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للبحوث  
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Palestinian Center for  
POLICY and  
SURVEY RESEARCH

**The Day After: paper # 5**



## **The Effects of the PA's Dissolution or Collapse on Telecommunication and Postal Services**

**Dr. Mashhour Abudaka**

*Comments by Dr. Sabri Saidam & Ammar Aker*



## **Dr. Mashhour Abudaka**

In 1983 Dr. Abudaka obtained a BSc degree with honours in Engineering from UMIST. The following year he obtained an MSc in engineering from the same university. In 1989 he completed a PhD and DIC in Engineering from the Imperial College Science, Technology and Medicine, University of London. Worked as a freelance consultant on institutional development and planning for major local and international organisations. From January 2001 to March 2005 he was the Executive Director of the Palestinian IT Association of Companies PITA, ICT private sector business association. In 2005-2006 served as an advisor to the Ministry of Telecommunication and Information Technology. Later on, Dr. Abudaka worked as a consultant for the University of Birzeit. Appointed Minister of Transport in Dr. Salam Fayyad's government in June 2007, and as Minister of Telecom and IT from May 2009 until May 2012. Dr. Abudaka has several publications in Science and technology journals and many articles on ICT and development.

## **The Palestinian Center for Policy and Survey Research (PSR)**

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PSR is dedicated to promoting objective and nonpartisan research and analysis and to encouraging a better understanding of Palestinian domestic and international environment in an atmosphere of free debate and exchange of ideas. PSR is registered as a nonprofit institution in the Palestinian Ministry of Justice.

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## **The Effects of the PA's Dissolution or Collapse on Telecommunication and Postal Services**

This paper is one amongst ten such papers prepared within the Palestinian center for policy and survey research's initiative titled, "The day after". The initiative aims to study the circumstances that would face Palestinian politics and society in a situation in which the PA becomes unable to carry out its role. These papers examine the consequences of the dissolution or collapse of the PA on a number of central issues that concern the Palestinians, which include: security, economy, education, health, judiciary, telecommunications, basic services such as water and power, local government, political and civil conditions, as well as the future of the two-state solution.

These papers examine the significance and implications of PA's absence as well as possible options that could be adopted to mitigate the negative effects of such an absence and develop specific recommendations for the sector in question. Two experts have commented on each of these prepared papers. Each paper was presented and discussed in a workshop attended by policy makers, parliamentarians, experts, and academics.

*This initiative has been organized in cooperation with the U.S./Middle East Project and the Norwegian Peacebuilding Resource Centre.*

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## Summary:

The current Palestinian telecommunication and postal services infrastructure is the result of the asymmetrical power relationship between Israel and the Palestinian National Authority, this relation is manifested in the Oslo Accords and the telecommunication and postal services agreements and the annexes attached to them. The telecommunication agreement, while acknowledging the Palestinian right to build and operate telecommunication infrastructure, gives the Israeli side total control over international telecommunication gateways, the electromagnetic field (frequency spectrum), the telephone numbering plan, the control over access to areas labeled as “area C”, and control over equipment importation under pretexts of security.

In recent years, Palestinians have made some progress in areas which have political importance, such as establishing their own international dialing code (though it is confined to virtual use), the internet domain name (.PS) and radio stations using FM frequencies and TV station using UHF frequencies, which operate despite Israeli active objections.

Most progress was made in areas managed by private sector entities (telecommunication, Radio and TV), while postal services have made no advances in services, this is due to nature of technological development and progress and crucially due to the private sector’s innovative ideas to bypass Israeli imposed restrictions.

The role of the Ministry of Telecommunication and Information Technology (MTIT) is confined to granting licenses and regulating the market, however, spectrum management, control of telecom international gateways, laying the telephony numbering plans and all activities in areas known as area C remain in the hands of the Israeli occupying forces.

As for the Palestinian postal service, it has witnessed a major setback after the establishment of the PA, partly to do with the Postal Services Agreement which favors Israel and the deliberate Israeli obstruction, and partly to do with the lack of modernization of the Palestinian Post Office. The Palestinian-Israeli postal services agreement renders the Palestinian post office as a subcontractor to the Israeli post office.

The recent advances made by the Palestinian leadership in the international arena and progress made by the Ministry of Telecom and IT such as; joining the International Telecommunication Union (ITU) and the Universal Postal Union (UPU) and more importantly the Palestinian acceptance as a UN member, could force Israel to concede to the Palestinian demands, which will be described in this paper.

After the establishment of the PA, there are no doubts that there have been substantial gains and development, especially to the Telecommunication and Information Technology sector. In the event of the PA’s collapse under external or internal pressure, this paper explores ideas and puts recommendations that the Palestinians need to act upon to preserve those gains.

In the event of the PA’s collapse, it’s assumed that Gaza would remain under the current Hamas controlled government. Whereas it assumes that Israel would resume full control of the West Bank, directly or indirectly. It is predicted that the telecom, IT and postal services sectors would be little affected by the disappearance of the PA in one way or another. However, the division between the West Bank and Gaza would prove to be more harmful to the development of those services.

## Telecommunication: Background

Before 1967 (Israeli occupation of the West Bank and the Gaza Strip) the telecommunication networks in the Gaza Strip and the West Bank were parts of the Egyptian administration and the Jordanian ministry of telecom respectively. The networks constituted two separate networks; calls between them were routed through international Egyptian and Jordanian gateways, tariffs were calculated accordingly. In both cases, the networks were owned and managed by the government. Telephone line ownership was low and telephone connections were limited to government agencies and in post offices for public use.

During the Egyptian control of the Gaza Strip from 1948 to 1967, the Strip witnessed the establishment of the first fixed line network service which operated under rudimentary equipment and an open wire structure which was dominant in Egyptian rural areas at the time. A few hundred fixed lines with basic switches in Gaza and Khan Yunis with smaller other ones in other smaller cities were installed. This was conducted with the supervision of Egyptian specialists and the employment of Gaza based labor who later on became experts led by educated local engineers.

The West Bank before 1967 was under Jordanian control, the telecommunication infrastructure and the postal services were run as part of the ministry of transport. Most postal offices were provided with manual telephone lines.

After 1967, the Israeli military authority managed the telephone networks in the West Bank and Gaza, Jerusalem was declared as part of the state of Israel and thus management and ownership was handed later on to the Israeli Telecommunication Company Bezeq, which was the national monopoly. Much of the technical work in Gaza and the West Bank was outsourced to Bezeq. Backbone and international gateways were in the hands of Bezeq. For the first time, telephone calls between Gaza and the West Bank were no longer considered international but nation calls, thus the telephone networks of Gaza and the West Bank were unified and became one network, but part of the Israeli telecommunication network. A higher capacity Pro Axial cable was constructed to link Gaza to the Israeli operator network (Bezeq), this was to replace existing manual switches. The established network was under the regulation of the Israeli ministry of post and telecommunication. The Israeli government did not invest much in the telecommunication infrastructure in Gaza or in the West Bank but kept the low capacity network, this means that the number of lines were limited to a few thousand lines until 1979. The first Cross Bar Mechanical Switch was installed in 1979 in Gaza City to add 7,000 lines to the existing capacity. Afterwards, digital switches were gradually installed.

In 1994 the total network capacity in the West Bank and the Gaza strip (excluding Jerusalem) was estimated at around 80,000 telephone lines. It's worth mentioning that before 1994 the Israeli occupation forces imposed tough legal and military restrictions on infrastructure use. The Palestinian public, for example, was not allowed the use of Facsimile technology nor data transmission technology (Internet).

In 1995, the Israeli Occupation authority handed the newly established PA administration 83,000 functioning telephone lines in the Gaza Strip and the West Bank, excluding East Jerusalem which was annexed to Israel.

## The establishment of the PA (1994)

After signing the Oslo Accord in 1995, the Palestinians were promised direct control over domestic and international telecommunication networks. While Article 36 of Annex III of the Interim Agreement<sup>1</sup> stated that the Palestinian side has the right to build and operate a separate and independent telecommunication system, the agreement set conditions within it that makes building an independent system impossible, “*the Palestinians can only adopt their standards and import equipment only when the Palestinian telecommunication network is fully independent from Israel*”.

To date, the Palestinian network is not totally independent; Israel legitimizes imposing its restrictions by abiding by Article 36 and its Annexes and in the process, keeps the Palestinian telecommunication network dependent on Israeli networks.

Israel handed over the responsibilities of the telecommunications infrastructure in the West Bank (excluding Jerusalem) and the Gaza Strip to the PA in 1995.

The newly established PA was starved for cash and looking for immediate investment in the infrastructure to meet the population’s high expectations after the signing of the Palestinian-Israeli accords. The PA awarded Paltel (the Palestine Telecommunications Company) a license to build, operate and own landlines, Cellular networks, data communications, paging services and public telephones. The telecommunication agreement and the establishment of Paltel did not put an end to the Palestinian reliance on Israel for domestic and international connections. Many aspects of the Palestinian telecommunication infrastructure remain under the control of Israel.

Initially, the PA held a minority share in the newly established Paltel but later sold its shares. Currently, the Palestinian Investment Fund PIF (the investment arm of the PA) holds about 10% of Paltel group shares (Fixed and Mobile operator and other daughter companies). The license incorporated obligations to transfer a number of government employees from the ministry to Paltel. The transferred workforce was considered to be an asset to Paltel in its first stage to transfer their knowledge and experience to the newly established company but later evolved into an obstacle and resistor to the company’s development and corporate organizational management improvement. Recently in its drive to increase productivity, Paltel kept-up with technological developments and increased its profits. Paltel managed to reduce cost through the outsourcing of many of its services. In 1999, Israel granted Paltel frequencies to launch Jawwal, the first Palestinian mobile telephone service in Gaza and the West Bank. The second Palestinian mobile operator, Wataniya, was granted license in 2006 but actual operation started in 2008 after the Israelis agreed to free frequencies for its operation only in West Bank. Both mobile operators provide second generation (2G) services; Palestinian operators cannot provide 3G services in the West Bank and Gaza due to Israeli restrictions on frequency allocation. In 2009, the MTIT started the process of fixed line liberalization by separating the internet services from line access; this process is called “Bit Stream Access” (BSA). For the first time, Internet Services Providers (ISPs) were able to compete in the internet market, while Paltel’s services in the area of data were confined to providing a line of access. About 10 companies are competing in provision of internet services in the Palestinian territories. The internal division in 2006 between the West Bank and Gaza Strip impacted the sector negatively, two ISP licensing and taxation procedures were created, one in the West Bank and the second in the Gaza Strip. In the Gaza Strip internet filtering is imposed on all providers while no similar policies are in place in the West Bank.

### **Palestine Telecommunication Company (Paltel)<sup>2</sup>**

Paltel was established and registered in Jericho on the 28th of August 1995. On the 15<sup>th</sup> of November 1996 the PA granted Paltel a license to build, operate and own landlines, Cellular networks, data

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<sup>1</sup> The telecom Annex III attachment 1

<sup>2</sup> [www.paltel.ps](http://www.paltel.ps)

communications, paging services and public telephones. The financial annexes attached to the license were not revealed, the license duration was for 20 years, Paltel was granted fixed line exclusivity for the first 10 years, to give the company the needed support to build a modern fixed telecommunications network without worrying about competition from other operators. Paltel was also granted exclusivity in cellular communications for 5 years or reaching 120,000 lines, whichever came first, starting from the date of Israel releasing the required frequencies. Israel released the frequencies for Paltel's use in 1999 and Jawwal was established to operate the first Palestinian cellular communication network.

Paltel Group comprises the following companies:

- Palestine Telecommunications Company (Paltel) which provides fixed line, internet access via BSA and other value-added services, Paltel fixed line is considered the national telecommunication carrier and incumbent fixed line operator.
- Palestine Cellular Communications Company (Jawwal) the first mobile operator in Palestine and considered the dominant mobile operator.
- Hadara Technology Investment Company, the biggest internet service provider in Palestine. It is Paltel's arm in the internet market.
- Reach for Communications Services Company, the first contact or call center in Palestine
- Palmedia for Multimedia Services Company, the media arm of Paltel Group
- Hulul IT Company, the IT arm of the Paltel Group providing IT and software solutions.

### **Access to the radio frequency spectrum in the Palestinian territories.**

Per the telecommunications agreement, namely Article 36 of Annex III of the Interim Agreement, total control of the Palestinian frequency spectrum was given to Israel on the condition that Israel would release spectrum to the Palestinian Authority when needed and within one month of request. Israel has turned a blind eye to repeated Palestinian requests for frequencies whether for telecommunication, Radio or TV. Israel has released frequencies for the official Palestinian TV and Radio. One earth station for Palestine satellite TV upload is allowed. Currently there are more than 100 Radio stations using the FM frequency range and TV stations using the UHF frequency range broadcasting from the West Bank and the Gaza strip, Israel considers these stations broadcasting illegally and contrary to the signed agreement (Article 36 of Annex III). Frequently, the Israeli armed forces raid the stations premises and confiscate their equipment under the pretext of interfering with the communication of the Israeli air aviation control.

Israel denying the Palestinians access to the radio communication spectrum is most financially damaging for Palestinian mobile telecommunication. Palestine currently has access to 18% (6.6MHz) of the 900MHz band and 4% (3.6MHz) of the 1800MHz band to serve 3.2 million subscribers in the West Bank and the Gaza Strip. The services provided by the licensed operators (Jawwal and Wataynia) are limited to 2G services due to the constraints on access to spectrum imposed by Israel. Palestine should have access to 35MHz on the 900MHz band and 75MHz on the 1800MHz band in accordance with International laws and standards. Spectrum limitations increase the cost of service, lowers network quality, and limits technical innovation.

Lack of access to 3G, 4G, LTE and future spectrum bands limits the ability of Palestinian operators to deliver mobile data services and widespread mobile access to the Internet. Palestine should have access to 60MHz on the 2100MHz band, without mentioning other bands, including the 3.5GHz band. Palestinians should have the right to determine other frequency bands, for example, in the 700 MHz and 800 MHz frequency bands, to introduce new services including Radio and TV.

Other frequency spectrum ranges are allocated to emergency services and security services which are dealt with by specialized committees such as the Red Crescent and Fire and Police liaison committees<sup>3</sup>.

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<sup>3</sup> Israeli restrictions on the Palestinian ICT sector - all related documents now on MTIT website  
<http://www.pmtit.ps/ar/index.php?p=restrictions>



## Frequency Spectrum and Israeli Mobile operators

In general, the more spectrum bandwidth a telecommunications operator has, the more subscribers it can serve. Lower band frequencies of 800-900 MHz generally travel farther and penetrate walls better, and thus are more desirable than higher band frequencies of 1800-2100 MHz. However, spectrum is also a hotly contested scarce resource, and must be divided between military, science, government and companies, all of which seek to maximize their allotment.

Jawwal's 1996 license gave it 4.8 MHz in the 900 band for a target of 120,000 subscribers. The company now has 2.5 million subscribers but the same amount of frequency. For multiple periods over the past ten years, Jawwal stopped selling SIM cards because its network was running overcapacity due to lack of frequency. Wataniya has 4.8 MHz in the 1800 band, the company has 650,000 subscribers. It's cheaper to run on 800-900 MHz because it requires less investment in towers and cells

By comparison, Israel's leading cellular company, Cellcom Israel Ltd., which has about 3.2 million subscribers, is satisfied with its total spectrum allotment of 27 MHz. In its 2008 annual report, Cellcom states: "We believe that our available spectrum is sufficient for our needs." Another Israeli company, Orange, states in its 2008 annual report: "We have built an extensive, resilient and advanced network system in Israel, allowing us to offer our services with extensive coverage and consistent high quality."

Contrary to the signed agreements (Article 36 of Annex III B(4)) , Israeli operators cover most of the West Bank and the Gaza Strip without licenses from the Palestinian Authority or paying fees, taxes or contributing any value added services to their Palestinian customers. Some of the Israeli operators use confiscated privately owned Palestinian land to erect their towers. Meanwhile Palestinian operators are not allowed to build infrastructure in areas defined as area C, this leaves Palestinian residents of area C with no alternatives but to use the available Israeli service providers.

## Fixed line telephony

The Palestinian telecommunication network was, and still is to some degree, integrated with the Israeli telecommunication infrastructure as outlined in the Interim Agreement (Annex B, section D). The agreement in theory allows the Palestinians to develop an independent telecommunication infrastructure "*Pending the establishment of an independent Palestinian telephone network, the Palestinian side shall enter into a commercial agreement with Bezeq - The Israel Telecommunications Corp. Ltd. (herein, "Bezeq"), regarding supply of certain services in the West Bank and the Gaza Strip. In the area of international telephony, commercial agreement(s) shall be concluded with Bezeq or other duly-licensed Israeli companies*". Israel in effect obstructs every Palestinian attempt to separate from the Israeli network, all equipment imported is subjected to Israeli scrutiny and strict regulations and approval procedures.

## Other Players in fixed line telephony and data services (internet) ISPs

In its quest to liberalize the telecom market, the MTIT issued several ministerial directives to open the incumbent operator network for new licensed service providers. The Ministry also set interconnection rates between the incumbent operator and newly licensed providers. In addition, the ministry allows newly licensed operators to connect directly to international operators, including Israeli operators, bypassing the incumbent provider. This new policy has reduced the costs of Internet and international calls. Few Palestinian telecom operators made use of what is allowed in the liberalized Israeli telecom market and established operations inside Jerusalem and even Israel. Palestinian operators have obtained Israeli telecom licenses, by doing so they are treated as Israeli companies and can operate in area C of the West Bank, however those Palestinian companies are subjected to security clearance and in many occasions are not allowed to work in settlements or areas defined as a security zone (near borders for example).

There are about 10 licensed Internet Service Providers (ISPs), the ISPs mainly provide internet and Voice Over IP (VOIP) services. Many new ISPs use the incumbent operator network to reach its

customers relying on the MTIT regulated costs of access. There are a number of telecom related businesses such as Interactive voice response (IVR) and VOIP services which are also licensed and regulated by the MTIT.

Recently, the Jerusalem District Electric Co. (JDECO) has entered the telecommunications market. JDECO is laying optical fiber cables over its electric grid to manage and control its electric supply, this operation is known as a smart grid, and the company can also monitor and read meters remotely. Optical fiber cables have far larger transition capacity to fulfill the company's needs. As a matter of regulatory policy, the MTIT granted JDECO the permit to lay the fiber cables for JDECO's own use but on the condition that the company gives licensed telecom operators the right of access.

Considering JDECO is a Palestinian company with offices in Jerusalem (Israeli registered), the optical fiber cables as well as the electricity conducting cables cross the wall from Jerusalem to areas in the West Bank, including areas defined as area C. This can give the Palestinian telecom operators a good chance to provide their services to locations they were not able to reach so far. JDECO's coverage area covers only the center of the West Bank. Electric companies in other parts of the West Bank and in the Gaza Strip have a chance to do the same as JDECO.

## **Cellular/mobile Operators**

### **Jawwal**

In 1999 Jawwal was established as the first mobile operator in Palestine and the more profitable distinguished part of the Paltel group. To date, Jawwal is the dominant Palestinian cellular operator. Jawwal claims to have more than 2.5 million subscribers. Jawwal's cell coverage area is primarily in areas A and B while coverage is limited or non-existent in area C. Jawwal has roaming agreements with most Israeli mobile operators, albeit one-sided ones (Jawwal users are connected to Israeli operators when Jawwal has no coverage, meanwhile the opposite is not allowed, this puts Jawwal at a financial disadvantage). Israeli operators need not roam to Jawwal, considering that they have coverage over almost all the Palestinian Territories.

### **Wataniya**

Wataniya Mobile is the second Palestinian mobile operator, it was granted the license in 2006 to provide 2G and 3G mobile services in the West Bank and the Gaza Strip. Wataniya's actual operation started in the West Bank only three years later, after Israel released the 2G frequencies in November 2009. Wataniya's license duration is 15 year, at the cost of 251M Jordanian Dinars. Less than half of the license fees are paid to the PA, the rest is withheld until Wataniya receives the 3G frequencies and is allowed to work in the Gaza Market.

Wataniya Mobile Palestine was first established as a partnership between the Wataniya Group (headquartered in Kuwait and majority owned by Qatar Telecom (Qtel)) and the Palestine Investment Fund (PIF) with ownership stakes of 57% and 43% respectively. In January 2011, Wataniya Mobile Palestine successfully completed a public listing of its shares representing 15% of its share capital. The current ownership structure has the Wataniya Group at 48.45%, the Palestine Investment Fund at 36.55% and 15% free float. Qtel brings extensive international experience in telecommunications through its operations in 16 countries which provide Wataniya Mobile Palestine with the knowledge and expertise to work towards achieving a superior customer experience. Wataniya claims to have 650,000 customers in the West Bank.

As the case of Jawwal, Wataniya has one-sided roaming agreements with most Israeli mobile operators, in addition Israelis restrict Wataniya operation to the West Bank only.

## **Radio, TV and Satellite Communications**

Since 1993, Palestinian Radio and TV stations have proliferated, from none before the Oslo agreement to more than 100 to date. Despite the telecommunication agreement limiting the Palestinians to the official radio station (voice of Palestine) and the TV station (Palestine TV), many private sector, NGOs and universities have established their own media outlets (Radio and TV stations). Currently there are over 80 stations in the West Bank and 30 stations in the Gaza Strip, which broadcast for local communities, although some have nationwide coverage. The PA follows a liberal policy of licensing stations in a deliberate move to claim spectrum frequencies dominated by Israeli broadcasters. What contributed to this increase is that starting a Radio or TV station does not require highly developed technologies, the equipment is often bought from the Israeli open market.

Unlike satellite communication equipment, which is subject to strict Israeli supervision and control, establishing earth stations requires only Israeli governmental approval. The Palestinian authority charges low licensing fees for establishing Radio or TV stations taking into consideration that the Israeli army could raid those stations and confiscate their equipment under the pretext that they interfere with the Israeli communication system.

The Israeli-Palestinian telecommunication agreement specifies channels and frequencies for Palestinian emergency services operations in every locality.

In recent years, the PA managed to register many of the licensed Palestinian Radio and TV stations with ITU, and thus the stations are internationally recognized.

## **The Role of the PA The Ministry of Telecommunications and Information Technology (MTIT)<sup>4</sup>**

The MTIT coordinates all government communication activities through the Government Computer Centre (GCC) which was established and is managed by the MTIT, and is also a part of it. The GCC also manages ministerial domain names in the West Bank. Gaza government domain names are managed through the Gaza GCC which is under the control of the Gaza Government. As described under The Palestinian National Internet Naming Authority (PNINA), domain names before the division are left as they were before the separation between the two areas.

The MTIT's work in the West Bank includes meetings with Israelis through the telecommunications joint committee to coordinate frequency assignment, importation of equipment, telecommunication activities in area C and other occurring issues as described in the Palestinian Israeli telecommunication agreement.

In effect, the committee is Israeli dominated and through which the Israeli occupation authority informs the Palestinian side what they can and can't do in the telecommunications sector. It's a one sided relationship. Israel has full control of what is allowed and what is not allowed and has the tools to reinforce its decisions through the control of importation of technology. Multiple times, Israeli armed forces have invaded Palestinian areas (A) to shut down radio or TV stations or to confiscate equipment at a great cost to the PA or to the private sector operators.

The MTIT regulates the prices and tariffs of existing telecom monopolies and issues licenses for providers of telecom services. The telecommunications law of 1996 governs the relation between the Ministry and Telecom service providers; the law was issued six months after the PA awarded the license to Paltel. This paves the way for legal discussions related to whether the Paltel license is subject to the application of law provisions retroactively. In 2008 a second telecom law was issued in which the law stipulated the establishment of an independent telecom regulator within 6 months of the issuance of

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<sup>4</sup> [www.mtit.PA.ps](http://www.mtit.PA.ps) (West Bank) and [www.mtit.gov.ps](http://www.mtit.gov.ps) (Gaza)

the law. The Board of Directors (as the law stipulates) never materialized due to internal disagreements. Most of the MTIT would have been taken over by the Independent regulator and most of the controversial issues between the Gaza Strip and the West Bank could have been avoided. The division between the Gaza Strip and the West Bank does not free the Gaza government of the constraints imposed by the Israeli occupation. All companies including Paltel have to follow Israeli military orders or risk business blacklisting in the West Bank.

### **Palestine Investment Fund<sup>5</sup>**

The Palestine Investment fund is the investment arm of the PA, it was established in 2003. As such, the PIF is a public shareholding company owned by the Palestinian people. It is financially and administratively independent and is governed by an independent General Assembly and Board of Directors. PIF manages a strategic investment program in a number of vital sectors directly or through a number of fully owned subsidiaries. PIF invests heavily in telecommunications, which includes, the Paltel Group and Wataniya Mobile Palestine. PIF assets were confiscated in Gaza by the Hamas led government.

### **Palestinian Information Technology Association of Companies (PITA)<sup>6</sup>**

PITA's prime goal is advancing the ICT sector's interests, and has become the leading information source about this sector in Palestine. Based in Ramallah, PITA was founded in 1999 by a group of Palestinian entrepreneurs with the vision of creating a non-profit organization to advance the interests and positive societal impact of Palestine's Information and Communication Technology (ICT) sector. A new generation of forward thinking entrepreneurs with a heritage that takes them back thousands of years in history is bringing together profound change to the technology and startup landscape. Through its programming, content, events and global outreach, PITA is now poised to not only continually advance its mission towards innovation, but also serve as the region's driver for its startup ecosystem.

PITA plays an important role in bridging the gap in the national division between the West Bank and the Gaza Strip. PITA maintains its open communications and dialogue with both governments, as it has representatives in PNINA. PITA and ISOC keep PNINA united.

### **The Palestinian Chapter of the Internet Society (ISOC-Palestine)<sup>7</sup>**

ISOC-Palestine is registered as a local NGO, it strives to strengthen and to promote the use of the internet for all the cases and for all ages. ISOC-Palestine in effect represents the internet consumers in the West Bank and Gaza, it campaigns to improve telecom services and reduce costs among other things, it promotes open access to the internet and fights monopolies and censorship. ISOC-Palestine owns the Palestinian Internet Exchange, which is a local internet traffic exchange and represents the consumers on the Palestinian National Internet Naming Authority (PNINA). ISOC also plays an important part in bridging the gap of the national division between the West Bank and the Gaza Strip. ISOC maintains open communications and dialogue with both governments, as it has representatives in PNINA. ISOC helps keep PNINA united.

### **The Palestinian National Internet Naming Authority (PNINA)<sup>8</sup>**

The Palestinian National Internet Naming Authority (PNINA) is the Official domain registry for the Palestinian Country Code Top-Level-Domain (ccTLD). Through PNINA, you can register your domain directly under the .ps domain or under one of its second level domains such as .com.ps, .org.ps and .net.ps. PNINA's implementation plan was initiated in early 2003. PNINA's role is to realize the

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<sup>5</sup> [www.pif.ps](http://www.pif.ps)

<sup>6</sup> [www.pita.ps](http://www.pita.ps)

<sup>7</sup> [www.isoc.ps](http://www.isoc.ps)

<sup>8</sup> [www.pnina.ps](http://www.pnina.ps)

Palestinian on-line presence through the formulation of registration policies, administration of the .ps domain Registry, and the enhancement and promotion of Internet usage in Palestine.

PNINA's Board of Directors is made up of representatives from the Public, Private, Academic, and Legal sectors and institutions interested in advancing Internet usage in Palestine. PNINA endeavors to establish meaningful partnerships between these diverse Palestinian sectors in administering and managing the national Internet enterprise. PNINA plans to establish a knowledge and resource network as a focal point for technology in Palestine, known as the PNINA Center of Excellence. PNINA ensures Palestine's position as an independent and informed community within the globally connected world. PNINA is recognized internationally by the Internet Corporation for Assigned Names and Numbers (ICANN)<sup>9</sup>. PNINA is one of the few examples of independent institutions that survived the Palestinian internal division, although its main infrastructure remains in Gaza. So far PNINA has resisted all attempts by one party or another to be involved in the internal strife, this is firstly due to ICANN procedures and rules which makes it very difficult for one party to dominate, and secondly the wise involvement of private sector representatives in PNINA (PITA) and ISOC's Palestine Chapter, all of whom have played a part in keeping PNINA intact as an independent authority. To avoid taking part in the internal division, PNINA stopped registering all new names under the .GOV domain and kept all existing names under .GOV as is but allowing all registrations under other names. This is why there are West Bank government websites under .GOV and other Gaza ministries under the same .GOV domain name depending on where the domain name was managed when the division occurred.

### **The Palestine Information and Communications Technology Incubator (PICTI)<sup>10</sup>**

PICTI is an independent Palestinian organization based in Ramallah/Al-Bireh with a branch in Gaza. PICTI was created through the initiative and support of the Palestinian Information Technology Community. PICTI and its partner organization PITA, have as their mission the revitalization and sustainable growth of the Information Communication Technology (ICT) sector in Palestine.

The strategic core components of PICTI include the incubator facility that offers professional business services to Palestinian entrepreneurs who have mature concepts for unique and innovative ICT products assessed to have strong market potential.

These core elements form the backbone of PICTI's operations, in addition to its support for the ICT sector in Palestine as well as address many of the unique challenges facing its development, growth, and expansion. PICTI looks forward to continue working with Palestinian ICT firms to jointly identify, develop, and implement new initiatives that would be of significant benefit to the sector and the Palestinian economy in general.

The key competitive advantages of PICTI include its governance structure that provides access to economic clusters, its dedicated staff with incubation know-how, its clients and pipeline of entrepreneurial ideas, and an initiative underway to structure a seed fund for the benefit of pre-revenue start-up companies incubated at PICTI. PICTI aims to develop the Palestinian Micro, Small and Medium Enterprises (MSME) as well as high growth model sector as a means to generate new jobs, attract foreign investment and improve the economic situation in Palestine.

### **Universities' ICT Centers, Universities' Centers of Excellence**

These centers offer unique training in software, systems development, and networks with international certification programs, as well as job placement and IT business incubation services. The curriculum trains students in software programming as well as web development, networking solutions, and other IT business services. Business incubation services connect students finishing their degrees or certificates with business opportunities.

On March 8, 2002 at Al Quds University in Jerusalem, the Said Khoury IT Center of Excellence

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<sup>9</sup> [www.icann.org](http://www.icann.org)  
<sup>10</sup> [www.picti.ps](http://www.picti.ps)

opened; the first of ANERA's IT centers. Next came the IT centers at the Palestine Polytechnic University in Hebron and the American Arab University in Jenin, both inaugurated in November 2005. And finally, in 2008, ANERA inaugurated the Najjad Zeenni IT Center at Birzeit University. The Islamic University and other academic institutes in Gaza have similar ICT centers. These university bases mean that the IT Centers of Excellence can draw upon a wealth of intellectual assets to strengthen their capacity to serve the needs of the community and contribute to innovative business solutions.

### **Telecommunication Union**

A trade union representing workers in Paltel's fixed line, its leadership and its strong activities are in the West Bank. Little is heard of the union's work in Gaza. The union negotiates with Paltel management to resolve workers disputes and has influence on developments in the telecommunication sector.

## **In the event of the PA's dissolution**

The Oslo agreement and related economic protocols attached to the Oslo peace process; in particular the Telecommunications Annex III, renders the PA's role similar to the role of any local authority in a modern state. The sector is dominated by the private sector and the ultimate decision maker is the Israeli military administration.

It can be safely assumed that the Gaza Strip would remain under Palestinian rule, due to Israeli disinterest in returning to the Strip, whereas if the PA collapsed for one reason or another Israel would be obliged to take control over the West Bank due to the entanglement of Israeli settlements with the Palestinian population. Regardless of any assumption we make, under the current Israeli total control of the telecommunications sector, the West Bank and Gaza Strip governments would have little to change in the current situation. However, there are steps which can be taken to secure better services and higher returns to Palestinian society as whole. As previously described, the telecommunications and information sector is dominated by Palestinian private sector ownership thus, the private sector and NGOs have a major role to play to make sure the Palestinian rights in telecommunication and information technology are upheld.

The Gaza government would have no alternative but to follow what the Israeli government dictates to them, unless the Gaza government decided to break the economic union with the West Bank and would then be able to import equipment directly from Egypt. So far Egypt is not prepared to follow this line of thought. Breaking the economic union between Gaza and the West Bank would have serious consequences for telecommunication, all direct communications between Gaza and the West Bank would be cut off and calls between the two areas would follow international routes. Private sector players, NGOs and universities would have to rethink their working strategies in dealing with two different economic environments.

## Recommendations (telecommunication, IT and other frequency spectrum residents):

- 1- The establishment of a telecommunication Independent Regulator according to telecom law of 2008 and according to international norms<sup>11</sup>. It's necessary that the Board of the regulator be independent and to be accepted by the community and ruling bodies in Gaza and the West Bank. This would force any future rulers of the territories to deal the regulator.
- 2- The Paltel (fixed and mobile) license expires in November 2016, negotiations between Paltel and the newly appointed regulator relating to the renewal the license need to start immediately, regardless of the outcome of the negotiations; the future of the incumbent or dominant operators has to be secured to ensure the stability of the ICT sector in the Palestinian territory and to avoid Israeli involvement in its future.
- 3- In the event of the PA collapsing and if the Israeli Government replaces the PA in any form, Israel would consider the PIF an arm of the PA/PLO. Israel may act to confiscate PIF assets to finance the newly formed entity. The PIF has substantial assets in the telecommunication sector, 10% in the Paltel group and 30% in Wataniya Mobile. It's highly recommended that the PIF assets are secured from any future confiscation by Israel. Disputes between the governments in Gaza and West Bank regarding the PIF have to be resolved immediately.
- 4- Strengthening of private sector organizations such as PITA to take the lead in the area of telecommunication and IT economic development. PITA is a unifying organization between the West Bank and Gaza. PITA teams should be included on all MTIT international missions and negotiations related to sector development. PITA should be able to defend Palestinian telecom rights and access to the international market in the UN and international forums such as the ITU.
- 5- Encourage the establishment of a national union for radio and TV broadcasters. This union would be able resist any future Israeli action to shut down stations through legal means and through local and international political pressure. Many Palestinian stations are registered with the ITU
- 6- PICTI should be positioned to be the independent national organization to foster ICT business development and coordinate all activities with the Universities' Center of Excellence. A national umbrella of the universities' ICT centers with PICTI should be established. This would serve to foster small ICT businesses and innovations.
- 7- Encourage and help ISOC to truly represent the Palestinian ICT consumer society in the West Bank and Gaza Strip, and represent the Palestinian consumer internationally along with PITA. ISOC Palestine owns the Palestinian Internet Exchange (PIX) which reduces internet costs. PIX is currently located in Ramallah, ISOC should be encouraged and assisted to establish a second point of presence in Gaza so that consumers in Gaza feel the benefits of the exchange.
- 8- A national coalition of ICT, private, and NGO representatives needs to be formed to defend Palestinian rights to frequency spectrum allocation, free access to internet, and rights to broadband connection. This coalition can build on PA successes in the international forums such as the UN and ITU. The National coalition can also take the Israeli mobile operators to international tribunals for illegally invading and exploiting Palestinian space.

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<sup>11</sup> The ITU recommends that an independent authority should regulate the telecommunication sector.

## Postal Services

The Palestinian Post Office was established in 1840 during the Othman empire, it gradually expanded to have offices in the major Palestinian cities (Jerusalem, Jaffa, Nablus, Gaza, Bethlehem, Tiberias, and Hebron). The British Royal Mail took over the operation of the post office during the British mandate over Palestine starting in 1918. After 1948 the Palestine post office disintegrated to three separate entities representing the prevailing political realities on the ground; Israel Post in the territories controlled by the newly established Israeli state, Jordan Post in the West Bank including Jerusalem and Egypt administered the post office in Gaza. After 1967 the Israeli occupation of the West Bank and Gaza, the Israeli military administration managed the post office in the Palestinian territory. After the annexation of Jerusalem, the post office in Jerusalem was expropriated and become part of the Israeli post office.

### **Current Postal Services and the Role of the PA**

There are 107 post office outlets in the West Bank and the Gaza Strip, 83 of which are in the West Bank, excluding Jerusalem which is under control of the Israeli post office, the rest are in Gaza. Due to the internal division and the current restrictions imposed on the Gaza Strip, the post office services in Gaza is dominated by financial services, unlike services in the West Bank where the banking sector is more active and is free from the imposed sanctions on the Gaza Strip. The Postal Bank in Gaza is used to distribute the salaries of the government employees in Gaza; whereas the Post Office Bank in the West Bank is used to hand out the martyr allowances paid by the Government, no commercial bank will handle those financial transactions for fears of possible international litigation.

The postal services in the Palestinian territories are subject to the Israeli-Palestinian Interim Agreement, paragraph 6(a) of article 29<sup>12</sup> of Appendix I to Annex III and the arrangements concerning the transfer of mail items, signed August 18, 1999. As in the telecommunication agreements Article 36, Article 29 on postal services gives up Palestinian sovereignty to Israel Postal Authority, the agreements states the following crucial points:

*2 c. The design, symbols, wording and subjects of stamps and date stamps issued by the Palestinian side will be in the spirit of the peace.*

*6. a. The modalities and arrangements for sending and receiving postal items, including parcels, between the Palestinian side and foreign countries, will be arranged by means of commercial agreements between the PLO, for the benefit of the Palestinian side, and the Postal Authorities of Jordan and Egypt, and a commercial agreement between the Palestinian side and the Israel Postal Authority.*

*6 b. Without derogating from the generality of paragraph 5 of Article IX of this Agreement (Foreign Relations), the status of the Palestinian side to this Agreement in the Universal Postal Union will remain as it is at present, and the Palestinian side will not be party to any action to alter or change its status*

*7. The relevant customs principles detailed in Annex V (Protocol on Economic Relations) shall also apply to postal items, including parcels transmitted to the West Bank and the Gaza Strip.*

Frequently stamps issued by the PA were rejected by Israel according to item 2 c of the postal

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<sup>12</sup> Article 29 attached



agreement.

While the agreement gives the Palestinians the right to make agreements with the Jordanian and the Egyptian Postal Authorities, Israel obstructed every effort the Palestinians made to make such agreements work by insisting that all mail items to Jordan have to go through the Israeli Postal Authority.

According to the Arrangements concerning the transfer of mail items, the financial terms for exchanging post and parcel services favors the Israeli side. Israeli post offices collect all incoming postal termination fees, the Israel post is supposed to give the Palestinian side 50% of termination fees but never passed on those fees to the Palestine Post. As for outgoing postal fees, Israel Post charges the Palestine Post office %89.2 of costs paid by an Israeli customer. In both cases, the incoming and outgoing posts, it is wholly uneconomic for the Palestinian side to distribute or collect every postal item from every branch and hand them or collect them to or from the Israelis in bulk in one center and pay the above costs.

Furthermore, the Israel post office collects customs and taxes from postal items directed to the Palestinian areas and are not paid back to Palestinian Authority as the case with other imported items.

During the last three years the Palestine Post Office has gone through serious changes to ensure the prompt and timely delivery of local post, many post office outlets were renovated and the emblem was changed to pave the way to the independence of the Post Office from other PA institutions. In 2009 Palestine managed to obtain its International Postal Code from the International Postal Union (UPU), this allows the Palestine Post Office to send and receive direct postal deliveries, separate from Israeli postal deliveries which was the case before 2009. Accordingly the Palestine post office will be able to settle financial transactions directly with the sending/receiving party. The Palestinians followed up the UPU acceptance by adopting the IPS13 system which electronically tracks postal deliveries and calculates financial settlements. This matter enraged Israel and its allies (mainly the USA and Canada) and as a result, Israel started to create more obstacles for Palestinian postal deliveries.

Attempts to direct all postal packages through Jordan to bypass Israeli post obstructions and delays was met with a list of Israeli demands and internal Palestinian bureaucratic procedures that would render the whole operation useless in speeding up the postal delivery.

Following the international recognition of the Palestine Post Office and the obtaining of the international post code, it was only natural that the post office wanted to start its own internal postal codes and integrate them with the international postal system. This process requires the cooperation of the local authorities and other PA departments, the sooner this process is completed the easier it would be for the post office to defend the interests of the Palestinians in any future international arbitration.

The current political and hence administrative division between the West Bank and the Gaza Strip complicates the matters further for the Palestinian Post Office service. The Gaza administration started to issue its own stamps (albeit symbolic, no country accepts Gaza issued postal stamps) and rely more on the postal bank for collecting money from or to the people of Gaza. Gaza receives mail only, and outgoing mail is carried out by private carriers.

### **Privates sector carriers**

A number of private sector postal and parcels carriers operate in the West Bank and Gaza. Most of the privately owned carriers have their headquarters in Israel and branches in the West Bank and Gaza but are licensed by the MTIT. In the absence of postal addresses or codes, the Parcels and postal carriers

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13 IPS is an integrated international mail management application that combines mail processing, operational management and EDI messaging into one application. IPS provides a means for postal enterprises to have an accurate and comprehensive view of their mail movement covering every point between origin and destination, including transit offices of exchange, international carriers, and handling through Customs.

follow their own developed system of delivery. The Carrier services are prohibitively expensive, people resort to private carriers due to lack of trust in the official post office services.

### **In the event of the dissolution of the PA, with Gaza remaining as it currently is:**

Assuming that Gaza would remain as it is currently, run by the Hamas government, letters and other postal shipments could be sent to Gaza using private carriers paid by the post office in Gaza or any other third party, or Israel post since Israel post receives all termination costs by the sending post office. Under UPU regulations, in which the Palestinian and Israeli post offices are members, the receiving post office has to ensure the delivery of post to its final destination.

In the event of the disappearance of the PA, minor changes are expected to occur in the West Bank post office, deliveries are subjected to full Israeli control anyway. However, it's also expected that Israel would reactivate the post office bank and have direct monitoring on all transactions from extremists through the post office. The payment of the martyrs' family allowances through the post office would be obstructed or stopped; alternative methods of payment of the allowances would have to be found. Since the Palestine post office structure and administration is totally integrated with the PA administrative structure, this would make it easy for Israel to have direct and full control over the post office in the West Bank and separate its operation from the Gaza operation. The relationship between the Post Office branches in Gaza and the West Bank is likely to remain the same.

### **Recommendations (Postal Services):**

- 1- Separation of the post office from the government and allowing it to be an independent institution with a private sector lead management, to pursue through legal means the improvement of services and minimizing financial losses to the Israeli post. This would also put a stop to the practical separation between the post office in Gaza and the West Bank.
- 2- Registration of the Palestine Post Office emblem as a trade mark internationally to enable the Post Office to safeguard Palestinian interests through international institutions. All Palestinian-Israeli agreements concerning the postal services are commercial agreements with political consequences, the agreements were signed between the Israeli Postal Authority and the PA or the PLO, this needs to change and to replace the PA or PLO with the Palestine Post Office. The new commercial Palestinian entity would be able to pursue its interests through legal means and provide better services to its customers.
- 3- Payment of martyrs' allowances can be made through charitable agencies such as Zakah committees, or even through a grassroots movement such as family social solidarity funds or politically affiliated groups.
- 4- Postal services' agreements do not include provisions related to the post office bank; it is highly recommended that the post office bank should be established as privately managed, but citizen owned (cooperative bank) to provide nationwide services at low costs for citizens especially in rural areas. This would make it difficult for any future Israeli takeover.

## **Introduction**

The Information Communications Technologies (ICT) field is no longer a service arena connecting humans and providing knowledge and content. It's the fastest unprecedented and exceptional growing platform that goes beyond usual economic and societal norms. It has for the last few years, broken all known human records in terms of speed of development and level of competition. It has also extended to cover untapped areas of influence, facilitating revolutions and aiding in regime change!

ICT is now an undisputed political platform that draws similarity with no previously known mode of human-technology interaction. Talk about human and machine manipulation, entertainment, content, mobile telephony, software development, command and control, sectoral support and even box moving and one would find ICT there, now well embedded and well entrenched.

It is certainly a phenomenon that has superseded electricity, radio, television and fax inventions on technical terms but has equally far exceeded the influence of the industrial revolution and the two world wars in terms of impacting human lives and social trends.

Weighing such a humongous role for ICT, Israel has opted to forcefully leave Palestinians living under its occupation in the West Bank and Gaza to the bare minimum of technology, hence reducing their role to mere consumption level and depriving them of their full rights to free access to technology and right of way. Such a 'self-proclaimed' democracy is adamant to cripple Palestinian economy so that it remains fully dependant and noticeably ailing so not to provide prosperity, sovereignty and integrity for a nation it occupies. Thus this illusive democracy denies the Palestinians the basic pillars of democracy.

The paper titled: The Day After, Telecommunications and postal services compiled by Dr. Mashhour Abudaka confirms such a state.

I will therefore aim to closely re-visit some of the ideas presented by the aforementioned paper and devise possible remarks and recommendations.

## **Historical chronology and sector background**

The paper gives a good account of chronological flow of events in the field of ICT and postal services. It solidly presents the evolution of the two sectors and clearly marks areas of change.

It also provides a background description of ICT status and cross sectoral contribution. However, despite stating the opposite, it undermines the contribution of the PLO and Palestinian Authority's role in facilitating the advance of the sector.

Had it not been for the PA whether right or wrong, the sector would not have evolved. This includes political and technical agreements, licensing, re-licensing and even new licensing. It's is without doubt that the role of the PA has not lived up to expected outcome yet its role was clear and evident.

The paper does not also give weight to local universities to whom the introduction of internet services and early applications are attributed.

## **Current operators**

The paper provides a thorough description of the status of the two mobile phone operators and even

refers to their claimed customer subscription level.

It however does not mention the fact that Paltel was awarded a license without a tendering process and that its award led to canceling a previous non-tendered license award. This led to additional costs which were presumably offset from money the company claims to have paid the authority.

In mentioning the Palestinian divide there was no reference to the fact that such divide has led to partially create an excuse for Israel to delay the entry of Al- Watantya equipment into Gaza.

### **Access to Frequency Spectrum**

The paper provides an excellent account on the distribution of space allocation in and within specific frequencies. This clearly shows the level of impedance to technology progress and sectoral advancement. The author is commended on highlighting such a least-quantified issue.

### **Access level**

The author has for some reason opted for identifying specific frequencies Palestine needs. It would have been advisable to state a simple right: Palestine should have full control of its frequency spectrum. It is then up to the country to exercise the choice of which technology to operate. This condition aligns well with ITU decisions, upgrade of UN status and international law.

### **Israeli measures**

The paper accurately draws out a list of Israeli measures hampering sectoral growth. It also specifically states telecom traffic flow as stipulated by the Oslo Agreement.

### **Other ICT players**

In reference to reduction of telecom rates the author notes an improvement in that regard based on ministerial decisions. This is not something that's felt at the consumer level nor lives up to customer expectations.

It would have been advisable to clearly state such fact. Moreover, the decision to connect via Israeli companies remains debatable for many reasons one of which is based on a previous PA decision and later law of boycott.

As for Internet over power line, the paper fails to mention that such option was in existence. The Jerusalem Electricity Company JDECo was involved in testing the technology whilst it was effectively implemented by a certain company in Tubas and another company in Gaza.

On a different note but still within the role of players, the author's reference to The Palestine Chapter of the Internet Society ISOC-PS as playing a role in crossing the national division between Gaza and the West Bank is slightly exaggerated given the fact that ISOC-PS has been seriously dormant for years on end until resurrected by its recent elections and the Palestine Internet Exchange (PIX) in the last year or so.

### **Dissolving the Palestinian Authority**

The author bases his argument on a specific doctrine: if the PA is dissolved, Israel is obliged to take control of the West Bank whilst Gaza will remain under Palestinian rule due to Israel's disinterest in the Strip.

If such scenario stands then the author's vision is largely accurate with the private sector playing a major role in the sector. The only discrepancy is that universities will resume their previously noted

role of injecting and instigating change and modernity in the sector. They will also serve to safeguard existing initiatives.

If another doctrine stands: Israel completes its wall in the West Bank, unilaterally withdraws out, Jordan forced to take control of what remains of the West Bank then the sector is likely to suffer a different fate. This scenario is totally absent in the author's account.

Dissolving the authority under any scenario is likely to deem the majority of ITU decisions redundant and void. This like everything else, will mean the collapse of years' efforts to bring about a liberation of the telecom and postal services.

### **Overall comments**

The study provides a concise characterization of two promising sectors: ICT and promising services. It also provides a notable historical and economic narrative and sticks to one scenario of dissolution of the PA.

In terms of paragraph structure, the study would need serious restructuring so to clearly divide several components and parts of argument. Under existing structure the "role of the PA" is followed by PITA's role which may give the impression that PITA falls under governmental mandate.

The study seems to ignore the lack of market regulation, years of failure to bring about a sector independent regulator and the many alarming reasons behind that despite the existence of a standing law.

The study also ignores the issue of telecom monopoly that has affected the sector for years. This could be attributed to the nature of the paper. It is however an issue not to ignore as it has seriously influenced the sector for years on end.

The study also ignores the role of the sector in the life of Palestinian society amidst a remarkable influx into social media subscription.

It also misses a conclusion so to round up the discussion and clearly reflect on different aspects and way forward.

### **Conclusion**

This paper is certainly a reflection of the author's long engagement in the ICT sector together with his involvement in the postal sector. It provides a clear overview of the entire two sectors and enlightens fresh readers as well as knowledgeable practitioners. Avoidance of deeply technical issues will certainly serve that purpose.

I therefore feel confident that taking the comments outlined by this review into consideration would certainly sharpen ideas and address some accidentally dropped components.

The re-structuring of the paper is a clear need. However such an issue should follow the possible guidelines outlined by the sponsor.

### **Main commentary on the paper:**

- Paltel Group is a privately owned operation, and as such it can operate under any transitional situation by enforcement of its contractual relationships across the spectrum and empowering licensees and international law, where it is expected that any authority should respect contractual obligations. However, Paltel Group is also a Palestinian company and as such is eager to preserve the collective national interests of the country preserving national assets and preserving national economy achievements. Paltel Group would strive to work to protect any national assets and act as a safety valve to ensure these assets are not confiscated or misused. Paltel can use its private sector independent leverage and its de-facto presence on the ground.
- Paltel is ready to cooperate with all private sector entities, and industry associations to preserve the achievements in the telecom sector and protect the assets of its own operation and all other national operations. Paltel would hope that such a scenario would not take place, but should it take place, it has ready scenarios and readiness to work in concert with others to preserve the national interests of the Palestine telecom sector in addition to its own interests.
- Paltel Group's is focused on strategic related issues and macro fundamental matters. We will highlight legal, regulatory and even constitutional, semi-political pillars that directly relates to Paltel Group's future business in the case of the PA collapse as suggested/proposed by the theme of the paper.
- The writer clearly overestimates the current dependency on Israel and to some extent misjudges the level of independency achieved by the Palestinian side after Oslo. That is not to place an underestimation of the dependency on Israel but to challenge its level.

### **Additional Commentary:**

- The writer should have mentioned that under Art 36 any Israeli operator **must** be licensed from the PA in Area A, B and C- a major observation
- The writer should focus more on the fact that Oslo agreement has given Israeli companies the right to build its infrastructure to serve the settlements in Area C and the right to control links between the West Bank and Gaza Strip.
- The paper does not thoroughly highlight the negative effects and losses of having PG Companies compelled to route international communications through a licensed Israeli operator, the exclusion of East Jerusalem telephone lines, the lack of a direct-long distance connection between West Bank and the Gaza Strip and the two companies having not enjoyed license exclusivity period due to the competition by Israeli Mobile operators.
- The paper does not mention that Jawwal poses a 3G license.
- In the summary part regarding the progress of Palestinian telecommunication, it is worth mentioning Paltel's achievement of linking the Palestinian network through a submarine cable in Sep 2012.
- It is stated that the Israeli operators cover most of the WB & Gaza without licenses, fees or taxes. The correct term should not only be cover, but penetrate also.

- Security might deteriorate which can cause Paltel’s network to be vandalized and looted. Intensive efforts should be put in increasing national feeling and awareness.
- In the case of Israel taking over the West Bank and Gaza Strip as a result of the PA collapse, Israeli companies might be allowed to operate freely in the WB which will affect Paltel’s market share and this should be fought back by promoting national loyalty to national products.
- Gaza/ WB connectivity is expected to remain intact, since it is governed by trade agreements with Israeli companies which should be honored. In case of an unlikely effect on those agreements, Paltel can connect Gaza and WB separately through international alternatives
- Should the PA collapse, the status quo that results should not derogate from vested rights and commitments created for any private entity.

As for the recommendation submitted by the writer vis-à-vis the scenario of dissolving PA, Paltel group would observe the following:

- a. The writer should have focused on the legal successor of the PA. Legally speaking, any successor **must** honor all existing commitments and may not deviate from any legal or financial or contractual commitment made by the PA based on the well-established basic legal concept of continuity.
- b. The writer should have recommended the acceleration of the establishment of independent regulatory authority to make the market immune from political changes. This rather than to solely focus on strengthening private sector groups such as PITA, ISOC, PICTI etc.
- c. The writer fails to address in deep the ICT legislative facts and telecom elements that the PA has enacted and their ramifications.

#### **Comments on specific references:**

***The writer states “...and all activities in area known as C remains in the hand of Israeli occupying forces.”*** This statement is only partially true especially when it comes to access but it ignores several positive gained legal rights such as the fact that Area C is part and parcel of the Palestine Telecom area/sphere and that Palestine mobile operators are offering services in these areas without a need for a telecom license from Israel, and through installing the infrastructure in Area B. This is because the needed permit is only required for digging and installation and not for offering services.

***The writer states, “To date, the Palestinian network is not independent...”*** The writer makes an absolute statement and we believe that such overstatements should be revisited as it ignores certain legal and factual archived elements. That is to say though the control of the Palestine side is not fully fledged but it is not totally dependent at least legally speaking as per Art 36.

***The writer claims that the true cause for granting Paltel the License in 1996 was merely the financial difficulties (starved of cash) that the PA suffered at that time.*** This allegation is ill-founded as granting the license to Paltel was a strategic national step for privatization based on international organizations recommendation (including the World Bank) vis-à-vis the management ruined infrastructure inherited from the occupation. It also came about due to the lack of the public sector’s needed expertise.

***“... after the signing of the Palestinian-Israeli accords the PA awarded Paltel (the Palestine Telecommunications Company) a license to build, operate and own landlines, Cellular network, data communications, paging services and public telephones...”*** The license has also given Paltel Group the right to provide satellite communication services, lease lines, selling telecommunications

equipment (peripheral devices) and VAS.

**“... The transferred staff was an asset to Paltel in its first stage to transfer their knowledge and experience to the newly established company but have later turned to become a resistance base for the company development and corporate organizational management improvement.”** The whole sentence should be deleted; too general.

**Page 4: “... in 15 November 1996 the PA granted Paltel a license to build, operate and own landlines, Cellular network, data communications, paging services and public telephones.”** The license has also given Paltel Group the right to provide satellite communication services, lease lines, selling telecommunications equipment (peripheral devices) and VAS.

**“... The financial annexes attached to the license are not revealed.”** The whole sentence should be deleted; there is no need to mention this info.

**“... and Jawwal was established to operate the first Palestinian cellular communication network.”** The writer should note here that there was also illegal competition from Israeli mobile operators and Jawwal was not the only operator in the Palestinian market back then.

**“Hulul IT Company the IT arm of Paltel Group providing IT and software solutions.”** The services of this company are exclusive to Paltel Group companies.

**“... Israeli operators cover most of the West Bank and Gaza Strip without licenses from the Palestinian Authority or paying fees, taxes or contributing any value added services to their Palestinian customers.”** Israeli operators cover, market, sell cellular services in most of the West Bank and Gaza Strip territories without licenses from the Palestinian Authority or paying fees, taxes or contributing any value added services to their Palestinian customers.”

**“There are about 10 licensed Internet Service Providers ISPs, the ISPs mainly provide internet services and Voice Over IP (VOIP) services.”** There are more than 10 licensed ISP’s.

**“Recently the Jerusalem District Electric Co. (JDECO) has entered the telecom market.”** JDECO is not allowed to sell services and facilities.

**“Electric companies in other parts of the West Bank and in Gaza Strip have a chance to do the same as JDECO.”** What is the main target for the writer to mention such an example and to stress over it this much? The writer is apparently urging other companies in West Bank and Gaza strip to follow in footsteps of JDECO.

**The writer says that “Jawwal cell cover area defines as Area A and B while coverage is limited or non-existent in Area C”:** This is not a true fact and implies an overstatement. The word “non-existent” should be deleted from this sentence.



## **Workshop Discussion**

### **Dr. Mashhour Abu Daqqa:**

W must consider all possibilities and anticipate events in light of the difficulties facing us.

We need to maintain the unity of the homeland no matter what happens in the Gaza Strip. In the past, during Egyptian rule of the Gaza Strip and Jordanian rule of the West Bank, a phone call between the two regions was an international call. Following the 1967 Israeli occupation, the phone call became a local one and it continued like that under the PNA. I fear the future with scenarios that talk about the separation of the West Bank from the Gaza Strip. Huge advances have taken place in telecommunications, but we lag far behind our neighbors as a result of Israeli obstacles in terms of lack of frequencies, because we are prevented from working in Zone C, and because we rely on Israeli companies that do not give us licenses, plus other problems.

The crux of the problem lies in the Oslo Accords that granted Israel the right to run telecommunications and the postal service. If we had performed better in the negotiations, we would have won better conditions.

Israel still controls many of the issues related to the telecommunications sector. Israel recognized in the agreements that the Palestinians would be permitted to run their own independent network when they have the means to do so. At the same time, Israel prevents the delivery of equipment that would allow the Palestinian network to be independent from the Israeli network.

The private sector controls, manages and invests in telecommunications.

A revolution has taken place in TV and radio stations. Israel tried to close down stations on the grounds that they constitute an act of piracy.

IT has entered a prosperous phase and we could have benefited to a greater extent if we had had open borders to the world.

Universities have benefited from the technological revolution and offer IT degrees, which have produced many graduates to join this market, in addition to those specializing in related topics.

#### **Recommendations:**

- 1- Economic unity must be maintained between the West Bank and Gaza Strip: there is considerable scope for the private sector in this area.
- 2- The licensing of a second telecommunications operator must be discussed to pre-empt problems in the future.
- 3- Investment in the Investment Fund must be considered because if it collapses, Israel may seize it.
- 4- The radio service should establish a body which can act as a lobby as it has become an industry and can play an important role in influencing public opinion.
- 5- Palestinian postal services must be reactivated as they have declined under the PNA. The postal bank also needs to be initiated.

### **Abdul Majeed Milhem / Ammar al-Aker**

Telecommunications face considerable obstacles imposed by the Israeli occupation. To work in Zone C requires the approval of 12 Israeli institutions and this delays work for long periods of time.

On the day after the collapse, there would not be a legal vacuum as there is so-called legal succession. Legal succession came into play during the British Mandate after Ottoman rule, then during the Israeli occupation in 1967 after Jordanian and Egyptian rule, and then after the establishment of the PNA.

Legal succession does not cancel licenses that have been granted and this is clear; Palestinian courts still rely on regulations issued under military rule.

The telecommunications sector is based on legal succession, as has been applied to all authorities in Palestine since the end of Ottoman rule. The Jerusalem Electricity Company is the best example of this.

It would be helpful to have a body that organizes the telecommunications sector; this body should be neutral and should not belong to any political party. It must not be appointed by a minister, but should be a non-official legal organization endowed with legislative powers within the sector. The body must include members from both the West Bank and Gaza Strip.

There must be a decision on extending telecommunications licenses prior to the expiration date otherwise legal succession may alter and amend clauses.

The security situation is a problematic issue that could affect the telecommunications sector if the PNA were to be dissolved. Anarchy and lack of security would have a considerable impact on telecommunications and work should take place on maintaining public property, particularly company assets that may total high sums (millions).

### **Dr. Sabri Saidam**

I believe that there is another scenario towards which we are moving. Israel continues to confiscate land, expand the building of settlements and the wall, and will separate the West Bank on a unilateral basis, transferring all remaining land to Jordan in exchange for a payment. This will have a radical effect on the assumptions on which this paper has been based.

I agree with Dr. Mashhour on the issue of the dependence of the telecommunications sector and all other fields. This dependence is tragic and will impact on all economic aspects.

Palestinians have the right to manage the frequency spectrum freely from Israelis so that they can choose the technology that works best in their conditions.

Israeli control is absolute and Israel considers that all stations are acts of piracy. Israel wants to close all the stations which have benefited from the chaos and lack of organization.

The Palestinians have approached the International Telecommunications Federation, not as a result of the Oslo Accords, but because the PLO has observer status at the UN and could therefore legitimately approach the Federation, which has issued several resolutions related to Palestine.

### **Other Comments:**

The telecommunications sector will be the least affected of the vital sectors.

Security is a basic condition for the sustainability of services of this sector to the public.

An independent body is needed to organize the telecommunications sector and manage and strengthen the sector on a long term basis to enable it to withstand any future shocks.

Israel considers itself as the party with sovereignty over the West Bank and continues to impede any development of the economic sector, including telecommunications.

It would have been beneficial if this paper had been linked to other papers on the political and security ramifications of other options and scenarios if the PNA were to collapse or be dissolved.

## Day After - Workshops' Participants

#	Name	Organization
1	<b>Mr. Abd Alnaser Masoud</b>	National Sec. Forces - NSF
2	<b>Dr. Abd Alrahman Altamimi</b>	Head of Palestinian Hydrology Group
3	<b>Dr. Abdelnaser Makky</b>	JICA/Birzeit University
4	<b>Ms. Abeer Albatma</b>	PENGON
5	<b>Mr. Abulmajeed Melhem</b>	PALTEL
6	<b>Mr. Ahmad Hindi</b>	PWA
7	<b>Mr. Ahmad Qurei "Abu Alaa"</b>	Adisory Board/Fatah
8	<b>Mr. Ahmad Surghally</b>	PALTEL
9	<b>Mr. Alaa Lahlouh</b>	PSR
10	<b>Mr. Alaa Yaghi</b>	PLC
11	<b>Mr. Ali Hamoudeh</b>	JDECO
12	<b>Dr. Ali Jarbawi</b>	Minister of Higher Education
13	<b>Mr. Ali Nazzal</b>	President office
14	<b>Mr. Ali Omar</b>	National Sec. Forces - NSF
15	<b>Mr. Amin Maqboul</b>	Sec. General, Fateh Revol. Council
16	<b>Mr. Ammar Dwaik</b>	Birzeit University
17	<b>Mr. Anwar Abu Ammash</b>	Welfare Association
18	<b>Dr. Ayman Daraghme</b>	PLC
19	<b>Mr. Aziz Kayed</b>	PSR
20	<b>Dr. Azmi Shuaibi</b>	AMAN
21	<b>Mr. Basem Tamimi</b>	Popular Committes
22	<b>Mr. Basri Saleh</b>	Ministry of Education
23	<b>Mr. Bassam Alaqtash</b>	National Sec. Forces - NSF
24	<b>Ms. Buthaina Hamdan</b>	Ministry of TLC
25	<b>Ms. Covadonga Bertrand</b>	UNDP
26	<b>Mr. Daoud Darawi</b>	Adala law
27	<b>Mr. Eyad Zeitawi</b>	PMA
28	<b>Mr. Fadel Hamdan</b>	PLC Member
29	<b>Mr. Fadi Qura'an</b>	Alhaq
30	<b>Ms. Fadwa Barghouthi</b>	Revolutaionary Council/Fatah
31	<b>Dr. Faisal Awartani</b>	Researcher
32	<b>Mr. Fajr Harb</b>	Carter Center
33	<b>Mr. Faris Sabaneh</b>	Supreme Judicial Council
34	<b>Dr. Fathi Abumoghli</b>	former minister of Health
35	<b>Ms. Florence Mandelik</b>	NOREF
36	<b>Mr. Florid Zurba</b>	Ministry of TLC
37	<b>Dr. Ghassan Khatib</b>	Birzeit University
38	<b>Dr. Hanan Ashrawi</b>	PLO
39	<b>Dr. Hanna Abdalnour</b>	Alquds University
40	<b>Mr. Hasan Abushalbak</b>	Ramallah Municipality
41	<b>Mr. Hazem Gheith</b>	Egyptian Embassy

42	<b>Mr. Henry Siegman</b>	US/ MIDDLE EAST PROJECT
43	<b>Mr. Ibrahim Barghouthi</b>	head of MUSAWA
44	<b>Mr. Ihab Shihadeh</b>	Ministry of Justice
45	<b>Mr. Jacob Hoigilt</b>	NOREF
46	<b>Mr. Jamal Zakout</b>	FIDA
47	<b>Mr. Jamil Rabah</b>	Negotiations Support Unit - NSU
48	<b>Dr. Jehad Albadawi</b>	MOH
49	<b>Mr. Jehad Alwazer</b>	PMA Governor
50	<b>Mr. Jehad Harb</b>	PSR
51	<b>Dr. Jehad Mashal</b>	Expert
52	<b>Mr. Jihad Shomali</b>	UNDP
53	<b>Mr. Khaled Alosaily</b>	Business man
54	<b>Mr. Khaled Shtayeh</b>	UNDP
55	<b>Mr. Khalil Rifai</b>	Deputy Ministry of Justice
56	<b>Dr. Khalil Shikaki</b>	PSR
57	<b>Mr. Mahmoud Haroun</b>	Military Intelligence
58	<b>Mr. Mariano Aguirre</b>	NOREF
59	<b>Dr. Mashhour Abu Daka</b>	Former Minister of Communication
60	<b>Mr. Mazen Sinokrot</b>	Private Sector
61	<b>Mr. Mohammad Alfaqih</b>	PNC
62	<b>Mr. Mohammad Aref</b>	PMA
63	<b>Mr. Mohammad Attoun</b>	Wassel co.
64	<b>Mr. Mohammad Daraghmeh</b>	Journalist
65	<b>Mr. Mohammad Hadieh</b>	Ministry of Justice
66	<b>Dr. Mohammad Odeh</b>	MOH
67	<b>Dr. Muatasem Alhmod</b>	MOH
68	<b>Mr. Munib Masri</b>	Private Sector
69	<b>Mr. Munir Barghouthi</b>	Ministry of Education
70	<b>Dr. Munther Alsharif</b>	NAS
71	<b>Mr. Musa Haj Hasan</b>	QIF
72	<b>Mr. Mutaz Abadi</b>	PWA
73	<b>Mr. Nabil Amr</b>	Fatah
74	<b>Mr. Nabil Masri</b>	Private Sector
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77	<b>Dr. Naser Abdelkarim</b>	UNDP/Birzeit University
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79	<b>Mr. Natasha Carmi</b>	Negotiation Aff. Dep.
80	<b>Mr. Nayef Swetat</b>	Revolutaionary Council/Fatah
81	<b>Mr. Omar Assaf</b>	Return right committee
82	<b>Mr. Peter Krause</b>	Boston University
83	<b>Mr. Qaddora Fares</b>	Prisoner's Affairs
84	<b>Mr. Qais Abdelkarim</b>	PLC

85	<b>Mr. Radi Jarai</b>	Alquds University
86	<b>Mr. Reda Awadallah</b>	PPP
87	<b>Mr. Roland Friedrich</b>	DCAF
88	<b>Dr. Sabri Saidam</b>	President consultant
89	<b>Mr. Sadam Omar</b>	National Security Forces
90	<b>Dr. Safa Nseraldin</b>	Minister of TLC
91	<b>Mr. Said Alhmouz</b>	PMC
92	<b>Mr. Said Zaid</b>	PLC
93	<b>Mr. Salam Zagha</b>	NEDCO
94	<b>Mr. Saleh Ra'afat</b>	Former Head of FIDA
95	<b>Mr. Samer Farah</b>	Welfare Association
96	<b>Mr. Sami Alsaedi</b>	AI Bank
97	<b>Mr. Samir Abdallah</b>	MAS
98	<b>Mr. Sergio Garcia</b>	NOREF
99	<b>Dr. Shaddad Attili</b>	PWA president
100	<b>Mr. Shaker Sarsour</b>	PMA
101	<b>Ms. Shereen Zedan</b>	PWTI-PHG
102	<b>Mr. Shihadeh Hussein</b>	PMA
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108	<b>Dr. Ummaya Khammash</b>	UNRWA
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110	<b>Mr. Waleedd Ladadweh</b>	PSR
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112	<b>Mr. Walid Hodali</b>	JWU
113	<b>Mr. Wisam Atwan</b>	National Security Forces
114	<b>Mr. Yousef Adwan</b>	UNDP
115	<b>Mr. Zafer Milhem</b>	PERC

## **The Day After: How Palestinians Can Cope if the PA Ceases to Function**

January-October 2013

PSR, in cooperation with the USMEP and NOREF, has initiated in January 2013 a policy research project that aims at exploring Palestinian conditions and options in the day after the PA ceases to function. The initiative seeks to produce a series of expert papers focusing on 10 main challenging areas of “the day after” in Palestinian political, social, financial, economic, and security life.

The initiative’s point of departure is that the PA may collapse or may decide to dissolve itself in the near future under the heavy weight of various financial and political pressures. Three scenarios are conceivable: (1) Israel and the US may impose on the PA severe or crippling financial and political sanctions; (2) the PLO leadership may conclude that the two-state solution is no longer practical and may begin to search for other means to gain Palestinian rights leading it to dissolve the PA; and (3) a series of economic, financial and political crises may lead to popular demands for change expressed in mass demonstrations against the PA and a widespread demand for regime change leading to chaos and eventual collapse.

The initiative goals are three: (1) explore the implications of such a development on various critical dimensions of Palestinian life and government, elaborating on the magnitude of the problems and challenges that might arise as a result of PA demise; (2) debate various policy options to respond to such a development, to contain the damage, and to capitalize on potential benefits, if any; and, (3) recommend a course of action for Palestinians to pursue in response to the expected complications.

PSR has gathered a team of 30 experts in the areas of finance and economics, internal security and law enforcement, health, education, communication, justice system, local government, water and electricity, civil and domestic political affairs, and the future of the two-state solution. Experts have been asked to write 10 papers in their various areas of expertise examining the implications, policy options, and recommendations. Each paper has been reviewed and critiqued by two experts. Drafts of the expert papers have been discussed in small specialized workshops attended by policy makers, parliamentarians, experts, and academics.

A final report will be prepared based on the expert papers, workshops/focus groups, interviews, and background research. The report will summarize the main findings, examine the overall policy implications for the PA and the international community, and provide policy recommendations for the various relevant parties.

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