yin, 1994). The database includes multiple sources of evidence complementary to each other, including open-ended interviews, observations, and documentation (Yin, 2018). The documents that have been used include government reports, news reports and international organisation reports such as by World Bank, IMF, WHO and UN Agencies (UNRWA, UNCTAD, IFRC).

Our units of analysis were the ‘central government entities’, particularly the Ministry of Finance and Planning (PMOF), the Ministry of Health (MOH), and the State Audit and Administrative Control Department Bureau (SAACB). Data were gathered over a six-month period, including three-month fieldwork in the West Bank, specifically two local cities Ramallah (where the Ministry of Finance (MOF) is located) and Nablus (where the MOH is located). Access to fieldwork required ethical approval, and the researcher had to describe in detail how risk would be minimised in this complicated environment. Any identifiable features for participants were removed to maintain confidentiality. The researcher gained access to the field before the fieldwork, which ran from January 2017 until March 2017; follow-up interviews on Skype were conducted in March and April 2019.

The fieldwork process incurred a couple of challenges: Israeli authorities denied access to the Gaza Strip from the West Bank through Erez Crossing for security reasons. Verbal denial was passed through the Palestinian authority security cooperation unit; clarification was that the researcher is not from the acceptable exit permit categories recognised by the Israeli authorities, such as traders, humanitarian staff, patients or international organisation staff (OCHA, 2017).<sup>11</sup> This situation results from the Israeli blockade on Gaza since 2000. Moreover, the researcher had to cross Israeli checkpoints between these two local cities to conduct interviews. Semi-structured interviews were conducted with open-ended questions to increase the depth of the data (Yin, 1994; 2018). I have followed a general analytical strategy that relies on theoretical propositions (Yin, 2018). Settler-colonial theoretical context guided our data analysis procedure.

All interviews were in the native language, Arabic, and the transcripts of the interviews were translated to the English Language. The researcher has built a database in NVIVO 11 to analyse the interviews and the reports using the theoretical codes. The data were codified to divide, group, reorganise and link data to consolidate meaning and develop explanation (Grbich, 2013; Saldaña, 2013).

In total, the researcher conducted 30 semi-structured interviews in the occupied Palestinian territories. Interviewees' profiles included accountants, budget managers, state auditors, retired accountants and human resource employees from three main self-government entities. The interviews were held in January, February and March (2017). Follow-up Skype interviews were conducted in March and April (2019) with the Ministry of Finance staff. Interviews lasted between 1-2 hours, and most interviews were audio-recorded when

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<sup>11</sup> Even these categories usually suffer rejections; these policies are linked to the settler-coloniser power to control indigenous nations rights to movement. According to OCHA, even 'patients' as an identified category have barriers and unpredictable application process, delays and refusal. OCHA (2018) reported that "Since 2012, the approval rate for patient permit applications has fallen significantly from 93 per cent in 2012 to 54 per cent in 2017".

permission was granted. Several themes were covered during the interviews: the budgeting practices, settler-indigenous budgetary dialectics (suspension of clearance revenue, budget support, budget reforms and resumption of budget transfer). In addition to interviews, reports were collected from five different organisations in the territories: The Ministry of Finance, the Ministry of Health, the State Audit and Administrative Control Department Bureau, the European Union, and the World Bank.

**Table 1: Fieldwork and interviews information**

<b>Central government organisation</b>	<b>Number of open-ended interviews</b>	<b>Local city</b>	<b>Area jurisdiction</b>	<b>Year</b>
Ministry of Finance and Planning (Clearance and Customs, Budget Department, Revenue Department, Human Resource Department)	15	Ramallah	Area A	2017
Ministry of Health (The Budget Department, the Accounting Department)	10	Nablus	Area A	2017
Ministry of Finance and Planning (Clearance and Customs, Budget Department, the Revenue Department)	5	Follow-up interviews on Skype	Area A	2019



### *3.4 Indigenous settler world context: case study setting*

#### **3.4.1 A historical summary of the indigenous Palestinians and the emergence of settler-colonial state**

In this section, I will give a detailed historical overview of the indigenous Palestinians and the emergence of the settler state, territorial partitions and the categorisation of refugees. After the First World War, historical Palestine was a geopolitical entity controlled by the British mandate for 30 years (Hadi, 1932; Bar-on and Sarsar, 2004; Peppe, 2017). The precondition of the Zionist project was established during the British mandate of Palestine (Hadi, 1932; Mathew, 2013). The British mandate for historic Palestine dissolved in 1945 with World War II, and, in 1948, the historical opportunity for Zionist leaders was realised (Peppe, 2017).

More than seven decades have passed since the First Palestinian Catastrophe, or the Nakba,<sup>12</sup> and the declaration of the Israeli state in 1948. The Nakba represents a historical ‘watershed’ that has led to the emergence of the colonist structure discussed above (Wolfe, 2012). Nevertheless, the preconditions of the settler state emergence were evident before the occurrence of the Nakba in a process called ‘pre-accumulation’ of the Zionist project before and after the British colonisation of Palestine (Said, 1980; Khalidi, 1992; Wolfe, 2012; Turner and Shweiki, 2014). In the first Nakba, settlers seized 78% of the Palestinian land, performed ‘ethnic cleansing’ for indigenous Palestinians and forcibly expelled 80% of the population, displacing 750,000 Palestinian from their home (Masalha, 1992; 1997; 2000; 2005; 2008; 2012; Peppe, 2007; Wolfe, 2012).

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<sup>12</sup> In Palestinian history, Nakba means the ‘Great Catastrophe’, while, for settlers, it represents the ‘War of Independence’ (Turner and Shwaki, 2014; Peppe, 2017). In 1948, the Zionist movement seized 77% of the Palestinians’ land and constituted 80% of the population, displacing 750,000 Palestinians from their homes (Wolfe, 2012). Today, there are more than 7.2 million Palestinian refugees’ descendants, 5 million of whom are registered with the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) founded in 1949 by UN General Assembly Resolution 302 (UNRWA, 2019).

Today, there are more than 7.2 million Palestinian refugees' descendants, 5 million of whom are registered with the United Nations Relief and Works Agency for Palestine Refugees in 1948 (UNRWA) founded in 1949 by UN General Assembly Resolution 302<sup>13</sup> (Masalha, 2012; UNRWA, 2019). During that period, historic Palestine suffered a territorial partition, and the indigenous economy struggled from lack of resources, high unemployment and trading activities, domination and racism, particularly for Palestinians inside the settler state.

In 1967, the second Nakba occurred<sup>14</sup> and the settler-colonial state carried on with the 'ethnic cleansing', internal displacements of Palestinians and expanding settlers' land three times larger than the previous Nakba and combined 1 million Palestinian to the settler-colonial state with the 300,000 indigenous -who were resident in 1948 territories- (Masalha, 2012; Salmanca et al. 2012; Pappe, 2017). The next section will discuss the civil administration balanced budget before the peace agreements (pre-indigenous transfer). This section is theoretically linked with settler corporate capitalism discussed earlier in SCT theory as developed by Wolfe (1994) .

### **3.4.2 Civil administration balanced budget and militarised revenues: settler corporate capitalism.**

In this section, I will discuss the pre-indigenous transfer, mainly the Israeli Civil Administration budget, and explore the militarised revenues. This section is informed by settler corporate capitalism, settler-colonial project channel capitalism to serve the settlements and used militarised revenues to invest in infrastructure that facilitated services for the settlements depriving indigenous people from development expenditures. This section relies

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<sup>13</sup> The UNRWA provides health, education and micro-finance services for the Palestinian refugees displaced in 1948, mainly in Jordan, Syria, Lebanon, Gaza strip and the West Bank (Masalha, 2012).

<sup>14</sup> Also referred to in the literature as the six-day war in 1967 where the settler state seized the rest of the Palestinian land in the West bank and Gaza.

on secondary data as discussed earlier, mainly international organisation reports and archival data.

An Israeli military proclamation of the occupied Palestinian territories (known as the West Bank and Gaza) occurred shortly after the second Nakba in 1967, prior to which the West Bank and Gaza were under Jordanian and Egyptian administration as per ‘the act of unity’ (UNCTAD, 1986; 1987; 1991). The everyday decisions in the West Bank and Gaza were assigned to the military authority in coordination with multiple administrative layers; nevertheless, there were no formal or official mechanisms that considered any local participation in the decision’s implementation (UNCTAD, 1986; 1987; 1991). In 1981, the colonial State of Israel created the civil administration as a ceremonial replacement for the internationally unacceptable Israeli military rule (Peppe, 2017).

Since 1967, many municipalities have been administrated by colonial state officials or local employees appointed by the military authorities. Two main administrative layers exist: the local Palestinian administration, operating under Israeli-amended Jordanian law, and the colonial state settlements administration assimilated under Israeli law. However, regular disputes used to take place in regard to the military intervention contradiction between municipal law and military orders (UNCTAD, 1986).

In this period, the settler-collective settlements activities increased in the West Bank and Gaza. The settler-colonial strategy was to expand the land acquisition from these territories and build Israeli settlements and fragment the indigenous societies (Peppe, 2017). The architecture of settlements was not arbitrary and was also illegal according to the Fourth Geneva Convention issued in 1949.<sup>15</sup> Besides the displacement of the population in 1948, a transfer of the Israeli Civilian population to the new settlements occurred as part of the settler project. The settler-

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<sup>15</sup> Convention (IV) relative to the Protection of Civilian Persons in Times of War. Geneva, 12 August 1949 states that: "The occupying power shall not deport or transfer parts of its own population into the territories it occupies."

collective, in this case the Zionist movement, governed the population economy in the settler world. An inside/outside dialectic exists in this world in which settlers might migrate straight to the settler segment of the population or migrate to the exogenous others, which constitute an indigenous nation (Veracini, 2010).

The emerged settlement structure has a combination of characteristics that distinguish it from other settler projects in history: the geographical position of the settlements (most of the settlements are on top of hills for security and ease of observation), the infrastructural facilities surrounding these settlements (settler's roads are different from indigenous roads) and the intelligence architecture of the settlements. Hence, the literature on architecture is rich with controversial arguments about the rise of “forensic architecture in Gaza” and the “architecture of violence” in the West Bank due to the expanding settlements (see for example, Weizman, 2003).<sup>16</sup> The profession of architecture has served the Zionist project goals of making architecture into strategic weapons in the service of the state, which has sought to secure national and geopolitical objectives through the organisation of space and in the redistribution of its population (Jabareen, 2003; Segal and Weizman, 2003).

The colonial state practices were aligned to protect future municipal services for the settlement that would be scattered in the West Bank and Gaza. A UNCTAD (1989, p.6) report indicated that “The council's main goal is to implement the Israeli settlements policy in the occupied territories and to provide municipal services to Israeli settlements scattered over a wide area within the occupied territories.”

This has represented a shift from the military government to a permanent colonising system that grants the coloniser control over land, agriculture, water, tax policies (customs, income

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<sup>16</sup> Forensic architecture is a multidisciplinary research project initiated by Goldsmith University to present architecture techniques in state violence and violation of human rights, including settlement architecture. The Israeli architecture association cancelled an exhibition on illegal settlements for Weizman in Berlin (2002) (*The Guardian*, 2002; 2012).

tax and VAT), and accounting systems (monetary policies, labour, exports and imports (Turner and Shweiki, 2014; Pepe, 2017). The Israeli colonial state was implementing an agenda that threatened the existence of indigenous Palestinian; the Zionist ideology relied heavily on the quantification of Palestinians as objects along with the land (Peppe, 2017).

Moreover, this ideology triggered the notion of keeping the land, even though it might be expensive for the colonial state to administrate the territories. The colonial state counted on three main sources that would minimise their expenditure and protect their interests in keeping the land with the settlements: raise revenue taxes from the Palestinian indigenous peoples to pay for civil administration expenditure, foreign aid that supports the Zionist project, forcing the local population in the West Bank to trade with the Israeli colonial state which created monopoly and dependency later on and, finally, at the beginning, recruiting a cheap Palestinian labour force (UNCTAD, 1987; 1989; Turner and Shweiki, 2014; Pepe, 2017).

Even though the West Bank fiscal legislation was under Jordanian amended law and the Gaza Strip was under Egyptian and Palestinian Law after 1967, there were more than 177 Israeli military orders issued on revenues from direct and indirect taxation for an indigenous nation (UNCTAD, 1989). However, the Israeli colonial state civil administration in the occupied Palestinian territories (West Bank and Gaza) had no official separate budget publications or any data published with revenues generated in these territories pre-1976 and before 1980, as confirmed by several UN reports (UNCTAD, 1986; 1987; 1991). Most of the fiscal data are fragmented in national Israeli government accounts or unpublished (UNCTAD, 1989). However, data published post-1980 reflect that the colonial state civil administration mostly invested its efforts to provide below minimum welfare services to the indigenous nation population in the occupied territories, and the mechanism created was to let the revenues drive the expenditures (UNCTAD, 1986; 1987; 1989; 1991).

Most of the civil administration budgets published in that period are more or less balanced between expenditures and revenues (UNCTAD, 1986; 1987; 1991). While, ‘balanced budget’ is contested in the public sector accounting literature (see Petmesidou and Guillén, 2014; Sapir et al., 2014; Barcci et al., 2015) for its links with austerity and the social ramifications associated with it, such as inequality, welfare services and health quality and even encouragement for immigration (which is very convenient for the settler-collective), the settler project aimed to maintain the territories and channel all the services into the future settlements on this land. Therefore, the settler state had no interest in paying for the civil administration budgeted expenditure that served Palestinian indigenous people (i.e. health, education and even infrastructural services) (UNCTAD, 1986; 1987; 1991).

Revenue collection from civil administration in the West Bank and Gaza was around \$200-300 million, and nearly 75% of these revenues were tax revenues accumulated in the Israeli treasury (Khadr, 1999; Brynen, 2005). During that time, settlers maintained control over the indigenous population and imposed integration of the economy to increase the reliance of the indigenous population on the colonial state economy. The colonial rule controlled the economic development of the indigenous population by blocking agricultural expansion and trade; to wipe out any competition with the Israeli state (Abed, 1988; Turner and Shweiki, 2014).

The territories witnessed continuous settler-colonial state punitive actions against indigenous people, including detaining Palestinian people and demolishing Palestinian homes (more than 1338 homes were demolished in that period and more than 300,000 Palestinians became political prisoners), not to mention the control of indigenous freedom of movement, permits for regular daily activities such as study or trade, confiscations and road closures known as ‘curfews’ (Peppe, 2017, p.169).

In 1987, the settler state-imposed high taxes, mainly income tax which was ‘militarised’. All revenues were accumulating at the settler state treasury using proclamations and military orders (UNCTAD, 1986;; 1987; 1991). In this period, the expansion of settler settlements in the West Bank and Gaza was expediting with noticeable segregation of indigenous Palestinian communities and the settler state invested in the infrastructures that served the settlements. Two hundred and sixty settlements were established by the end of 1989, where settlers nested around the Palestinian population (UNCTAD, 1986; 1987; 1991). The economic living conditions for indigenous Palestinians were deteriorating, directly related to imposing higher tax as a tool of punishment for any resistance. Revenues used to accumulate in the Israeli treasury and expenditures for indigenous services were also declining. (UNCTAD, 1986; 1987; 1991).

The Israeli tax authority operated jointly with the military to force tax collection on Palestinian villages, refugees, businesses and individuals (UNCTAD, 1990) and tax collection raids were common practice with arbitrary tax assessment, while the indigenous population resisted these tax campaigns. A published story in 1989 about tax militarised collection indicated that:

*“In the town of Beit Sahour in the West Bank, which the Israeli military kept under curfew and siege for six weeks in late 1989. As Israeli authorities carried out daily raids in the town to force payment of taxes, the 12,000 residents joined together in refusing to pay. By the end of the Beit Sahour campaign, the Israeli authorities had taken measures against 320 resisters, arrested 40 for not paying taxes, froze \$600,000 in bank deposits of 500 residents, and confiscated goods estimated officially at over \$1.5 million for subsequent sale by tender in Israel” (Jerusalem Post, 1989; UNCTAD, 1990)*

The deteriorating situation led to the emergence of the Palestinian uprising ‘Intifada’<sup>17</sup> against the settler-colonial state, which started in 1987 and lasted for six years, in which the Israeli military killed 1000 Palestinians, and 120,000 were arrested (Peppe, 2017). Peace negotiations started between the settler-colonial state (Israel) and the Palestinian Liberation Organisation (PLO) and led to two historical agreements that are still implemented (Oslo I and II). The next section will discuss the budget after the diplomatic transfer. To understand the budget structure, post the transfer, I will refer to the main peace agreements between settler-state and indigenous government.

### 3.4.3 Indigenous diplomatic transfer and the emergence of Palestinian self-government entities.

In September 1993, both parties signed the Declaration of Principles (DOP), which declared the Palestinian Liberation Organisation (PLO) as a self-governing authority representing the indigenous Palestinians with its official elected president Yasser Arafat (Oslo accord I, 1993). Veracini (2010) referred to this type of transfer<sup>18</sup> strategy as a diplomatic transfer in the colonial-settler project. In this strategy, a territorial section of the settler body politics is transferred to the indigenous peoples under confined sovereignty. Thus, in many settler projects, as Veracini (2010, p.34) indicated, “different strategies can become activated at different times and in response to the settler project’s relative power and specific necessities.”

Over time, it is evident that not only one type of transfers strategy was practised by settler body politics in this case study. Blecher (2005) argued that Palestinians suffered more than one transfer, and it was a set of ongoing practices used across the settler body politics. For

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<sup>17</sup> The ‘Intifada’ is the Palestinian uprising against colonial rule, till now two uprisings have occurred; the First Intifada in 1987 and the second Intifada in 2000 (Turner and Shweiki, 2014).

<sup>18</sup> Veracini (2010) distinguished 24 types of transfer rationale (practice level or discursive level) in the settler world; nevertheless, these transfers can be deployed collectively or singly depending on the success of one strategy of transfer. For example: necropolitical transfer, ethnic transfer, transfer by conceptual displacement, civilisation transfer, perception transfer and transfer by accounting (Veracini, 2010, pp.38-39).



instance, evidence suggested that Palestinians suffered ‘ethnic transfer,’ ‘transfer of rights,’ ‘transfer of culture’ and ‘sedentary transfer’ (Blecher, 2005; Veracini, 2010). Nevertheless, the civil administration of the colonial rule continued after the diplomatic transfer (Veracini, 2010; Taghdisi, 2014). This peace agreement was unfair for the Palestinian indigenous people, as it enriched settlers’ power. Moreover, the geopolitical partition of the land between settlers and indigenous communities was translated in the Oslo II agreement (1995).

The PA started its self-governmental entities in 1993, with multiple challenges on the ground, including limited territory jurisdiction, restriction of commodity flow and regular internal closures (Hussini, 2002; World Bank, 2003), not to mention the Israeli settlements and border closures,. The Oslo accords were designed to prevent self-development of the Palestinian authority by depending heavily on the Israeli economy (Hussini, 2002). Under these circumstances, the PA emergence was very difficult. The PA was responsible for creating semi-self-governmental entities, judiciary systems, political systems, a public and tax administration system, education systems and health systems operating in the West Bank and Gaza Strip only with limited sovereign capacity (World Bank, 2003; Khalidi and Taghdisi, 2009). To unfold the self-government budget, we must revisit the Paris Economic Protocol (PER), the economic agreement that shapes the Palestinian economy; this agreement will help us understand revenues the government collect and receive from the settler state.

To understand the budgetary practices in self-governmental entities, it’s important to understand the peace agreement in place between the settler state and the indigenous Palestinians. Peace negotiations between the PLO and the settler-colonial state through Jordan and the USA gave birth to three main historical agreements known as the Oslo Accords I and II and the Paris Protocol, respectively (Haddad, 2016; Peppe, 2017). These peace agreements excluded any sections about refugees, settlements, Jerusalem and borders. The ‘West Bank and Gaza Strip’ is a single territory under these agreements, and the Palestinian self-

government assumed authority in these territories except for settlements and military points, and transfer of Area C was implemented gradually (Oslo I, 1993; Oslo II, 1995).

Thus, I will present in this section a condensed summary of the self-government revenues (collection, transfer mechanism, commission) as presented in the peace agreement. I summarise the revenues clearance system that is directly linked to the self-government budget as follows:

- I. Income tax revenues (direct taxation): In terms of direct taxation, the Palestinian self-government entities can independently set direct taxation policy only on territories of the West Bank and Gaza, excluding settlements (income tax on individuals and businesses, property tax, municipal taxes) (Article V, Oslo II, 1995, p.178). Nevertheless, the colonial state will transfer 75% of the income tax collected from the Palestinian labour working inside the colonial state and 100% of income tax from the Palestinian labour force working in Israeli colonial-settlements.
- II. VAT revenues (indirect taxation): The Palestinian self-government entities will collect VAT and purchase tax, but the Palestinian VAT must be only 2% lower than the Israeli VAT, which is 17%. A session for VAT clearance revenues will happen between the colonial state and the self-government Palestinian entities (Article VI, Oslo II, 1995). A clearance revenue invoice will be used for transactions between trade dealers registered either with the Israeli state or Palestinian self-government entities. A clearance revenue session will be held on the 25<sup>th</sup> of each month, in which, each side submits invoices for the other sides as explained in the peace agreement; settlements should be done within six days with net balance claims (Article VI, Oslo II, 1995, p.178).

III. Custom Duties revenues: The Palestinian self-government entities will have no borders (which limits their sovereignty), A custom union duties system in which the colonial State of Israel will be collecting trade taxation (such as import tax) on behalf of the Palestinian self-government (the justification is that the Palestinian self-government public entities can take advantage of the well-developed custom duties system implemented in Israel) (Hussini, 2002; Brynen, 2005). Further restrictions are set, such as the types of goods imported and the quantities and the type of exports and permitted countries, such as Jordan and Egypt (Oslo II, 1995; Hussini, 2002).

This means those self-government entities' revenues, like VAT, import tax and income tax from Palestinian labour in the settler state, are collected by the colonial state through the joint revenue clearance system. Every month, the settler state officials meet with the indigenous self-government Ministry of Finance officials to reconcile the clearance revenue in a session called 'AlMaqasa session or clearance revenue session'. The transfer of revenue from indirect taxes on Israeli-Palestinian transactions occurs after the reconciliation of accounts during monthly meetings between the two sides. Israel charges the PA a 3% service fee as the collecting agent (World Bank, 2003).

These agreements produce the main budget revenue source in the Palestinian self-government known as the clearance revenue, which represents more than 60% of self-government budget revenues. The landscape and the geographical patching of the West Bank and Gaza are very important to our understanding of this research. As the fragmentation and the practices of the settler-colonisers are directly tied to the self-government budgeting practices and accountability. In the next section, I will present how these practices affect self-government allocation of resources, budget control, budget execution and accountability in the settler-colonial context. The next section will discuss the indigenous self-government budget emergence and budget process with the settler state.

### *3.5 Civil administration transfer to indigenous self-government: a glimpse of the emergence of the self-government budget after the peace agreement (1993-1999)*

As noted earlier, the Oslo peace agreements I and II (1994, 1995)<sup>19</sup> and the Paris Economic Protocol (PER) represent the diplomatic transfer between the settler-coloniser and the indigenous Palestinian self-government. The agreement involves handing over a territorial section from the settler-controlled part, but it describes exactly the following: jurisdiction, how Palestinian people can elect their council, the transitional period for transfer, law, and order, land areas annexed with withdrawal protocol and economic cooperation protocol. The ‘transfer’ process is vital to the settlers’ collective, mainly because settlers seek to cleanse their population economy from indigenous and other alterities (Wolfe, 2010).

The beginning of this transfer was a tremendous challenge, not only because of the restrictions the coloniser imposed, but also because of the complex structural conditions that were gradually being translated on the ground, mainly from peace agreements and continuous changes to settler-colonial practices. In this section, I will present the analysis of two main groups of interviews questions. The first group of questions, A (see Appendix 3.1), explored a general background on settler state civil administration budget in attempt to understand the structural conditions of self-government budget emergence. The second group of questions, B (see Appendix 3.1), tries to unpack the emergence of self-government budget amid the diplomatic transfer and the different challenges of budget construction.

The transfer of authority and power entailed many complications, since the civil administration policies mentioned earlier were aligned with the settler state’s political agenda. These policies

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<sup>19</sup> The Oslo Accord is the declaration of principles on self-government arrangements between the Government of Israel (GOI) and the Palestinian Liberation Organization (PLO). Under this accord, civil administration of the West Bank and Gaza strip was transferred to the PLO. Access to the agreement can be found here <http://www.acpr.org.il/publications/books/43-Zero-oslo-accord.pdf>.

involved the militarisation of administrative activities, including tax for the indigenous population (UNCTAD, 1986; 1987; 1991). The civil administration role was to make sure that the indigenous population lived under conditions of economic and social distress with no development, pushing the indigenous to leave the land; as expressed by a settler state official: *“there will be no development initiated by the Israeli government, and no permits will be given for expanding agriculture or industry, which may compete with the State of Israel”* cited in UNCTAD, 1986). This was reflected in the civil administration activities of agriculture, industry, customers, properties and industries (UNCTD, 2009). There was no type of power-sharing between civil administration and indigenous population at that time, as an MOF retired employee added:

*“Civil administration’s job was to maintain Israeli security and protect the interests of settlements that are scattered in the West Bank, they have maintained a poor record of the financial activities and had no interest of allocating the tax revenues collected to Palestinian infrastructure or productive industries. The civil administration oversaw all decision-making; any resistance from us is faced with punishment, like separation strategy and welfare reduction. We were not even allowed to have national banks as they closed all banks in 1967.”*

As stated earlier, Annex V in Oslo Accord II represents the protocol on economy that governed the relationship between the settler-coloniser and the indigenous-self-government entities. At the beginning of territorial transfer, an MOF retired employee stated that:

*“After the Declaration of Principle in 1993, key members of the Palestinian Liberation Movement returned from exile to the Gaza Strip and then moved to the West Bank, all of them were 1967 territorial refugees; the 1948 refugees were denied entrance subject to further negotiation in peace agreements which never occurred. Of course, Israel was controlling ‘who, where and when,’ will return to the West Bank and Gaza. The preparation for the territorial transfer according to the agreements was started and the Palestinian self-*

*government authority was preparing for elections and Israel was preparing for military and civil administration withdrawal. Important issues were on the transfer: the financial and accounting information (such as the budget, the revenues, the assets, the liabilities and obligations in these territories) from the civil administration and advance payments for the self-government to cover the temporary costs before and after signing Oslo II. Until the agreement was complete, in terms of revenue mechanisms, Israel agreed to transfer revenues to cover current PLO expenses (as I remember).”*

Most of the diplomatic transfer formalities were written in the Oslo II peace agreements, including the civil administration financial and accounting information transfer. Nevertheless, the agreements are written in ambiguous language with not enough details and were criticised in international law literature for protecting the interests of the colonial state and dominating the indigenous Palestinians instead of granting complete self-determination (for instance, see Lustick, 1997; Said, 2001; Roy; 2002; Brown, 2003).

The agreements have systematised the practices of the settler-colonial state under an umbrella called peace, including accounting and budgeting mechanisms. The agreement has one article about the transfer process ‘Article 39: Treasury’. The article indicates that the colonial state civil administration will transfer the details related to budget, revenues, financial systems and form (Article 391). It also indicates that it will transfer the civil administration budget surplus (the amount of the whole surplus is not written in this article) within nine months of the transfer period (Article 39:2).

Nevertheless, in Annex V, it is stated that the colonial state “will transfer to the Palestinian authority 15 million NIS as an advance payment in respect of the remaining surplus of the civil administration budget” (Annex V, 1995, p.2). This indicates that, even though, as confirmed by UNCTAD, no official and separate data were published by the Israeli colonial state civil administration about the civil administration detailed budget, Annex V confirms

that civil administration incurred surplus (the whole surplus amount is also not written in the whole agreement) in the year before the transfer. The transfer article also discussed assets and liabilities in civil administration records. Civil administration will discontinue incurring any financial responsibility after the transfer, and the self-government authority will be financially responsible (Article 39:5).

The transfer year in 1994-1995 had many complications and negotiated issues. The international community pledged \$2.4 billion for a transitional peace period 1994-1998 (UNCTAD, 1995). The peace agreements clearance revenue mechanisms, which represent more than 60% of the indigenous self-government budget, were operationalised and, the first clearance revenue transfer from Israel's colonial state to the indigenous self-government was in May 1995. The self-government entities started to build its Ministry of Finance centred in the Gaza Strip, budget preparation took place in Gaza and execution took place in the Gaza Strip and the West Bank.

However, the indigenous self-government entities had to build their ministries from scratch. A retired MOF explained:

*“In 1995 we started to build our central ministries, in total 16 ministries, the data transferred to us from the civil administration were very limited, mainly because civil administration records were arbitrary even though, as per the peace agreement, we are entitled to all the years’ budget, revenues, and expenditures records. But we have very limited information as all the West Bank and Gaza Strip data were aggregated with the colonial state national accounts.”*

The indigenous self-government entities tried to build a central government that would gain the trust of indigenous Palestinians and the international community, but were faced with the complicated structures to survive. To begin with, the self-government inherited two systems

from the Israeli Civil Administration; the payroll system (which was called Malal) and the tax system (shaam). A retired MOF employee stated:

*“When we started the self-governmental entities, we were relying completely on Israeli systems for revenues and payroll known as ‘shaam and Malan’ until 1998. These systems were not even enough for a small company, let alone a government. Nevertheless, we had limited resources and technical capacity and we needed to pay the civil servants and, of course, the colonial state was aware of that.”*

At the beginning of the transfer, the Malal payroll system was administrated by the colonial state and the PA employees used to send the data to the Israeli side to record the transactions.

The retired MOF employee continued:

*“Our employees used to send data for the Israeli side to record the transactions on the system; the colonial state had access to the revenues and payroll transactions. Later on, we had developed our system to record revenues and wages. The beginning of the transfer was very hard as we needed to wait for negotiations, resulting in some issues like jurisdictions. Moreover, we didn’t even have any banks to deposit, transfer or receive money. All banks were closed in 1967.”*

The indigenous self-government entities had these two systems (a tax system and a payroll system for revenues and salaries expenditure), while the settler-colonial state had access to these systems and accounts ready for intelligence. However, the indigenous self-government entities decided to ditch these systems in 1998. The establishment of the budget started with the self-government budget legal framework, which comprises two main laws: The Organic Budget Law issued in 1998 and the Annual Budget Law issued every year. The Organic Budget Law handed permanent authority to the Ministry of Finance (MOF) for budget



management, including time frames for budget preparation and execution by different ministries.

The new MOF pools government revenues (clearance revenues, property tax and income tax from the West Bank and Gaza) and expenditure (the main categories of expenditures: salaries and wages, operating expenditures, transfers) (Organic Budget Law, 1998). In addition, there is a brief indication of annual financial statement preparation and borrowing and loan agreement (Organic Budget Law, 1998; PEFA, 2007). The Annual Budget Law is the second vital legal framework and represents revenues and the two categories of expenditures; each category is broken down to 14 economic items: current expenditure, around 60 sub-items mostly funded by government revenues, and capital expenditure, mostly covered by donors' support under agreement with the Ministry of Planning which is now merged with the MOF (MOF, 2015).

Furthermore, a retired MOF employee explained:

*“The budget is the most crucial document we produce, but we construct the budget knowing we don't have the power to control our resources. We face two main challenges in the construction of the budget. The first is our inability to predict the budgeted revenues and expenditure in the West Bank and Gaza. For the budgeted revenues, we don't know the exact amount of revenues that might be transferred every month from Israel (imagine every month, not every year). For the budgeted expenditure as well, we always consider that we might have an unexpected situation that might increase our expenditure. Subsequently, sometimes a large variance arises between budgeted revenues and actual revenues and the same for the expenditures. Not to mention that, due to restrictions from the GOI, we highly need to prioritise our expenditures.”*

The indigenous self-government struggles to prepare budget law due to political reasons or when awaiting information about the Organic Budget Laws, which allows expenditures to be dispensed. Self-government entities can operate on one-third of the previous year's budget (Organic Budget Law, 1998). The difficulty of forecasting budgeted revenues and expenditures is evident in international reports from the UN and the World Bank, in that GOI clearance revenues amounts, and the level of donor support and the annual amount pledged can vary from year to year (CAFAA, 2004; PEFA, 2007).

### *3.6 Indigenous self-government budgeting-The logic of elimination*

The indigenous self-government faces two challenges with the clearance revenue mechanism: the suspension of clearance revenues and the continuous deduction from these revenues. As I have discussed before, the protocol for economic relations between the GOI and PLO introduces what is called 'clearance revenues', the largest source of budgetary revenues for the indigenous self-government Palestinian entities created after Oslo. This type of revenue represents indirect taxes and direct taxes. Indirect tax allocation is based on the destination principle with the monthly transfer after reconciliation. Components of this indirect tax are custom unions, value-added tax and petroleum excises, while direct taxes are collected from Palestinian workers who work in Israel or settlements and consume services in the West Bank and Gaza, The Paris Protocol specifies that Israel transfer 75% of income taxes levied from Palestinians working in Israel and 100% collected from Palestinians working in the settlements.

These revenues are collected by the GOI and transferred in a monthly session called the 'Al-Makasah' session, where both sides meet to exchange invoice documentation. This mechanism of the clearance revenues system, which represents 60%-70% of the indigenous self-government budget, only exists in this context in the world. The transfer of these revenues

depends on the unified invoice system used by the two sides. The settler-coloniser has used it as a control tool over indigenous self-government.

Not only this, but the settler-colonial Government of Israel charges the Palestinian self-government a 3% fee for collection and processing of clearance revenues, which is deducted immediately in the monthly reconciliation. The clearance revenue mechanism represents mediation between the settler-coloniser and the indigenous self-government; it is a major source of budgetary revenue.

Nevertheless, it is packed with many complexities and it is layered with modes of settler domination and suppression. Even though the peace agreements written between the settler-coloniser and the self-government strictly serve the settler-colonial state and shape contemporary domination over territories, borders, resources, and elections, it was layered with well-designed control strategies that serve the settler-colonial project structure.

The settler-colonial state operates with zero sovereignty tolerance for indigenous self-government and indigenous nation. This was framed in the peace agreements and is reflected in the budget. The settler state practices month to month extortion and deliberate suspension of the clearance revenue, which paralyses the self-government budget and eventually affects the daily indigenous life. This settler-colonial state uses this mechanism as a strategy for elimination of indigenous self-government. The next section will demonstrate how the settler state uses the budget as a weapon to dominate indigenous self-government and ultimately indigenous people. The next section will present seven episodes of budgeted clearance revenues suspension and how the indigenous self-government was trying to survive with this ongoing settler practice that has liquidated the real existence of these entities. Interviews questions for the next section are grouped in Appendix 3.1 (see groups C, D, E, F, G, H,J).

### 3.6.1 Peace collapse, operational expenditure and EU budget support

The suspension of clearance revenue practice started in 1997, as reported by central government employees and further documentation evidence. It is vital to understand the circumstances for budgeted revenue suspension and how the Palestinian self-government manages the budget. This section relates to group C questions (see Appendix 3.1). The regular budget revenue transfer started in 1995.

A retired budget employee explained:

*“As I told you earlier, the first revenue transfer was received in 1995, regular transfer used to take place until the total closure of the West Bank and Gaza. There was deterioration in the territories. Palestinians were resisting the settler-colonial state practices and violence started between settlers and indigenous people. Then the colonial State of Israel decided to suspend the clearance revenues transfer for two months in the second quarter of 1997.”*

The first suspension of clearance revenues was in August and September 1997. The political situation was unstable, and the settler-coloniser state was performing an internal closures strategy (restricted movements for goods and citizens). The budget employee continued:

*“The international community feared that peace would collapse, and no other negotiations would take place. So, the EU stepped in to provide budget support for the self-government entities for these two months.”*

The clearance revenue amounted to \$78 million and the EU provided self-government entities with short-term budget support to cover current operational expenditure (Kock and Hania Qassis, 2011; IMF, 2015; UNCTAD, 2015; World Bank, 2016) while the settler state transferred the revenues later that year under pressure from the US government to maintain peace negotiations (Kock and Hania Qassis, 2011; IMF, 2015; UNCTAD, 2015; World Bank, 2016).

Hence, several international organisations, like the World Bank, IMF, and UNCTAD, referred to the enormous increase in the wage expenditure in the self-government entities after the peace agreement. The wage expenditure was the largest expenditure in the self-government budget. An MOF employee interpreted this as:

*“Many of the Palestinians workers were denied work inside the green line and settlements, which triggered high unemployment rates and fear of immigrating from the territories. We had to integrate this into our strategy of institutional building. The only solution was to recruit public servants (in security) as a type of patriotic support. Particularly after the area witnessed several closures and political struggles.”*

### 3.6.2 Emergency budget, terrorist discourse, asset destruction and non-targeted budget support

The second episode of clearance revenues withholding was in the second Palestinian uprising (Intifada) against settler-colonialism (2000-2002). This episode was the longest in the last 25 years. As this episode was the longest and it happened amid the political turbulence, I have explored in detail the budget support, operational expenditures and resumption circumstances (this section relates to group D questions see Appendix 3.1). The settler-colonial state justified the action of withholding clearance revenues by claiming that the Palestinian government budget was funding terrorist activities, as IMF (2011, p.5) reports indicate that “the transfer of clearance revenues was suspended in response to the outbreak of the second Intifada in September 2000, arguing that terrorist activities may have been supported out of the PA budget.”

The total amount of clearance revenues withheld for two years was \$500 million, which paralysed self-government budget execution and triggered the adoption of an emergency budget. The indigenous self-government had no control over the actual revenues and could

not maintain its regular operation like any other sovereign government. An MOF employee commented :

*“During the Intifada, the PA government witnessed a very severe budget deficit crisis as the Government of Israel withheld the clearance revenues until further notice. Chaos started when we knew there was no clearance revenue transfer; immediately, we started thinking about how we would cover the expenditure. The hardest part was, we didn’t know when it would be released. They were punishing our budget to punish our people. They wanted people to live in a hard economic situation and leave this land, while the colonial state expected that the international community would provide budget support to prevent a humanitarian crisis in the territories. We had no idea what to do as an MOF staff because these revenues were transferred monthly and our actual budget execution depended on it, while this action impacted the day-to-day life of Palestinian families considering that many households had no income at all (if the main provider is a public sector employee). Because public sector employees didn’t receive their full wages for two years.”*

During these years, colonial state practices were intensified. There were internal closures across indigenous cities and external closures across borders, and curfews (colonial military regulation for indigenous people to remain indoors while military operations took place). A World Bank report (2003, p. XII) indicated that “Israeli Defence Force (IDF) operations transformed many West Bank cities, towns and villages into restricted military zones, with residents under sustained curfew for days at a time. The movement of goods inside the West Bank has been seriously interrupted by a new ‘back-to-back’ system, which requires all non-humanitarian goods to be off-loaded from incoming trucks and re-loaded onto local trucks at eight checkpoints near major West Bank cities.” Hence, this resulted in a decline of indirect tax revenues (along with the clearance revenues withholdings). An MOF employee commented:

*“Our revenues dropped by 79% in these two years, mainly because of the clearance revenues withholdings and the tough military closures in the territories. Then, we had moved from the original budget (and we were still developing that budget) to the emergency budget, prioritising our expenditures disbursements to health services, medical supplies and urgent bills. Monthly budget execution was impossible; we couldn’t pay any private sector bills, public sector employees’ wages, or any debts for two years. We had to turn to domestic banks for financing and international donations. Domestic bank financing covered some of the private sector bills, while budgetary support was conditioned on financial reforms, particularly expenditure reforms and budget channelling in response to high wage bills.”*

However, adoption of the emergency budget helped in prioritising the expenditures only and considerable types of expenditures are directly linked to settler-colonial state practices. The international community feared that the Palestinian self-government would collapse, as this was the longest episode, and domestic banks loaned money to the self-government (IMF, 2011). Emergency finance mechanisms were provided by the EU, IDA and Arab League to cover small parts of the PA wage bill and private sector bill. Despite this, the indigenous self-government faced a crisis in budget deficit.

A MOH employee expressed:

*“Imagine, two years I didn’t get paid, Two years. I have five children, no money, constant curfew, bombing and I used to come to the office while tanks were standing in front of this building. I remember that during those two years the EU and other donors provided funding to the MOF to pay 30% of employees’ salaries. They were controlling us financially and physically.”*

These closures caused unemployment rates to increase; many Palestinian labourers were denied working permits in settler settlements and inside the green line. This triggered more

pressure on indigenous government budget as more Palestinian labour was hired in the self-government entities. The wage bill for public sector employees ballooned enormously and was much higher in comparison with any regular government, particularly in security services (World Bank, 2016).

The wage bill grew 13% in these two years as a result of the practice of denying settler permits (World Bank, 2016). As mentioned earlier, the self-government faced a lot of criticism in regards to the wage bill as a main expenditure in the budget. Two explanations were clear from the MOF staff in this regard (in these two episodes of clearance revenues): the self-government was building its institutions from scratch after the peace agreement which mandated an increase in public employees, and the settler-colonial closure practices denied Palestinian workers permits, forcing the self-government to absorb these workers into the security service to reduce unemployment and retain a patriotic support for the Palestinian uprising march against the settler-coloniser. Central to the settler project was the conquest of labour, as Wolfe (2012, p.152) explained: “Zionists [sought] *to remake themselves through the Conquest of Labour, not only clearing Natives from the land but boycotting native labour and produce, a repudiation of dependency on others that progressively deprived these others of their means of subsistence.*”

Immense destruction occurred in the West Bank and Gaza in these 27 months. Physical damage hit all of the following: agricultural assets, public infrastructure originally financed by donors in 1994 as part of the peace-building process (including roads and sidewalks, water and electricity networks and telecommunications) and destruction of self-government institutions (ministries and municipalities buildings) by colonial state military aircraft missiles. This had a high impact on the self-government budget over the long term as the development and infrastructure expenditure increased enormously to cover the destruction and



the damages which occurred in the period between 2000-2002. An MOF employee expressed angrily that:

*“During the second Intifada, the PA assets witnessed tremendous destruction. Tanks and aircraft were bombing most of the vital PA assets, like ministry buildings and municipalities. Three years later we found ourselves paying for reconstruction out of our budgeted capital expenditures.”*

The most targeted sector in the colonial state military operations between 2000-2002 was the public infrastructure; the estimated total cost of raw damage by heavy military machinery and aircrafts totalled \$728 million, more than half hit the West Bank and the rest were in the Gaza Strip, while most of these assets were actually funded by donors after the peace agreements (World Bank, 2003).

This affected the indigenous self-government budget as assets replacement was incurred in budgeted capital expenditures in later years. The estimated cost of replacement for the infrastructure stock in these territories amounted to \$1.7 billion as per the World Bank calculations (World Bank, 2003; Roy; 2004). Below is a schedule that represents the raw damage in physical assets in the territories, 34% of the physical damage targeted public infrastructures (facilities that the indigenous people use daily), 21% of the damage was endured by the private sector and 4% of the self-government institutions were under attack.

This is based on collective information from the World Bank (2003, p.19) adjusted by the researcher (Gaza Strip and West Bank amounts were added together):

**Table 2: The total estimated cost of physical assets damages during the second Intifada September 2000-August 2002**

<b>Sectors</b>	<b>Gaza Strip and the West Bank amounts (in Million USD)</b>	<b>Percentage</b>
Infrastructure	\$251	34%
Agriculture	\$216	30%
Public buildings	\$15.2	2%
Private buildings	\$151.7	21%
Self-government institutions	\$27.9	4%
Private social services	\$1	0%
Cultural heritage	\$52	7%
NGOs	\$4	1%
Vehicles	\$8.5	1%
<b>Total</b>	<b>\$727.9</b>	
<b>However, a later update revealed that the total estimated cost by the end of December 2002 reached \$930 million.</b>		

<b>The estimated cost of infrastructure stock amounted to \$1.7 billion on a replacement costing.</b>	
Table source:	Collective information from the World Bank, Ministry of Public Works and Housing, Office of the President, Ministry of Agriculture, Donor Support Group, International Management Group/EC. Figures reported do not include damage to security buildings and installations.

The overall impact of withholding clearance revenue along with physical asset destruction (and even land confiscation; around 86% of the land confiscated on security reasons was used to build the separation wall (UNCTAD, 2009)) in the second Intifada placed the self-government in liquidation. The self-government budget depended highly on the settler state releasing the clearance revenues, besides removing the closures (to increase domestic revenues). Apart from this, the accusation against the settler state was that the Palestinian-self-government donors' budget support was vital. but supporting the Palestinian self-government budget every month was difficult for donors as well, for instance the EU. Despite donors' support, domestic bank loans and emergency control for expenditure, the indigenous self-government had expenditures in arrears (delaying payment of salaries to employees), accumulating bills from suppliers and private sector companies (IMF, 2003, World Bank, 2003).

The indigenous self-government was under pressure to present a reform plan to save its entire existence, as a retired MOF employee added:

*“The Government of Israel refused to resume the transfer of clearance revenues; there was huge pressure from donors on the PA to initiate institutional reforms, particularly budget reforms and expenditure control, mainly for the wage bills donors who were asking for more*

*accountability (especially, after we were accused of funding terrorist activities out of our budget). Also, there was demand from the donor community for the GOI to stop withholding clearance revenues as it was making the economic and political situation worse and more unstable. Donor communities like the EU didn't want to pay all this money and were afraid to get involved with the terrorist funding discourse initiated by the GOI."*

In addition to withholding the revenues in this episode and crippling the budget, the settler state was circulating funding terrorists' discourse about budget support for PA (many discourses were circulated in this period for evidence) to the donor community to alter any budget support to the indigenous self-government while performing military operations in the West Bank and Gaza.

As a result of withholding clearance revenues from the settler state, the EU launched a non-targeted direct budgetary monthly support of about 10 million Euros upon improving self-governance. Nevertheless, an external investigation was conducted in early 2003 into EU non-targeted budget support for Palestinian self-government (in this episode of withholding clearance revenue between 2000-2002), the two main allegations of which were that the budgetary support was not monitored and the funds were used to fund terrorist activities and further consideration was urged before renewing the assistance to the Palestinian authority (EU Observer, 2017). However, the investigation by the European Union's independent anti-fraud office (OLAF, 2005, p. 1) concluded that there was no conclusive evidence of support of armed attacks or unlawful activities financed by the European Commission's financial contributions to the Palestinian authority budget.

The non-targeted budgetary support ended when the settler state resumed the transfer of clearance revenues; the MOF said *"there was pressure from donors to resume the transfer, as the longer it takes the harder it gets on everyone MOF, donors, people, and employees. When the transfer resumed some donors like the EU stopped the non-targeted budget support."* Later

in 2002, the GOI resumed the clearance revenues transfer after pressure from the USA and international donors' position on the importance of this revenue for stability of the self-government budget (World Bank, 2003).

An agreement was reached to initiate budgetary and accounting reforms that would legitimise the Palestinian self-government with a new Minister of Finance; an MOF employee said:

*“At that time, we were stuck, hopeless. The only way out was to present a new face with a new plan of reforms in 100 days that spoke the language of donors. But we all knew that all of this was an excuse to justify the colonial state policies against us; they wanted to control everything, including our budget. And we knew that there would more and more episodes of withholding with more justification and biased political propaganda for the Western countries with false accusations and manipulated facts.”*

The transfer resumed after announcing that self-governments would initiate some reforms to control the expenditures and improve the auditing procedures for expenditures. The indigenous self-government had to present a reform plan in this episode of withholding clearance revenues. Hence, international organisations like the World Bank, IMF and UN play a vital role in the dialogue between indigenous self-governments and colonial-settler states, particularly in budget support, execution, expenditure control pre-peace agreement and post-peace agreements in this context. The Palestinian Council and President Arafat assigned a ministerial reform committee (including a new Minister of Finance called Salam Fayyad, a former IMF employee) to implement four main domain reforms; the committee initiated the 100 days plan on June 23, 2002 (Hussini, 2002; World Bank, 2003).

The drivers of this reform were primarily the EU, internal political factions, the IMF and the World Bank (Brown, 2002). The reform gave back short-term stability for the budget and the GOI released clearance revenues. Nevertheless, the PA public expenditure and debt created a

bubble that burst, and Fayyad couldn't stop it (Brown, 2005). The World Bank report (2010) pointed out that the most interesting reforms in MENA regions at first were Salam Fayyad's PFM reforms, which were implemented during his position as Minister of Finance in the West Bank and Gaza from 2002 to 2005. Nevertheless, the problem was not the budget or the accounting systems. The problem was the failure to see the structure that this self-government emerged within. Under no conditions would settler logic allow any sovereignty to indigenous self-governments, not even budget sovereignty.

### 3.6.3 Palestinian elections, targeted budgetary support and Fayyadism reform

In 2005, the Palestinian self-government suffered a financial crisis due to the enormous recovery from two years of withholding revenues, high debts and arrears payments to private sector and capital expenditure. Total expenditure variance reached 19.8 % from budget in 2005 (PEFA, 2007). This section relates to question group E (see Appendix 3.1). Hence, during that time, budget preparation used to take place in the Gaza Strip. As discussed earlier, an MOF employee commented:

*“Historically, before 2007, there was no budget department in the MOF in Ramallah; the budget was done in Gaza Strip. The central budget was issued from Gaza's office until 2007.”*

He continued:

*“Any transaction related to the budget or any required financial document used to be sent to the Gaza office using Oracle Financial [Oracle was for the budget and the financial reporting, payments ...] sometimes we used to send faxes for financial approval.”*

Nevertheless, following the Palestinian self-government's legislative elections, the West Bank and Gaza witnessed political faction conflict between the main Palestinian political parties, Hamas and Fatah. There was a struggle over power and resources between the two parties. The settler state feared third indigenous resistance supported by the newly elected government,

so, not surprisingly, it was not long until the settler-colonial state withheld the clearance revenues over the election (the winning party was Hamas); revenues were estimated at \$1.1 billion from March 2006-July 2007 (PEFA, 2007; IMF, 2011).

Donors such as the USA cut funding for the newly elected Hamas government . This gave the opportunity again for the settler state to withhold the budget revenues for 16 months; an MOF employee commented:

*“The third time the clearance revenues were suspended was in 2006; they suspended the revenues because Hamas won the legislative elections. I think it was not until 2007 that these amounts were released.”*

The Palestinian self-government’s two main political factions had a clash after the elections that ended up splitting the self-government between the West Bank and Gaza. Hamas was the political leader in the Gaza Strip and Fatah was the political leader in the West Bank until recently. Not surprisingly, it was not long until the settler-colonial state withheld the clearance revenues estimated at \$1.1 billion from March 2006-July 2007. A senior MOF employee said:

*“In March 2006, Hamas took over the government in Gaza [research observation: the interviewee was referring to the Palestinian self-government as two separate Palestinian governments]. The Government of Israel suspended the clearance revenues and some donors, like the USA, cut donations; every four months, we were paid around 300 USD (per employee), and it wasn’t even by banks, because some banks refused to deal with us as a Palestinian government led by Hamas, so people queued in the post office to get paid from EC. As the central budget was prepared in Gaza and there was conflict and clearance revenues suspension, no budget book was prepared in 2006.”*

The archival information in the Council on Foreign Relations (CFR) indicated that the PA budget under the Hamas government was in crisis after the withholding of clearance revenues

from the Government of Israel, and aid was cut from USA and the EU directly to the PA Hamas-led government (CFR, 2006). The indigenous self-government budget was still recovering from the second Intifada assets destruction (which had led to enormous capital expenditure increase) and the increase in public employees' wage bills due to closures; this had put longer-term pressure on the indigenous self-government.

Consequently, the third episode of clearance revenue withholding froze all government activities, including two primary public services, health and education, which potentially led to a humanitarian crisis (EU, 2010). An MOF employee stated:

*“ All national banks refused to lend us as an MOF because of previous loans. We had to sell governments assets in this period (I am not authorised to further elaborate e the assets selling) to meet loan arrears payments. The EU requested a CD with public sector employees' names and the bank details if there was any bank account(employees only in education and health).Then, directly transferred to them or provided through a post office. It was all counted as donations from the EU.”*

Like the other two episodes, the international community had to get involved and prevent further deterioration. Nevertheless, the pattern had to be different as there was a shared consensus from the international community that funding a political party budget like Hamas was problematic. Support was outside the indigenous self-government control or budget (IMF, 2011). All donors were reluctant to support the newly elected governments directly, so the EU started a mechanism called Temporary International Mechanism (TIM). This mechanism was temporary and started in June 2006.

The TIM had three windows over two years (2006, 2007) budget funding support that targeted the main public services that the indigenous self-government couldn't cover in these two years, mainly the health sector and social allowances for unpaid government employees (only those



working in the health and education sectors) and low-income families (EC, 2008). Below is information about budget targeted support.

**Table 3: TIM targeted budgetary support for the West Bank and Gaza (TIM Fact sheets, 2008)**

	Targets	Total Amounts
Health sector	Health supplies, health centres, hospitals, specialised medical care to Jerusalem Hospital.	467.5 million Euros
Social allowances	Social hardship, Social public service providers and poor households.	
Others	Emergency fuel programme, Electricity production, and distribution.	

The indigenous self-government was in a difficult position in this episode of clearance revenues and cutting all targeted and non-targeted budget revenues made the government face a liquidation problem in 2006; there were massive deficits in the budget and unpaid wage expenditures started to accumulate to reach \$1.3 billion during 2007 (Palestinian Reform and Development Plan (PRDP), 2007). The indigenous self-government declared a state of emergency and appointed a new unity government (this was against the basic Palestinian Law and legislative council) that gave more acceptance and legitimation for both international communities and to the settler state to resume the transfer of the clearance revenues.

The transfer of revenues resumed after July 2007. The socio-economic situation was deeply distressing; the new indigenous self-government's best route was to knock back the reforms with the independent prime minister and a former IMF employee, known as 'Salam Fayyad'. His independent government issued three documents outlining reforms programmes with two-

state solution reinforcement: The Palestinian Reform and Development Plan (PRDP), Homestretch to Freedom and Palestine: Ending the Occupation, Establishing the State (Leech, 2012). The PRDP agenda initiated several fiscal policies that would contribute to the fiscal reform.

At this stage, the Ministry of Finance started managing the budget in the West Bank rather than the Gaza Strip following the political divide and the new government appointments. A senior MOF employee explained:

*“After 2007, the Palestinian authority (our political faction) lost control of Gaza and there were no longer offices there for us to manage the budget from. We needed an alternative and we had to construct our budget. In July (2007), in the West Bank, we started to construct our financial system known as Bisan. I and M started the budget department and we employed a new graduate to the department. It was a big challenge for us, mostly because we were not ready for this kind of construction. My experience mostly was administrative even though I studied accounting, but I had no clue about the budget.”*

The MOF in the West Bank started to construct its budget department from the start (as if they were two separate indigenous government authors, observe that the interviewee was expressing the political faction ideology).

The PRDP entered the implementation phase in 2008-10; the international community pledged \$7.7 billion to support rehabilitation of the Palestinian economy, it also aimed to reduce the budget deficit (World Bank, 2008). The MOF employee continued:

*“We started the budget department with six employees, imagine! And we also employed internal people from the MOF. When we started there was only one person who understood the details of the budget and then we merged with the Ministry of Planning. We had technical training from the DFID for budget training. We started with a line-item budget and then a*

*performance budget. We had three forms for budget, which we sent to other ministries containing the expenditures each ministry might incur (budgeted amounts), operational expenditure and capital expenditure and so on.”*

The new independent indigenous self-government constructed its budget using budget ceilings that depended primarily on settler state clearance revenues. A budget employee explained:

*“We now use budget ceilings for central government entities that depend on the estimated clearance revenues normally transferred by GOI, which varies highly.”*

He continued:

*“Normally, the MOF has budget ceilings for each ministry and sometimes there are negotiations between the MOF and ministries about some increases depending on relations. Traditional negotiation not depending on any sense, the powerful wins as long as it’s in the estimated clearance revenues range.”*

#### **3.6.4 Political reconciliation, performance budget**

This episode was for two months in 2011. This section relates to question group F (see Appendix 3.1). In May 2011, the indigenous self-government announced that the Palestinian factions were making efforts towards national reconciliation; an MOF employee said that *“after the announcement about efforts towards national reconciliation, the GOI suspended the clearance revenues which amounted to \$100 million.* The settler state constantly punished the indigenous government even for internal political matters. The PRDP was promoting and disseminating an independent Palestinian state reinforcing a two-state solution and circulating three main documents to the international community: The Palestinian Reform and Development Plan (PRDP), Homestretch to Freedom and Palestine: Ending Occupation, Establishing the State (Leech, 2012). The PRDP entered implementation and the international

community welcomed the progress made by the new independent self-government as a partner in peace and able to govern its institutions.

There were several reforms, including budgetary reforms and a move towards a performance budget following international recommendations and other reforms, such as reduction of wage expenditure through reducing the number of public employees to 150,000 from 189,000, including salary increases for all governmental employees till 2010 which would decrease the projected wage bill by around 5% in 2010 and, moreover, to prevent any irresponsible hiring of public employees (PRDP, 2007).

More effective collection policies for electricity and utilities were introduced; net lending enlarged greatly in 2006 to almost \$50 million a month increasing the budget deficit. Central government subsidised electricity and utilities for citizens and paid for the Israel Electricity Company (IEC); the plan would gradually decrease net lending from 10.6% of GDP in 2007 to 7.8% of GDP in 2010 (reaching 9.0% and 8.3% in 2008 and 2009, respectively) (PRDP, 2007).

Tax administrative reforms were introduced; previous reforms targeted the improvement of tax collection and further improvement would include automation procedures, tax inspection and the creation of larger taxpayer offices (PRDP, 2007). The government intended to pay the arrears debt to private sector suppliers and accumulated public employees' salaries by the end of 2010 (PRDP, 2007). In addition, they planned to reform the pension system (PRDP, 2007), assigning a general accountant at the beginning of January 2008 to supervise all government activities and reporting from cash to budget execution (PRDP, 2007), and introduced an advanced accounting system in the major spending ministries; the Ministry of Education and the Ministry of Health. The accounting system would include commitment-based accounting and cash flow management and would increase the decentralisation of the government budget (PRDP, 2007).

### 3.6.5 UN General Assembly, budget scenarios strategy

In this period, clearance revenues were withheld for four months from November 2012-April 2014. This section relates to questions group G (see Appendix 3.1). I have tried to understand the circumstances of suspension and whether budgetary practices have changed due to settler state practices. The last phase of the indigenous self-government dream of sovereign and statehood, promoted in ‘Ending the Occupation, Establishing the State’, was addressing the case of Palestine in the United Nations General Assembly for an application submitted on the 24th of September 2011. Nevertheless, as an MOF employee said:

*“We were again punished for applying to recognise Palestine as a state in the UN General Assembly and the GOI suspended the clearance revenues for one month (\$100 million).”*

Despite all the progress that was made, and the billions spent on the statehood project, the last step was applying for a state membership of the UN General Assembly. Nevertheless, the settlers state would continue to refute indigenous sovereignty.

The indigenous self-government budget is structurally different from any other government, as 65% is revenues in a transfer from the settler state. Nevertheless, the MOF tries to accommodate and mitigate the clearance revenues suspension and control the expenditure to a level that only allows continuing minimum operations and services for citizens.

The suspension of clearance revenue and its instability pushed the MOF budget employees to prepare different budget scenarios to cover the fiscal deficit. The indigenous self-government started preparing three budget scenarios to mitigate or limit the budget variance. A budget employee explained:

*“We are constructing three scenarios for the budget, in concern with our budgeted revenues; I can’t say that expenditure is unpredictable as much as the budgeted revenues.”*

### 3.6.6 Gaza War destruction, capital expenditure and budget crisis

In 2014, the indigenous self-government endured more unexpected medical expenditures from the settler state military operation in Gaza. This section relates to group H (see Appendix 3.1), further investigation on how the war in Gaza affected the PA budget was needed, as an MOH employee explained:

*“The military operations in the Gaza Strip increased the need for medical supplies and medical transferal. We had to double the budgeted expenditure amounts for Gaza and the budget had a huge deficit and had accumulated arrears payments. In addition, to capital expenditures associated with massive destruction from military operations. Even UN schools were bombed.”*

According to UNCTAD (2015), the total value of damaged assets exceeded \$2.7 billion, an estimate of \$450 million in 15 days (World Bank, 2015). Besides these expenditures and the budget deficit, the settler state withheld the clearance revenues from early 2015 till April 2015. When the indigenous self-government made an application to join the international criminal court over war crimes committed in Gaza in 2014, the settler state held the clearance revenue for four months (\$164 million each month).

An MOF employee said:

*“The government was already suffering from the military operation in Gaza and we found ourselves in a budget crisis, especially that donors funding was not as before. We turned to domestic banks. We payed government employees 60% of their salaries and postponed any private sector bills.”*

When fieldwork was being conducted in 2015, an MOF employee stated:

*“Israel is shrinking our budget and resources every year. There is even talk about passing a law in the Israeli Cabinet to deduct an exact amount of social welfare that supports Palestinian prisoners’ families [in Israeli jails] and families of Palestinian martyrs.”*

In 2019, the Israeli Cabinet passed the law to deduct \$43 million from the self-government budget. The researcher contacted the MOF for follow-up interviews to reflect on the indigenous self-government’s resistance approach. The next section will present the self-government’s reaction to the cabinet law extracted from Skype interviews conducted in March and April 2019.

### 3.6.7 Self-government resistance to social fund cuts to prisoner clearance revenue from March-August 2019

After the announcement from the Israeli Cabinet of the law deducting social welfare amounts from the indigenous self-government budget, for the first time in 25 years, the indigenous self-government rejected the clearance revenues transfer with the amount of social welfare. Follow up interviews were done to discuss how this new law affected the budget and how did the Palestinian government react to the settler-coloniser’s new practices (see Appendix 3.1, group I). The welfare expenditure was considered a national priority in the self-government budget. An MOF employee explained to me over Skype:

*“We refuse the Israeli law which undermines our sovereignty and control over the budget. The Israeli Cabinet wants to control even our welfare expenditure that supports Palestinian families who sacrificed their lives and suffer from the occupation practices.”*

The indigenous self-government announced an emergency budget for five months and did not prepare the next year’s budget. During these five months, as the MOF employee explained:

*“Now we have rejected the clearance revenues transfer for the first time, the MOF is limiting expenditures, paying 50% of public employees’ wages and prioritising the operational*

*expenditure as much as we can. This will not prevent us from supporting the Palestinian families.”*

Nevertheless, after five months of entering a financial crisis and accumulating arrears payments, the self-government options were limited to either collapse financially or accept the clearance revenues with welfare deductions.

### **3.8 Discussion**

This essay is theoretically driven by settler-colonialism theory developed by Wolfe (1994, 1999; 2001; 2006) and its theoretical extension by Veracini (2010; 2011; 2014), particularly the notion of settler corporate capitalism and sovereignty, the logic of elimination, and triangulation of relationships, and, as represented in the empirical section, settlers’ modes of domination through the self-government budget. In addition, the literature on accounting and indigenous peoples discussed historical disposition, disempowerment and genocide through accounting mechanisms and techniques (Chew and Greer 1997; Davie, 2000; 2005; Gallhofer et al., 2000; Gibson, 2000; Patel and Greer, 2000; Graham, 2004; 2006; Greer and Neu, 2009; Jayasinghe and Thomas, 2009; Buhr, 2011), I have explored the budgeting process between the settler state and indigenous self-government, giving a modern account of the settler context, such as the use of a balanced budget, revenues serving the settlements, the conquest of labour, a complete refutation of indigenous sovereignty and European sovereignty interfering between settler and indigenous communities through budget support.

Wolfe (1994; 2012) argued that, historically, settlers are corporate founders that materialise settlers’ projects through a historical process referred to as ‘pre-accumulation’. Historically, after the watersheds settler state corporate capitalism served the expansion of the colonial project, and the analysis in the first section of the case study revealed that the Israeli Civil Administration was investing in infrastructure and services around the settlements in the West



Bank and Gaza. The civil administration produced a balanced budget, which reflected a practice of providing minimum services — the notion of a balanced budget is widely contested in literature about the public sector as a driver of inequality and welfare services in indigenous nations, (see Petmesidou and Guillén, 2014; Sapir et al, 2014; Barcci et al, 2015) — and, instead, investing in forensic architecture that protects the settlements.

While the settler state collected militarised revenues from indigenous communities as a punishment for anti-colonial resistance, there is no evidence of any formal or official mechanism being in place during civil administration to consider indigenous participation and welfare in budget preparation (UNCTAD, 1987; 1989; 1990; 1991). Thus, civil administration manages the indigenous population and controlled resources. Even though managing the territories was expensive for the settler state, as presented earlier, the annexation of the land (West Bank and Gaza) and the protection of the settlement's expansion was vital for the settler project.

The next section of the analysis traced self-government budget post the diplomatic transfer. I have linked this to Wolfe's (1994) logic of elimination, describing the elimination as an organising process, not a one-off occurrence; which can include several strategies practised by the settler-collective (Wolfe, 2006). The strategy of elimination that oppresses the indigenous nation continues to structure the settler-colonial world and can be manifested as genocide, consistent with Neu's account (2000a; 200b). This continuity of time reaffirms that this is not an event; it is a structure (Wolfe, 1994; 1999; 2006).

I have presented the self-government budgeting between the indigenous self-government and the settler state, in which six episodes of withholding indigenous self-government budgeted revenues occurred. The withholding of self-government budgeted revenues is a strategy for indigenous elimination (self-government and indigenous peoples). Central to the settler project is the demolishing of native societies (Wolfe, 2012). For 22 years, the settler state

implemented a logic of elimination to liquidate the Palestinian indigenous population. All six episodes of withholding budgeted revenues had devastating effects on indigenous communities, and threatened the existence of indigenous self-government and the liquidation of it.

For instance, in 2000, the settler state withheld the budgeted revenues for two years. An emergency budget was announced and Palestinian self-government had to rely on loans and non-targeted budgetary support from the EU, which was subsequently questioned, the settler state claiming that budget funds supported terrorist activities, as discussed earlier. Not to mention the destruction of indigenous assets and communities (which cost the self-government \$728 million to replace). Palestinian labourers were denied work permits by the settler state, which caused unemployment rates to increase; this triggered more pressure on the indigenous government budget as more Palestinian labour was hired in the self-government entities. The logic of elimination pertains to ‘the conquest of labour’, in which the settler state boycotts native labour as a strategy of elimination.

Furthermore, in all the six episodes of budget withholding, the European sovereignty had to intervene between the indigenous self-government and the settler state through budgetary support. Essential to our understanding in the context of our case study is the triangulation of the relationship, how “indigenous and subaltern exogenous others appeal to the European sovereignty to articulate grievances emanating from settler abuse, and the metropolitan agency interposes its sovereignty between settler and indigenous while settlers insist on their autonomous capacity to control indigenous policy” (Veracini, 2010, p.16). The budgetary support pattern was highly affected by the settler state in the second episode of withholding budgeted revenue. Non-targeted budgeted support was approved by the EU, but, after the emergence of terrorist discourse by settlers, the pattern of budget support in 2006 was targeted mechanisms. The settler state also altered the budgetary support mechanisms.

### *3.9 Conclusion*

The indigenous accounting literature has ignored the emergence of settler studies discipline and how it provides further development to our understanding. The case study revealed 14 episodes of budget revenue suspension performed by a settler-coloniser state. This was linked to Wolfe's (1994) theoretical notion of the logic of elimination, as it represents an organising process of liquidation for the indigenous self-government. The second theoretical notion developed by Veracini (2010) conceptualised the set of relationships in the settler-colonial situation. Budget support and external pressure on the settler state was apparent in the case study, suggesting how the European sovereignty articulates grievances that emanate from settler abuse (Veracini, 2010). European sovereignty interfered between settlers and indigenous people through budget support.

The third theoretical notion tackles settler corporate capitalism where capitalists' relations serve the settlements' expansion. The settler corporate sovereignty is well linked to settler sovereignty (which relates to geographical determination, position in world trade). The case study showed how the settler state civil administration accumulated tax revenues to support the expansion of the settlements and maintain a balanced budget, discarding any development expenditures for indigenous population. Prior to the diplomatic transfer, settler corporate capitalism devoted militarised revenues to expand the settlements (capitalism serving the settler project) and the civil administration produced balanced budgets in indigenous territories providing minimum welfare and health services. The case study presented how settler states have a complete refutation of indigenous sovereignty.

Neu (2001) and Greer and Neu (2009) emphasised the importance of studying different sites in the literature as not all cases are the same and it is important to document accounting roles in indigenous domination. This essay has presented the role of the budget as a weapon and a strategy of elimination.

This context can offer more insights in the literature besides the budgetary between indigenous and settler state. For instance, exploring how accounting serves the Zionism movement, as the quantification of the Palestinian in the settler state was central to the project (Peppe, 2017), and how is it different from other settler states, like Australia or New Zealand (Neu, 2000), and the management control practices for the Palestinian labour force working in Israeli settlements.

## *Chapter 4: Exploring accountability mechanisms and visibility in the settler/colonial context*

### *4.1 Introduction*

An important function of accounting and accountability mechanisms is the ability to render visibility and invisibility of phenomena or events (Hopwood, 1984; 1990, Broadbent and Guthrie, 1992; Morgan and Willmot, 1993; Jacob, 1995; 2000). Hopwood (1984; 1990) stressed the ability of accounting and accountability systems in establishing a new pattern of visibilities. The metaphor of visibility is widely adopted in the spectrum of ‘New Accounting Research’ or ‘NAR’ to understand how accounting renders (in)visibility of phenomena in the different contexts in the modern world (Morgan and Willmot, 1993; Achary, 1997; Greer and Chew, 1997; Neu, 2000; Jacob, 2000). Consequently, the importance of accountability in public sector settings has attracted more investigation into the nature of accountability and its contribution to highlight (in)visibility in phenomena (Morgan and Willmot, 1993, p.13). In this vein, it’s vital to acknowledge the importance of the nature of accountability and the process of (in)visibility that impact indigenous peoples.

The impact of accounting and accountability mechanisms on indigenous people is investigated in the literature, for instance, Neu (2000) investigated accountability relationships in Canadian contexts, presenting an account about third parties’ relation with the indigenous nation and concluding that relaxing accountability mechanisms through financial incentives for multinational companies has resulted in ecological destruction (Neu, 2000), while Greer and Patel (2000) adopted cultural concepts to demonstrate that Western accounting and accountability systems that depend on capitalist ideology differ from indigenous cultural values for land and work. In addition, Gibson (2000) argued that indigenous organisations adhere to higher accountability systems that restrain indigenous access to funding resources.

This essay aims to explore the nature of accountability mechanisms in the extreme power imbalances of the settler-colonial context. Previous such studies have discussed the settler state power in the structure of the settler/indigenous world (Wolfe, 1994; 2012; Veracini, 2010). In this context, the settler state is the creator of political order (Wolfe, 1994; Veracini, 2010; Wolfe, 2012). Thus, accountability mechanisms between a settler state and indigenous self-government arising in peace agreements (as binding obligations), will be unpacked, in an attempt to understand the nature of accountability. The next section will discuss the literature on accountability practices impacting indigenous peoples, then the research methods will be discussed, followed by a contextual background and I will then analyse three examples of accounting and accountability mechanisms deployed. A discussion will link the three examples with the metaphor of (in) visibility discussed above.

#### ***4.2 Accountability mechanisms, settler-colonial context power imbalances***

This section will present a condensed synopsis for the literature associated with accountability practices that impact indigenous peoples. As I am interested in accountability practices, I have set the boundaries for this literature to preclude articles on indigenous peoples and the accounting professions, accounting as a tool of dispossession, culture and assimilation. Where themes overlapped, articles were included, particularly concerning accounting as a tool of dispossession.

The stream of literature that focuses on accountability practices impacting indigenous peoples is still in its infancy. One of the earliest publications on accountability practices investigated the implementation of a Western form of accountability on Australian Aboriginal and the Torres Strait Islander (ATSI); the study indicated a clash between the system of financial accountability and the aboriginal culture (Chew and Greer, 1997). Hence, failure to acknowledge the aboriginal culture in the accountability system will cause tension and dis-empowerment (Chew and Greer, 1997). While Gibson (2000) noted that Aboriginal

organisations adhere to a high level of accountability in comparison to other funded organisations, this complicates access to resources manifesting the continuation of indigenous dispossession.

Neu (2000) explored accounting and accountability mechanisms through the notion of governmentality in Canada, arguing that accountability relations that result from the accounting mechanisms were deployed in dominating indigenous peoples and undertaking actions that led to reproductive genocide. Accounting and accountability mechanisms were an integral part of Canadian government technologies that sustained colonial practices (Neu, 2000). The study explored three types of relations between settler/indigenous: direct relations, indirect relations and accountability mechanisms. Historical examples of funding mechanisms were associated with direct relations (Neu, 2000). The first one represents a manipulation in annuity payments type to control indigenous life. Another example is that indigenous people were offered financial incentives to abandon the indigenous collectives and join the settler society as individuals mainly, through the 'Enfranchisement Act' (Neu, 2000).

This example presented an attempt to eliminate the indigenous conceptual category (Neu, 2000). As for accountability mechanisms, Neu (2000) noted that the colonial governments did not impose any accountability relationships to protect the wellbeing of indigenous peoples. The absence of social accountability relationships understates the possibility of accounting to avert genocidal actions (Neu, 2000). Accountability mechanisms that affected the process of assimilation via education were operationalised (Neu, 2000, p.280). In third party's relation that directly affects indigenous nations, such as reducing multinationals' accountability towards the environment, the indigenous peoples suffer ecocide and loss of wildlife resources.

Furthermore, Jacob (2000) focused on the development of accountability that emerged through the Treaty of Waitangi in the New Zealand public sector towards the Maori — challenging Hopwood's (1990) notion of the ability of accountability systems to create a

pattern of visibility and reduce blurred boundaries between the local and the central. The study investigated two initiatives in the Auditor-General office (effectiveness for Maori project) and the establishment of the Ministry of Maori Development (Te Puni Kokiri).

However, Jacob (2000) argued that the pattern of accountability was echoed as ‘accountable management’ in which the government department was accountable to Parliament to address concerns about services provided to the Maori (Jacob, 2000, p. 375). Instead of providing accountability as an external account according to the treaty, visibility was formed within the system (Jacob, 2000). Jacob (2000) concluded “accountability for Maori” rather than “accountability to Maori” (Jacob, 2000, p.375).

Bhur (2011, p. 152) argued that literature in this vein should contribute more to “accounting by indigenous people” instead of “accounting for indigenous people.” Several theoretical insights underpinned accountability practices, such as Foucault's concepts of governmentality and power (Neu, 2000; 2000b). While Jacobs (2000) used Hopwood's (1990) concepts of accountability, other studies have relied on cultural and accountability concepts, such as Chew and Greer (1997), Gibson (2000) and Greer and Patel (2000). This essay aims to explore the nature of accountability mechanisms in the extreme power imbalances of the settler-colonial context. Previous studies in such context have discussed the settler state power in the structure of the settler/indigenous world (Wolfe, 1994; 2012; Veracini, 2010; Senlgrave et al., 2014;). In this context, the settler state is the creator of political order (Wolfe, 1994; Veracini, 2010; Wolfe, 2012).



### *4.3 Research methods*

The open-ended questions in Chapter 3 were rich and participants have contributed to detailed information that led to the discovery of unanticipated information (particularly an MOF employee referred to medical referral invoices). Rich data are considered one of the advantages of performing open-ended interviews (Yin, 2018). This has triggered a formulation of new research inquiry and investigation into the accountability mechanisms in place.

The researcher approached the state audit department for interviews. The unit of analysis is ‘central governments’, particularly, State Audit and Administrative Control Department Bureau (SAACB), Ministry of Health (MoH) and Ministry of Finance (MOF). The data were gathered in a three-months period in the West Bank, specifically in one local city, Ramallah (where the MOF and SAACB are located).

I have relied on two sets of evidence in establishing our research accounts to increase the research credibility, documentation analysis and semi-structured interviews (Denzin, 1970); thus, eliminating a single source and researcher’s bias (Denzin, 1970; Patton, 1990; Bowen, 2009).

In total, 15 interviewees were conducted, and five interviews transcripts were used from the previous chapter (see Chapter 3). The central self-government organisations were the State Audit and Administrative Control Department Bureau (SAACB), Ministry of Finance (MOF) and Ministry of Health (MoH). Interviews were conducted in the research site, Ramallah. Interviews lasted between 1-2 hours and were conducted in the Arabic language and transcribed later.

**Table 1: Interviews information**

<b>Central government organisation</b>	<b>Number of open-ended interviews</b>	<b>Local city</b>	<b>Area jurisdiction</b>	<b>Year</b>
Ministry of Finance and Planning (Clearance and Customs)	10 (5 interviews used from previous research inquiry)	Ramallah	Area A	2017
Ministry of Health (medical referral department)	5	Nablus	Area A	2017
State Audit and Administrative Control Department Bureau (SAACB)	5	Ramallah	Area A	2017

Inductive thematic analysis was used for interviews and the two peace agreements. The data were read carefully, and the thematic pattern was recognised using the six-steps framework of Braun and Clarke (2006). Documentation analysis in this essay serves a particular purpose as an integral part of enriching single phenomena (Yin, 1994). It was also beneficial for understanding the context of the historic grounds. We have performed a documentation analysis to gain a better understanding and evolve an empirical knowledge (Corbin and Strauss, 2008; Bowen, 2009). The documents analysed in this essay are two historical agreements in the context of our case study, Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip. Washington, D.C., September 28, 1995. Gaza-Jericho agreement (Paris protocol), particularly, Annex IV Protocol on Economic Relations between the

Government of the State of Israel and the P.L.O., representing the Palestinian people Paris, April 29, 1994.

#### *4.4 Case study contextual background*

This section will present the contextual background of our case study discussed earlier, exploring the accountability mechanisms between the ‘Israeli state’ and ‘Palestinian self-government.’ After the second Palestinian Nakba in 1967, the peace equation between the PLO and the Government of Israel (GoI) gave birth to two historical agreements known as the Oslo Accords and Paris Protocol, respectively. In September 1993, both parties signed the declaration of the Palestinian Authority as a semi self-government authority representing the Palestinians with its official elected president, Yasser Arafat (Oslo Accord, 1993). The first agreement was the Declaration of Principles on Interim Self-Government Arrangements signed on September 13, 1993, between the delegation representing indigenous Palestinians (later defined in the agreement as to the council) and the settler state.

The declaration sets general guidelines between indigenous Palestinian delegation and the settler state. In this peace agreement, our concern is the general guidelines that describe the transfer of power of different ‘spheres’ to indigenous Palestinians, including: direct taxation, education, social welfare, tourism and health (Article VI, 1993). This was the beginning of Palestinian self-government starting its activities in the assigned jurisdiction (West Bank and Gaza). Other guidelines in his agreement discussed issues like (but not exclusively): jurisdiction, power transfer, elections, transition status and permanent negotiations, an interim agreement, public order and security, laws and military orders, joint Israeli-Palestinian committee, and Israeli-Palestinian cooperation in the economic field (Oslo I, 1993). It also indicated that further negotiations would take place to discuss the main issues between the indigenous delegation and settler states, such as Palestinian refugees, Israeli settlements, borders and other issues, but no negotiations took place (Oslo I, Article V, 1993).

The protocol provides a framework for governing the relations between a settler state and the Palestinian delegation (Palestinian Liberation Organization). The protocol includes four annexes: Annex I: protocol concerning the military withdrawal of Israeli forces and security arrangements; Annex II: protocol concerning Civil affairs; Annex III: protocol concerning legal matters; Annex IV: Protocol on economic relations between the government of the state of Israel and the PLO representing the Palestinian people. We have noticed that all annexes put considerable emphasis on territorial jurisdictions and link it to all spheres (for instance, direct taxation is linked to territorial areas, health is linked to territorial areas, water is linked to territorial areas, etc.). Jurisdictions areas that emerged from the three peace agreements are Area A (under Palestinian sovereignty, 2.5 % of the West Bank), Area B ( only Palestinian administrations, 23.7% of the land) and Area C (Israeli administrations and control).

Hence, settlers are captivated with jurisdiction as it's an element of their sovereignty (Wolf, 1994). The PA started its self-government with multiple challenges on the ground, including limited territory jurisdiction, restriction of commodity flow and regular internal closures (Hussini, 2002; World Bank, 2003). Not to mention also, the Israeli settlements and border closures. The Oslo Accords were designed to prevent the self-development of the Palestinian authority by depending heavily on the Israeli economy (Hussini, 2002).

I can summarise the main economic features as follows: Palestinians can have a central bank called the Palestinian Monetary Authority (PMA), but they are not allowed to issue their currency, so they have four main currencies; USD, NIS, JOD and EURO (Paris Protocol; 1994; Hussini, 2002). The agreement predetermines the type of export and the allowed countries such as Jordan and Egypt (Hussini, 2002) Policies about tax collection and revenue sharing state that indirect tax and VAT are to be collected by the settler state through the joint revenue clearance system; the transfer of revenue from indirect taxes on Israeli-Palestinian transactions occurs after reconciliation of accounts during monthly meetings between the two

sides. Israel charges the PA a 3% service fee as the collecting agent (World Bank, 2003). This agreement led us to the main revenue source in the Palestinian government, known as the clearance revenues, which represents more than 60% of government revenues; clearance revenues include custom duties, VAT, petroleum excise, health fees and income tax for Palestinian labour working in Israel (PEFA, 2007).

#### *4.5 Accounting and accountability mechanisms in a settler-colonial context*

In this section, I have summarised three main accounting and accountability mechanisms that have governed the relationship between indigenous self-governments and settler state. First, I will unpack the accounting mechanisms arising from peace agreements<sup>20</sup> and then the accountability mechanisms under the two main peace agreements<sup>21</sup> between the Israeli state and the Palestinian government. The economic protocol<sup>22</sup> provides a framework for governing the relations between a settler state and the Palestinian delegation (Palestinian Liberation Organization). In both peace agreements, territorial jurisdiction is linked to revenues, expenditures, resource extraction and responsibility between the two sides. For instance, direct taxation is linked to territorial jurisdiction<sup>23</sup> areas; health is linked to territorial areas; water is linked to territorial areas, etc.). The next section will present the analysis of group A of the interviews (see Appendix 4.1). I have tried to understand the invoice system clearly and the modes of verification between the two sides to reflect on the process of visibility.

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<sup>20</sup> These mechanisms are still in place as no further negotiations took place. All mechanisms outlived the peace transitional period as no permanent negotiation took place (UNCTAD, 2019).

<sup>21</sup> Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip. Washington, D.C., September 28, 1995 and Gaza-Jericho agreement (Paris Protocol). Annex IV Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people Paris, April 29, 1994.

<sup>22</sup> The protocol includes four annexes: Annex I: protocol concerning the military withdrawal of Israeli forces and security arrangement, Annex II: protocol concerning civil affairs, Annex III: protocol concerning legal matters, Annex IV: protocol on economic relations between the government of the state of Israel and the PLO representing the Palestinian people.

<sup>23</sup> Jurisdiction areas that emerged from the two peace agreements are Area A (under Palestinian sovereignty 2.5 % of the west bank), Area B (only Palestinian administrations 23.7% of the land) and Area C (Israeli administrations and control).

#### 4.5.1 The refusal of computerised invoice system for clearance revenues

The Protocol on Economic Relations (known as the Paris Protocol), which is Annex IV in the Gaza-Jericho Agreement, and Annex V the supplements to the interim agreement, created a mechanism called a clearance revenue system between the indigenous self-government and the settler state. Hence, the clearance revenue system mediation is discussed in Article III, V and VI of the Paris Protocol (1994).

The revenue sharing system is designed in a way that ensures settler control of indigenous revenues (as I have discussed in the previous chapter). The Israeli state collects most of the Palestinian self-government revenues on behalf of the indigenous government. All revenues accumulate in the Israeli treasury and a monthly session occurs between the two sides to provide and account (both parties should provide an account). The Israeli state provides an account of revenues collected by submitting a schedule of revenues (the revenues are pooled from different types of taxes) and another schedule called the schedule of deductions<sup>24</sup>. This system is according to the discussed articles above, III, V and VI of the Paris Protocol, while deductions are according to the interim agreement. The clearance revenue sharing system includes the following revenues type and process between ‘settler state’ and indigenous self-government’:

##### **I. Direct taxes:**

- A. Income tax from Palestinian labour:** Settler state will transfer 75% of income tax collected from Palestinians from the occupied Palestinian Territories (West Bank and Gaza) employed in the Israel settler state (PER, Article V, 1995). The full

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<sup>24</sup> As part of the Oslo peace agreements and partially relating to the World Bank recommendation in its very early intervention publication “Developing the Palestinian territories: An investment in peace”, the indigenous self-government imports electricity, water from the settler state on the grounds that indigenous governments can use the advantage of already established energy corporations and water (as mentioned in the World Bank report, 1993).

amount of income tax for Palestinian labour working in settlements (Article V, PER, 1995).

**B.** Property tax and income tax in territorial jurisdiction C will be transferred to Palestinian self-government, according to the Interim Agreement Article 8: “In Area C, the powers and responsibilities regarding property tax will be transferred gradually to Palestinian jurisdiction that will cover West Bank and Gaza Strip territory except for the issues that will be negotiated in the permanent status negotiations, during the further redeployment phases, to be completed within 18 months from the date of the inauguration of the Council. However, the property tax will be collected by the Israeli side, in cooperation and coordination with the Palestinian side, and the income will be transferred to the Council” (PER, 1995,p. 109). And for income tax from Israeli businesses: “The powers and responsibilities of the Israeli side for levying and collection of income tax and deduction at source, concerning Israelis (including corporations in which Israelis hold the majority of shares which grant rights to distribution of profits) in respect of income accrued or derived in Area C outside the settlements and military locations, will be exercised according to the Palestinian tax code and the tax collected will be remitted to the Palestinian side.” (PER, 1995, p.109).

**C. Indirect taxation:** According to the peace agreements, VAT and purchase taxes will be collected on each side. While Palestinian VAT had to be lower than the Israeli rate by 2%, businesses will register for tax purposes under the administrative tax authority of the jurisdiction. Section D of Article VI particularly indicates that:

“Each side will provide the other side, upon request, information concerning sales of specific dealers from the other side. Israel will provide the Palestinian tax

administration assistance in collecting information concerning the activities in Israel of the Palestinian dealers registered for VAT purposes with the Palestinian VAT administration having ongoing operations in Israel and will enable Palestinians inspectors to follow their activities in Israel, as necessary for tax enforcement purposes and allowed by laws” (Oslo II, 199, p. 177). Particularly, the VAT mechanism procedure per the Paris Protocol has many flaws (UNCTAD, 2019). For dealers registered in different VAT administrations, there will be a clearance system between the Palestinian side and the Israeli side.

**Table 4.1: Summary of VAT mechanism between a settler state and indigenous self-government.**

➤ Special invoices will be used for trading between different VAT administrations.
➤ VAT invoice amounts marked with “I” will be transferred to the Palestinian side VAT administration.
➤ VAT invoice amounts marked with “P” will be transferred to Israeli side VAT administrators.
➤ The VAT invoices from both sides should have the amounts in numbers and words using Hebrew and Arabic together or English.
➤ VAT invoices will be valid for six months.-VAT accounts incurred from the two sides will be settled in a monthly joint clearance revenue session
➤ Officials of the two sides will meet once a month on the 25 <sup>th</sup> of each month.



➤ Each side will present a list of the VAT invoices submitted for clearance.
➤ The list of invoices from each side should include certain information such as the number of registered dealers, the name of the dealer, the number of invoices, the amount on each invoice, and the name and the registration of the recipient of the invoice (Section 4, a:1995).
➤ Payment for each side will be settled within six days, normally by the net balance of claims.
➤ If required, each side can attain invoices for verification; each side will hold VAT invoices for two years.
➤ Computerised procedures will replace this manual VAT clearance as stated in the article
➤ The joint committee will supervise the implementation of this procedure, combining representatives from each side of VAT administrations.
➤ In case claims of VAT were not valid, it will be deducted from next month's clearance session.

All these revenues are pooled in a system called clearance revenues system (all direct and indirect taxes should be transferred and settled in the clearance session). Till today, the VAT clearance procedures between the indigenous Palestinian self-government and the Israeli government are done manually in the clearance revenue session. Nevertheless it is established according to the discussed articles above, III, V and VI of the Paris Protocol, that while deductions are according to the interim agreement: “*once interconnected computer system for*

*tax rebates to dealers and VAT clearance between the two sides is operational, it will replace the clearance revenue procedures specified.”*

Over the years, settler state accountability was absent in this procedure, which has also affected the financial accountability of the indigenous self-government. Two main concerns were discussed with the Ministry of Finance employees. The first concern was that Palestinian traders don't submit clearance bills to the self-governments, as a SAAB employee explained:

*“Under this framework, if we don't submit clearance bills in the clearance session, we will not receive any amounts. And the bill must be within six months only. The economic situation is bad and Palestinian traders, unfortunately, don't submit the clearance bills for us. Palestinian vendors go to the Israeli market and purchase goods and pay the Israeli vendors VAT. Israeli vendors pay the amounts to the Israeli treasury, but the revenues are not transferred through the clearance session because Palestinian traders did not submit the clearance bills. We know that the Palestinian vendors want to evade paying more income taxes, nevertheless, this procedure cost our treasury not only the income tax but the VAT that accumulated in the Israeli Treasury.”*

According to the Palestinian Ministry of Finance report, almost \$120 million annual revenue is lost from this mechanism. A sample of clearance bills declared by the Palestinian companies in some cases reaches only 5% of the declared bill from the Palestinian side (See Table 2 by IMF, 2010, p.23).

**Table 4.2: Sample of clearance revenues invoices submitted by each side and declared**

Sample number	Number of clearance bills	Number of clearance bills declared by	Bills declared (percentage)

	<b>issued by Israeli companies</b>	<b>Palestinian companies</b>	
1	306	182	59
2	60	42	70
3	1079	523	48
4	74	4	5
5	59	18	30
6	160	58	36

Source: IMF (2010:23)

The VAT mechanism is structured in a way that can expose the self-governments to fraud and tax evasion. It is also dependent on the Self-government collaboration with the Palestinian businesses and the collaboration with the Israeli governments. However, the indigenous governments struggle in Israeli collaborations as data sharing was stopped and the automated system makes this mechanism more accountable for both parties. An MOF employee said:

*“According to the Paris Protocol, this mechanism should move to a computerised system that facilitates VAT data sharing between the two sides. If the system is created, then we will have more accountability between the two sides. And, it will also help us in preventing any tax evasion by Palestinian businesses and falsified invoices. Nevertheless, Israel doesn’t even follow the peace accords, but has breached our rights. After 25 years, they insist on the essay system to hide their data and prevent more accountability measures. They also stopped the joint committee that could help in tackling invoices.”*

Another concern for the VAT is the falsified invoices. Palestinian traders have difficulty and many restrictions on the type of goods imported, as the peace agreement does not allow all goods to enter the West Bank and Gaza and some goods have specific quantities. Palestinian traders' easiest route is to purchase from Israel under these structural conditions. This has created a business relationship between Palestinian traders and Israeli traders, which has created a fraud mechanism. As an MOF staff member explained:

*“We have detected fake clearance bills printed in the market. Palestinian vendors sell fake transaction bills for the Israeli vendors for cash. Israeli vendors benefit from the fake VAT and we lose the amount of the VAT because of falsified invoices. false P invoices are deducted from our revenues.”*

Further to the VAT mechanism and the exposure to fraud and tax evasion, an SAAB employee said:

*“In 2016, after a long negotiation between the two sides, the computerised system implementation can only be implemented if only Palestinian goods purchased from Israel exist from illegal commercial crossing in the West Bank.”*

#### 4.5.2 Refusal of revenue transfer

Article XI (Oslo II, 1995) of the interim peace agreement has divided the land into three territorial jurisdictions, Area A and B and C (as provided in Appendix 4-A). Area A and B are under the jurisdiction of the Palestinian self-government, while area C should have been transferred to the Palestinian self-governments gradually and within 18 months of signing the agreements (UNCTAD, 2010; 2011; 2012; 2013; 2014; 2016). Nevertheless, no gradual transfer was done, and this is a violation of the peace agreement. This section relates to question group B (see Appendix 4.1) in an attempt to understand the violation of peace agreements and the information shared.

Moreover, according to the interim agreement and Paris Protocol it states that, regarding area C jurisdiction, Israel collects property tax and income tax and VAT from Israeli businesses operating in that area according to the Palestinian tax code in the first 18 months of signing the agreement. The revenues are then transferred from the settler state under a cooperation agreement and, after 18 months, the self-government tax authorities will take over the property tax. This never happened (UNCTAD, 2010; 2011; 2012; 2013; 2014; 2016).

Area C is 61% of the West Bank and Gaza territories, and, according to the binding obligations, area C should be transferred by 1997 and is directly controlled by the Israeli military, less than 1% is used by Palestinian people (World Bank, 1997). Area C has more natural resources and Palestinian businesses can invest in these areas. Nevertheless, the area had restrictions from the settler state (no construction permit, water resources restriction, and limited agriculture. Nevertheless, as an MOF staff member explained:

*“The transfer of Area C revenues was stopped in 2000 along with the second Palestinian uprising during the Intifada. It has been 17 years since we received any transfer from Area C. We don’t have any information about the businesses that operate in that area and the manufacturing environmental impacts. Israel stopped sharing any information in this regard. Israeli business is profiting from this area and using all the resources.”*

#### 4.5.3 Untraceable deduction revenues

The schedule of deductions discussed earlier amounts deducted from the clearance revenues, and these are electricity bills, water bills, health bills, lawyers’ bills, sewage bills, court orders or confinements. This section relates to group C of the interviews guide (see Appendix 4.1). The researcher tried to understand the schedule of deduction and its relation to the bills. Furthermore, the researcher wanted to develop the available chain of accountability measures.

An MOF staffer explained:

*“Forget about the political suspension of revenues, every month we have something called a ‘schedule of deductions’ which represents items deducted from the clearance revenue bill. As a [MOF], we need to sign it before we accept the clearance revenues, if we don’t sign it, we will not get the clearance revenues. These deductions include electricity bills, health bills (treatment bills), water bills, and sewage bills.”*

The amount in the schedule of deductions is deducted from the total amount of clearance revenues. The indigenous self-government staff need to sign the schedule to receive the clearance revenues in full, as he explained:

*“Even if we don’t agree on the amounts stated in the schedule, we need to sign the schedule to receive the clearance revenues in full. It has been 25 years like this. No signing, No money, No transferring patients, even no electricity or water!”*

The indigenous-self-governments struggle to predict these bills every month because of the lack of documentation and invoices from the settler state side. In addition to the lack of information on court cases and orders. A SAAB official mentioned:

*“The Government of Israel side will never, for instance, give details about the schedule of deductions because some of these deductions don’t have any justifications, some deductions are related to Supreme Court lawsuits that the PA has no idea about, the Israeli side has no interest whatsoever to give any details and condemn themselves.”*

The settler state can deduct any amounts based on the Israeli Supreme Court decision without informing the indigenous government. This also creates extra pressure on the indigenous self-government for accountability. As an MOF staff member explained:

*“A main issue in the ‘schedule of deduction’ is we are on the blindside; we don’t know the exact amount of each bill and we don’t have any ability to estimate because it varies largely every month.”*

In regard to two major concerns in this schedule, electricity and health, respectively, we will present interviewees from MOH and SAAB in addition to the Ministry of Finance interviews.

### **I. Medical referral to the settler state**

Part of the schedule of deductions' main items is the health bills. Health bills are deducted from clearance revenues and, ultimately, the actual budget amounts, usually referred to as ‘medical referrals’, go to the settler state. The health sector in the occupied territories has suffered during difficult political situations, particularly, the Second Intifada and the war in Gaza in 2014. Not to mention limited budget during the suspension of clearance revenues. The Palestinian health sector has limited capacity in medications, staff, infrastructures and treatment of certain diseases; external referrals have been the largest expenditure in health budgets, particularly to private Israeli Hospitals, for almost 25 years, and Egypt and Jordan. An employee in the MOH budget department explained:

*“Since our capacity is limited in health services, we have a committee that studies urgent medical referrals. As it’s faster and more suitable for patients to be transferred in the same territory most of our referrals are to Israel, even though it’s higher cost than transferring to Jordan or Egypt.”*

After the clearance revenues sessions, finance staff inform the MOH with the referral bill. An MoF staff member said that:

*The health bills, for instance, was a major concern for us, after many years of paying these bills without questioning as we don’t have the power to question the Israeli authorities (and*

*even if we try to question nobody from the other side will respond officially).*” As the bills were not verified for many years and the cost of referral to settler state was high:

*“the MOH decided to limit and reduce the referral to reduce the referral expenditure, to our surprise, the bill was still the same, so we had to inform donors that, as we know, we might not get a response from the other side.”*

In 2013, after more than ten years of deducting falsified bills, the MOH worked with the USAID to audit these bills. USAID revealed that over half of the referral bills from Israeli hospitals were either unauthorised or had expired. Israeli hospital fees are deducted directly from Palestinian tax revenue, often without Palestinian authorisation. The MOH has launched an audit of Israeli medical referrals to recover charges that have been improperly levied by these hospitals, as reported in the World Bank report (2016).

## **II. No verifications for electricity bills**

The indigenous Palestinian governments have limitation for energy importation and production. According to the three historic peace agreements mentioned previously, quantification was used extensively to dominate what the indigenous self-governments are allowed to do in terms of energy, agriculture, movement, import and export, water digging, number of legislative council members, even the allowed radio frequencies are written in these agreements. The settler state supplies electricity for the West Bank and Gaza strip (Article 10 in the peace agreements covers electricity, which states that negotiation will take place about electricity and until then no further change will take place as IEC shall have unlimited access) (UNCTAD, 2015). In total, the Israeli electricity company supplies 88% of the electricity for the Occupied Palestinian territories (UNCTAD, 2015).

Electricity is distributed through the Palestinian municipalities, local councils and distributions companies. While the IEC companies send invoices to all distributors in an



arbitrary manner and not regular timing with a payment window of 11 days, Palestinian distributors fail to pay in this window as end-users cost of consumption takes a longer period to be collected (UNCTAD, 2015). As a result, the IEC charges enormous interest fees for late payments, 10%, normally much higher than the market, taking advantage of the Palestinian distributors' position to accumulate more debts and then deduct the debt from the clearance revenues.

These debts, according to the World Bank (2014), are deducted by the settler state without the approval of the indigenous self-government or any verification. The process of deduction is a one-sided process (Settler state-side) with unpredicted patterns. As explained by an MOF staff member:

*“For instance, the electricity bill for the Gaza Strip is directly deducted from the clearance revenue bill; sometimes, electricity companies and local councils have debts, and the Israeli side takes a decision and deducts any amounts they decide without informing us.”*

Not to mention that the original invoices that are sent to distributors are hard to be verified for two main reasons: in geographical area C the Palestinian distributors can't check the meters due to movement restrictions in that area, and non-applicable components are charged to importation, like non-renewable energy (World Bank, 2014; UNCTAD, 2015).

#### **4.6 Discussion and conclusion**

In the above section, the essay presented three examples that explore the nature of accountability mechanisms between a settler state and indigenous self-government, where excessive power imbalances exist (Wolfe, 1994; 2012; Veracini, 2010; Senlgrave et al., 2014). Hopwood (1984; 1990) stressed the ability of accounting and accountability systems in establishing a new pattern of visibilities. The accountability mechanisms in the context of power imbalance have made it easier for the settler-coloniser to become invisible for the

indigenous self-government, at the same time the settler-coloniser practices were invisible for the self-government, thereby enriching the power imbalance. Reflecting on the process of visibility, according to Hopwood's (1984) account:

“Just who is made visible to whom? Are the patterns of visibility symmetrical or otherwise? Can only the centre observe the local? Or can the local also observe the centre? Equally what emphasis is placed on the forging of a visibility within the system of public administration, as compared to the creation of an external account?” (Hopwood, 1984, p. 182).

Limited visibility was forged in the peace agreement between the self-government and the settler-coloniser. The limited visibility has failed, and an external account of visibility was launched, for instance, in the case of medical referrals.

The first example presents the refusal of the settler state to establish a computerised invoice system that gives a transparent account for VAT clearance mechanisms between indigenous self-government and the settler state, even though the peace agreement states that the two parties should move to a computerised VAT invoice system to provide more accountability. This is considered a breach and violation by the settler state to implementing the peace agreements article and dismissal of the indigenous right of accountability.

This system not only discards any accountability for indigenous self-government as it has decreased indigenous self-government internal accountability, as demonstrated in the first example by the use of falsified clearance bills and creating techniques for tax evasion (both VAT and income tax) and the revenue sharing system, as explained in the above section, collected by the settler state on behalf of the indigenous self-government. Ignoring the fact that budgeted revenues are used as a weapon by the settler state, as I have discussed in the third chapter, the absence of accountability has enriched settler state control of indigenous people and exposed self-government to weak accountability.

In the second example, the settler state has ignored the peace agreement Article XI for transferring tax revenues from area C. As per the agreement, the settler state collects revenues from Israeli businesses operating in territorial area C and should transfer revenues from this area with the indigenous government along with information about these businesses. Nevertheless, for more than 17 years, the settler state has refused to share information (such as the nature of business operating in this area) and transfer the revenues from this area, as evidenced by the interviews conducted and the international reports published by several organisations, such as the World Bank, IMF and UNCTAD (IMF, 2010; UNCTAD, 2010; 2011; 2012; 2013; 2014; 2016; World Bank, 2012). The settler state ignored these revenues and information, refusing to be held accountable and disempowering indigenous self-governments, while, the third example revealed how the settler state has made continuous deduction of self-government revenues without providing adequate bills and information in relation to electricity and health bills deducted from clearance revenues.

This essay contributes to growing research discussing the impact of accountability practices upon indigenous people. From our examples, we found that the settler state pertained no accountability for indigenous self-government and remained invisible for actions. This has enriched the power imbalance and has exposed self-government to weak internal accountability mechanisms. Contrasting findings were presented in the accountability literature impacting indigenous peoples. Archary (1997) argued that accounting and accountability mechanisms rationalise the existing power structure of racial discrimination in the Fijian context.

This is in contrast to Jacob (2000), who concluded that introducing new forms of accountability obligations towards Maori in the New Zealand public sector produced no change in power balance as the government was trying to address the treaty obligations towards Maori (Jacob, 2000). For instance, Chew and Greer (1997) concluded that when

forms of accountability were compelled on indigenous organisations to “give an account”, it caused tension and disempowerment, while Neu (2000) concluded that shifts in accountability mechanisms for third parties caused ecocide in the indigenous environment and e Gibson (2000) noted that Aboriginal organisations adhere to a high level of accountability in comparison to other funded organisations, This complicates access to resources, manifesting the continuation of indigenous dispossession.

## *Chapter 5: Conclusion*

### *5.1 Concluding remarks*

Referring to the broad research question in the thesis, “How are self-government accounting practices articulated under settler colonialism?” I have investigated new public financial management (NPFM), budget and accountability mechanisms under a settler-colonial context. The articulation presented how NPFM was introduced in the peace-building discourse while the self-government entities were emerging and how the budget was used as a weapon to dominate the self-government and how accountability mechanisms such as verification enrich the power imbalance between settler state and self-government. The broad research question was formulated into three sub-research questions in the thesis. The first question was answered using the Norman Fairclough version of critical discourse analysis (2010) and addressed the enactment of NPFM as a World Bank strategy in the wake of peace-building discourse and the establishment of indigenous self-government entities.

The second essay question addressed the role of the budget in disempowering and dominating indigenous self-government. The essay has attempted to answer the research question using case study method and has revealed how settler-colonial state have used the budget as a weapon to eliminate indigenous self-government (a summary of liquidation). Prior the diplomatic transfer, the civil administration balanced budget provided minimum services to indigenous societies while using the militarised revenues to serve the infrastructure of the settlements. Post the diplomatic transfer, the essay traced six episodes of budgeted revenues withholding from the settler state (the longest was two years) in the last 22 years, in which most of the indigenous self-government activities were paralysed and indigenous communities suffered. This mechanism was not a one-off occurrence; it was an organising process that led to degradation of indigenous self-government. Continuous budget support from European

sovereignty merely solved a short-term emergency budget instead of addressing continuous settler state abuse.

The third essay explored the nature of accountability in extreme power imbalances between settler state and indigenous self-government and attempted to answer the research question using open-ended interviews and document analysis. I have first examined the accountability measures forged by two historical agreements in the context of our case study: the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip, Washington, D.C., September 28, 1995, and the Gaza-Jericho agreement (Paris Protocol), particularly, Annex IV Protocol on Economic Relations between the Government of the State of Israel and the P.L.O., representing the Palestinian people, Paris, April 29, 1994. Secondly, I have conducted semi-structured interviews to explore how these accountability measures are implemented on the ground.

The accountability mechanisms in extreme power imbalances appeared to render invisibility, which was achieved through the refusal of a clearance revenues computerised system, the violation of revenues transfer and financial information disclosures in area C and the failure to provide detailed bills and verification to electricity and health bills deducted through the schedule of deduction. In this context, the invisibility has enriched this power imbalance and has also contributed to weaken internal accountability procedures in the self-government entities. Three examples presented the refusal of the settler state to be held accountable and its invisibility in relation to mechanisms directly linked with indigenous self-government activities. For more than 19 years, the settler state has refused to share a computerised invoice system that tackles revenues collected by the settler state on behalf of indigenous self-government. In an attempt to increase the accountability between the two sides, the computerised system was part of the Paris Protocol, but was never implemented from settler state side. The second example was associated with transfer of revenues from territorial

jurisdiction area C, as per the peace agreement, and sharing information about settler state businesses operating in that area. Nevertheless, the settler state stopped the transfer for more than 17 years and refuted any accountability on this matter. The third example demonstrated how the settler state untraceably deducts health bills and electricity bills from indigenous self-government revenues and doesn't provide adequate evidence for these amounts.

It is quite interesting that this context offers more opportunities for research and useful insights for the literature. I have tried to present a modern account of indigenous self-government accounting. Nevertheless, research in this context holds many challenges, as discussed in the last section.

## *5.2 Research limitations and future research*

In this section, I will present the essays' limitations and any future research directions. The first essay deployed textual analysis, both inter-discursive and linguistics analysis, as a main method for analysis. While, this method can enrich social research, it is considered labour-intensive can be implemented only on a sample of text rather than a large corpus of texts (Fairclough, 2003). Acknowledging this limit, the researcher had to follow the 'rigour versus significance' notion and position the text in context, as the essays have done. However, a main reason for deploying this method is that texts should not be seen as independent from the social processes. More insights can also be obtained if this method is used in conjunction with ethnographic research.

One of the limitations of the case study method is that it cannot be generalised (Yin, 2018) on a broader level. Particularly, the Zionist settler-colonial project is distinctive, as I have discussed in the theoretical section, Wolfe (1994) and Veracini (2010) have emphasised specific features of the Zionist colonial project. The open-ended questions can also produce rich data which can be difficult to code, as such, the theoretical code constructed in the

deductive approach helped minimise any difficulty in coding. I have also relied on multiple sources to strengthen the data credibility, constructing a chain of evidence (Yin, 2018). Nevertheless, excluding the Gaza Strip from fieldwork was a limitation. Fieldwork access was denied for the Gaza Strip, which could give more insights on how the public sector operates under settler state siege.

The third paper's limitations can be linked to inductive thematic analysis, which might discard some nuanced data and can be flexible, which can lead to inconsistency and incoherence in the themes. However, I have tried to limit any inconsistency by applying the subjectivist epistemological position that has underpinned the empirical claims (Holloway and Todres, 2003). In addition, further interviews with Palestinian traders could have given more insights on why fraud clearance bills were circulated between Israeli merchants and Palestinian merchants. The case in this essay also cannot be generalised for any broader context (Yin, 2018).

In Chapter 2 and 3, the interviews were conducted in Arabic language and the researcher then translated them. Qualitative research scholars such as Denzin and Lincoln (2018) have argued that the translation process might impact the meaning of the data, and the involvement of a translator may also have an impact on data sensitivity. Although involving the researcher in the translation process might raise subjectivity issues, nevertheless, it also has advantages: it can enhance understanding of participants' experiences and can relate more to the meaning process, the translation process can be more engaging as it will also be a process of interpretation and analysis and, finally, the researcher can minimise any exposure to sensitive personal information (Denzin and Lincoln, 2018).

Future research direction can investigate the enactment of accounting reforms in other peace-building contexts as well as also investigate the representation of the main accounting reforms social actors in texts. It can also expand the textual analysis categories to unravel other social



issues, such as hegemony and ideology. It might be insightful as well to explore the nature of management control in settler state settlements, particularly for Palestinian labour working in these settlements. In this vein, more investigation of ‘conquest of the labour’ could be performed.

## *Appendices:*

### *Appendix 2.1: A chronology for the social events and the history of the main text*

**October 1992:** The Madrid working Group for Middle East peace requested an assessment of the development needs and prospects of the West Bank and Gaza economies.

**January-21 February 1993:** The World Bank five teams (Agriculture, human resources, infrastructure, macroeconomics and private sector development) visited the occupied territories; each team conducted field work for two weeks.

**July 21-26, 1993:** Early version of the report was discussed with the Palestinian authorities, Jordanian and Israeli officials.

**September 13, 1993:** Signing of Oslo Peace agreement.

**September 30, 1993:** “Developing the occupied territories- An investment in Peace” World Bank report was published.

**December 1993 and January 1994:** Interim donor meeting in Paris where the report was presented and resulted in donors pledging \$2.1 billion for 1994-1998.

**October 1993:** The technical assistance trust fund was established (\$23 million was the amount of donations from 12 donors).

**November 1993:** The trust fund for West bank and Gaza was established.

## Appendix 2.2: World Bank Extract

All examples are from the World Bank Report “Developing the Occupied Territories: An Investment in Peace”

Example 1: VI. Policy and Institutional Imperatives

Extract 1: Management of public finances section. (Pages 17-19)

Report quote	Theme and Discourse
1. International experience suggests that establishing a sound system of public finances in the West Bank and Gaza will be necessary in creating an environment conducive to private sector development and in attracting external assistance.	<i>Public finance system/NPM</i> <i>Private sector development/Neoliberalism and NPM</i> <b>Depending/Pledging discourse</b>
2. Establishing such a system will mean ensuring that adequate <b>revenues</b> are collected/received by future authorities in the West Bank and that the <b>resources</b> , including those that might be obtained from <b>external sources</b> , <i>are managed properly</i> .	Revenues and future authority. Control for external resources.
3. On the revenue side, five key issues need to be addressed:	Revenue side
4. The legitimacy of the tax system.	Legitimacy
5. Currently, there is a widespread perception among the Palestinian population that the existing system of taxation lacks transparency and due process and is administrated in arbitrary fashion.	Legitimacy and transparency of tax system
6. These negative perceptions materially reinforce tendencies for <b>tax evasion and noncompliance</b> , which exist, at least latently, <b>in all societies</b> .	Tax
7. To a large extent, the negative perceptions are directly related to the current military occupation; and the <b>emergence of a self-governing authority as part of a peace settlement should</b> help change this significantly.	Peace-making discourse
8. That would, however, in no way obviate the need for creating an <b>efficient tax administration</b> system that is perceived to be fair by the population.	Efficiency in tax
9. The current tax administration system would need to be overhauled, including the establishment of transparent rules and <i>enforcement mechanisms for tax assessments; the rationalisation of advance payments of income taxes; and the introduction</i>	Efficient institutional mechanisms

<b>of a credible and efficient institutional mechanism for the settlement of tax disputes.</b>	
10. The role of accounting and auditing professionals would also need to be clarified in this context.	accounting and auditing role
<b>11. Fiscal transfers between Israel and OT.</b>	Meditation between conflicted parties
12. Under the current tax and trade arrangements between Israel and the OT, some OT taxes (primarily, the value-added tax (VAT) and other taxes on net OT imports from Israel and custom duties on imports through Israel) <b>are accruing to the Israeli treasury.</b>	Trade management and tax
13. Given the absence of custom borders between the OT and Israel, the “original principle” of indirect taxation is applied with respect to trade between the two, whereby taxes are collected where the goods are produced rather than consumed.	Applying in indirect taxation between countries
14. Since the OT has a large trade deficit, there is a <b>net revenue loss</b> to the OT.	Net revenue loss
15. Conversely, Israel also incurs <b>expenditures</b> in the territories from its own <b>budget</b> that are of benefit to the Palestinians (e.g. The subsidisation of essential food items; Palestinians use of subsidised infrastructure and services in Israel).	One party benefiting from another party expenditure
16. The Israeli and the OT authorities would need to <b>agree on methodologies for estimating transfers, as well as to devise suitable mechanisms for offsetting payments.</b>	Mediation between parties through financial mechanisms
17. Several alternatives solutions appear feasible, but would need to be considered in the context of the overall future economic relations between Israel and OT.	Normalising relationship between conflicted parties
18. In any event, what is important is that all the <i>revenues and their financing</i> are stated explicitly in the <u>budget</u> for the <b>New OT entity.</b>	Peace-building discourse budget
19. The appropriateness of the domestic tax effort.	Domestic tax effort
20. Despite perceptions of high tax rates among many Palestinians, the economy of the OT does not appear to be highly taxed.	Tax rate
21. Even when all taxes paid by Palestinians are counted (including those currently accruing to the Israeli treasury), the tax effort is about 22 per cent of GDP, compared with 27 percent in Jordan and 39 per cent in Israel.	Linking other scalar relations
22. In view of the need to strengthen public administration and expand public services, <b>mobilisation of additional domestic resources</b> would be essential.	Mobilisation of domestic resources

23. It is true that the effective personal income tax rates are higher in the OT than in either Israel or Jordan.	Linking other scalar relations
24. However, the tax efforts in relation to the GDP are lower for several reasons, including the exemption of agricultural income from the tax net and possibly a high incidence of tax evasion.	Tax effort and evasion
25. The question of tax effort, therefore, will have to be examined in relation to the ability of <i>emerging entity</i> to <b>expand the tax base</b> to protect its overall fiscal position, as well as its ability to harmonise tax policies with neighbouring countries.	Peace-building and tax base
26. This brings to the fore the importance of providing a very strong system of tax administration that can help widen <b>the tax base and improve tax collection.</b>	Tax collection
<b>27. Cost recovery</b>	
28. An important aspect of domestic <b>resource mobilisation</b> mentioned above concerns the establishment of mechanisms for <b>cost recovery</b> for the expanded public sector operations.	Resource mobilisation and cost recovery
29. <b>User fees</b> would be an important instrument to help cover the operations and maintenance costs and the debt servicing associated with new public sector investments in the transport, communications and solid waste disposal areas.	NPM / neoliberalism
30. Similarly, it would be important for the electric and water utilities that are being recommended to operate as <i>commercially oriented</i> autonomous entities, i.e., to charge tariffs that would make their operations financially viable without the need for any <b>budgetary support.</b>	Privatisation/NPM Budget support from utilities
<b>31. Management of external assistance.</b>	Pledging discourse and aid management
32. To get the maximum benefit from the <b>international assistance that might become available in the wake of a peace agreement</b> , an efficient mechanism for directing and coordinating this assistance will be needed, balancing donor interests and preferences with the developmental priorities of the OT.	Peace-building discourse Efficient mechanisms for directing
33. A careful monitoring of <b>external borrowing</b> will also be necessary to avoid any debt service problems in the future.	External borrowing and debt service problem
34. On the <b>expenditure</b> side, the key issues to be addressed are:	expenditure
35. The balance between <b>current and capital expenditures.</b>	Current and capital expenditure

36. A significant increase in the <b>investment programme during transitional period</b> would necessitate a commensurate increase in <b>current expenditures</b> on operations and maintenance to ensure that capital stock would be adequately maintained.	In transition from conflict to peace increase in investment programme and increase in current expenditures
37. The <b>budgeting process and the estimation of the financing requirements</b> should, therefore, take into account the need for such expenditures.	Budgeting process and financing in transition should reflect the increase in current expenditure
38. Experience suggests that this is an overlooked item, with undesirable consequences.	Expert discourse
39. The sustainability of expenditures.	Expenditure sustainability
40. As has been noted earlier, the direct role of the public sector should be mainly to provide basic infrastructure and social services, including a limited and well-targeted safety net for the poorest segments of the population.	Public sector role
41. Care should be taken not to enlarge the <b>bureaucracy of the public sector</b> unduly, and the public sector must not act as the <b>residual employer</b> .	Public sector bureaucracy
42. The <b>post-peace period</b> could see large pressure for <b>expanded public spending</b> , both in areas that are well-justified (roads) and some that are not (excessive civil service growth).	Peace and public spending expansion (expenditure will not be sustainable )
43. The likely temporary easing of financing constraints following a peace agreement could mask imprudent spending and borrowing policies for some years.	Peace-building discourse  Peace and public spending and borrowing
44. <b>Strong, conservative control</b> will, therefore, be important for avoiding unsustainable level of <b>expenditures</b> , which would be difficult to reverse in the future.	Control for unsustainable expenditure

*Appendix 2.3: Textual analysis categories summary*

Textual analysis Category and Concepts used	Definition	Social impact and social issues (social theorists if applicable)
Genre	The discursive feature of acting and interacting within the social events. There are several types of genres which can be identified at different levels of abstraction, such as pre-genres (such as narrative or report), situated genres (such as political interviews) and disembodied genres (council advertisement to attract investment) and highly abstract members of which (Bakhtin, 1986; Swales, 1990; Fairclough, 2003).	<ul style="list-style-type: none"> <li>• Disembedding of social material from particular context and practices as it becomes more applicable in other fields, such as the 'social technologies' (Giddens, 1991).</li> <li>• Habermas (1948) distinction between communicative and strategic action, the relationship between genre and the social purpose.</li> <li>• Societal informalisation (Miztel, 2000) the moving away from overt hierarchies</li> <li>• The public sphere (Arendt, 1958; Habermas, 1989)</li> </ul>
Generic structure	The main genre the text draws upon depends on Halliday and Hasan, (1989) Swales (1990), Martin (1992) and Fairclough (2003).	The pressure of social transformation in the new capitalism, the organisation tries to maintain control through ritualisation (Fairclough, 2003)
Genre chains	A systematic transformation from one genre to another linked together in a way that facilitates the exercise of power. Genre chain can influence the	Exercise of power

	possibility of action, going beyond time and space; it relates a social event in different social practices, different space and time. The genre chain boosts the capacity of action at a distance as a well-known globalisation feature exercising power at a distance (Fairclough, 2003, p. 31)	Privileging some discourses and excluding others
Intertextuality	An external feature of a text which indicates presence of salient features of other texts within the analysed text. Commonly, intertextuality opens up differences by bringing different voices in the text.	Social difference, Ideology, hegemony
Assumptions	The author claims that what is assumed has been reported elsewhere, there is a probability that it might be a mistake or manipulative implicit claims. Assumptions usually reduce difference by assuming common consensus.	Social difference, ideology, hegemony
Genre of governance	Institutions or organisations who manage the communicative events of a wide social practice. Genre of governance can reflect 're-contextualisation' characteristics such as the appropriation of one element of social practice within another practice, positioning it in the context of the and transforming it in specific ways in the process (Bernstein 1990; Chouliaraki and Fairclough, 1999). It emphasises the interaction at a distance. For instance, promotional genre is one aspect of new capitalism; a genre that aims to sell programmes, commodities and organisations (Wernick, 1991).	Action at a Distance  Rescaling and restructuring
Recontextualisation	A concept developed by Bernstein (1990) to capture the operationalisation of one social practice in another social practice, it can also be defined as one	Colonisation of one social practice within another, transforming the latter.



	field colonising another field (Bernstein, 1990; Fairclough, 2003).	
Genre mixing/Genre change	Linking the chain of one social practice to another social practice through text. The transformation demonstrates itself partly in the emergence of a new genre within the genre chain, through the mixing of existing genres.	The social transformation of 'new capitalism' (change in the form of action and interaction.
Dialogically		
Semantic relations between sentences and clauses	Semantic relations between sentences and clauses can be explicitly marked in the texts, Main semantic relations in this version are also drawn from Halliday's (1978/1994) Systematic Functional Linguistics theory (Fairclough, 2003). Semantic relations investigate the causal relationship between sentence and clauses for instance: If participatory budget (PB) is implemented, it will increase civil society inclusion in the decision-making process.	Legitimation (Habermas, 1976; Van Leeuwen and Wodak, 1999), equivalence and difference (Laclau and Mouffe, 1985), appearance and reality (Marxist traditions.
Higher level semantic relations	This category includes the problem solution	
Discourses	Different aspects of the world, discourses can represent the world as we see it and can develop imaginary discourses - different from the actual world - for the possible worlds we strive.	
Order of discourse	Originally, drawn from Foucauldian discourse and used differently in CDA. The combination of genres discourses and styles that present the discursive aspects of a network of social practice (Fairclough, 2003).	Social structuring of linguistic variation and difference (Fairclough, 2003)
Modality	Represents the author or speaker's commitment to the probabilities, obligations of the text (Fairclough, 2003, p.165). Modality is relational in action, representation and identification. There are two types of modality	Texturing social identity (style) or identity in-relation (Fairclough, 2003).

	epistemic modality (statements and questions) and deontic modality (demand and offer)	

### *Appendix 3.1: Interviews agenda and questions*

- **Background of civil administration budget and revenues**

1. Can you tell me a little bit about the budgeted tax revenues and expenditures under settler state civil administration?
2. Can you describe the diplomatic transfer formalities, particularly financial transfer (between Israeli civil administration and the self-government entities)?

- **The emergence of the self-government budget and its structural features**

3. How did you start structuring the public sector budget in the new entities?
4. How did you record the budgeted revenues and expenditures?
5. Did the MOF inherit any accounting or budgetary system from the settler-colonial state?
6. Can you describe the challenges the Ministry of Finance faced when it started constructing the yearly budget?
7. Why do you think you might have large budget variance?

- **General questions about suspension of budget revenues**

1. How did the suspension affect the MOF budget execution and the public sector in general?
2. How did the suspension affect the MOF expenditure allotments?
3. Can you comment on the effect of revenue suspension on health budget?
4. Do you think this suspension of revenues affected the daily life of indigenous Palestinians?
5. What are the main mechanisms that mediate the relationship between the Palestinian self-government and the settler state?
6. Can you explain the clearance revenue sharing protocol?
7. How important is the clearance revenue for the budget?
8. Is there anything you think I have left out or is there anything else you would like to contribute?

- **First episode of budgeted clearance revenue suspension in 1997**

1. Can you narrate the clearance revenue suspension circumstances?
2. Can you explain the donors' reaction to budget suspension?

3. How did the revenue transfer resume?
4. How do you explain the high wage budgeted expenditures?

- **Second episode of budgeted clearance revenues suspension in 2000**

1. Can you narrate the clearance revenue suspension circumstances?
2. Can you explain the donors' reaction to budget suspension?
3. Do you recall any budgetary support to the MOF from external sources?
4. How did the MOF cover the operational expenditures during suspension?
5. Can you talk about the measures you have taken as MOF to limit the effect of this suspension impact?
6. Can you elaborate how the second intifada affected the PA Budget?
7. Can you reflect on the revenue transfer resumption circumstances?
8. Can you talk about any reforms plan that MOF have implemented, particularly budgetary reforms?
9. What were the drivers of budgetary reforms?

- **Third episode of clearance revenue suspension and the budget crisis in 2005**

1. Can you narrate the clearance revenue suspension circumstances?
2. Was the performance budget reform successful?
3. How did the MOF cover the operational expenditures during suspension? Can you explain the donors' reaction to budget suspension?
4. How did the revenue transfer resume?

- **Fourth episode of budgeted clearance revenues suspension in 2011**

1. Can you narrate the clearance revenue suspension circumstances?
2. Can you explain the donors' reaction to budget suspension?
3. How did the revenue transfer resume?

- **Fifth episode of budgeted clearance revenues suspension in 2012-2014**

1. Can you narrate the clearance revenue suspension circumstances?
2. How did your budgeting practices change after a couple of suspension episodes?
3. Was there any effect of military operations in Gaza in 2014 affecting the MOF budget expenditures?
4. Can you explain the donors' reaction to budget suspension?
5. How did the revenue transfer resume?

- **Sixth episode of budgeted clearance revenues suspension in 2014**

1. Can you narrate the clearance revenue suspension circumstances?
2. Was there any effect of military operations in Gaza in 2014 affecting the MOF budget expenditures?
3. What do you think of the Israeli cabinet discussion to approve a law that approves legally the deduction of budgeted revenues?

- **New settler state law:**

1. How does the new settler law on Palestinian Welfare affect the budgeted revenues?
2. Can you describe the reason for rejecting the clearance revenue?
3. Why did the government announce an emergency budget?

***Appendix 3.2: Clearance Revenues from AlMaqasa session held on 30 of March 2011.***  
***Source: internal document obtained from the Ministry of Finance-Translation from Arabic by Author.***

Palestinian National Authority

Ministry of Finance

General administration/ Accounting department

**Clearance Revenues from AlMaqasa session held on 30 of March, 2011**

**Accrued revenue for the month of February received in cash**

<b>Statement</b>	<b>Amounts in (NIS)</b>	<b>Total amounts (NIS)</b>
Import tax revenues	151,550,661	
Petrol tax revenues	137,824,459	
Clearance revenue tax VAT	153,278,822	
Purchase tax revenues	(3,558,944)	
Income tax on Palestinian labour working inside Israel	2,416,649	
Court order returns		
Total revenues		<b>441,511,647</b>
Deduction schedule		
Mekorot company	11,916,394	
Electricity bills	61,003,836	

Hospital bills	19,535,170	
Sewage bills	5,580,368	
Civil administration	-	
Stamps		
Veterinary services	3,404,139	
Insurance companies		
Palestinian authority transfers to Jerusalem hospitals	-	
Lawyers' insurance claims		
Court order detains or confinement		
Total deductions		(101,439,907)
Net monthly revenues		340,071,740
Net monthly transfer		340,071,740

*Appendix 3.3: Summary of clearance revenue withholding (source: collective data, IMF, 2011, UNCTAD, 2012)*

<b>Period of suspension</b>	<b>Main justification for suspension from settler coloniser</b>	<b>Amounts withheld</b>	<b>Emergency financing and donations provided</b>	<b>End of suspension justification</b>
<b>August-September 1997</b>	Violence between settlers and indigenous	\$75 Million (estimation)	Short-term financing from the EU.	Pressure from the USA.
<b>December 2000-December 2002</b>	Outbreak of the second Palestinian uprising known as intifada	\$500 Million	Emergency financing facility from the following: the EU, Arab donors through the Islamic Development Bank, the Emergency Services Support Project (ESSP) financed by IDA and European donors and administered by the World Bank.	Political pressure from the USA and the assurance from the Palestinian authority to initiate internal reform to audit expenditures.
<b>March 2006-July 2007</b>	Hamas party winning the election and taking over Gaza's self-government entities	\$1.1 million (estimate)	Channelling donor support to pay civil servants and cover wage expenditures.	Appointment of Salam Fayyad as a new prime minister who initiated a set of reforms known as Fayyadism.
<b>May 9<sup>th</sup>, 2011-May 23<sup>rd</sup>, 2011</b>	Palestinian political part-reconciliation	\$100 million	Short term financing	Pressure from EU
<b>November 2012-January 2013</b>	Indigenous application to UN assembly	£100 Million	Loan from banks	Pressure from USA
<b>January 2015-April, 2015</b>	Indigenous application to international criminal court	\$164 Million	Short-term financing	International pressure



#### *Appendix 4.1: Interview guide and questions*

##### **A. Clearance revenue bills.**

1. Can you describe the Maqasa session each month and the documents you submit to the Israeli side?
2. Are you following Paris Protocol articles in the AlMaqasa session?
3. Why you are not using the computerised system?
4. Can you describe the main concerns in clearance revenue bills?
5. How do you verify VAT bills from the two sides?
6. Is there any other procedure that takes place?
7. Do you liaise with other ministries for the bills?
8. Does the joint committee regularly meet to check the VAT bills?
9. Why do you think the joint committee stopped?

##### **B. Area C revenue collection:**

1. How do you liaise on Area C tax collection?
2. When did the collection stop?
3. Why do you think the collection stopped?

##### **C. Schedule of deduction**

1. Do you think this is the only article that is not implemented?
2. Can you tell me about the schedule of deduction?
3. Can you explain the medical referral bill?
4. What was the USAID role in the medical referral audit?
5. Why do you have a medical referral bill?
6. Do you audit any of the schedules of deduction bills?
7. Do you receive any invoices for the electricity bills?
8. How do you verify bills that are deducted from the schedule?

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