



ID Management Consultants

Corporate Social Responsibility (CSR)

Palestine Model

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2006

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Corporate Social Responsibility

The Case of Palestine

ID Management Consultants – Ramallah - Palestine

1.0 Introduction

Today, the innovative ideology of distinctive leadership style pays good attention to the local community. Among vision integrated within policies of international corporate and pioneer businesses is a mechanism through which those enterprises could contribute to the civil society whether they are individuals, sports clubs, charitable societies, or non-governmental organizations. Based on this perspective, the leading commercial and industrial firms in the United States and European countries tend to adopt a theoretical concept emanated from new management policies with relevance to social interaction as a good practice for the successful performance of the firm. Through establishing a creative network of relation with civil society organizations, two major goals could be achieved. The first one represented in generating profit and increase revenues through partial financial aid allocated for social services, while the second one is merely voluntary and being set up to gain people's satisfaction not only towards the quality of service, but also towards the morals and the general ethics of the firm as ideal tool for good exposure.

In the Palestinian case, corporate mainly focuses, with regard to the social responsibility, on the humanitarian dimension, however this concept has been developed to cover other social dimensions that reflects ethics and codes of conduct through which could influence the life style of the public. Best practices of the Palestinian private enterprises proved to be exemplary in leading a change for a tangible transformation of customers and citizens' attitudes towards the firm whether at the profit or at the moral and values' levels. The good practices of the firm are not limited to external stakeholders, it also involved the internal constituencies within the institution itself. Example on best practices of these enterprises is the Palestinian Cellular Company "Jawwal" and The Arab Bank who have had enormous contribution to the educational, cultural, economic and humanitarian programs being carried out by Palestinian civil societies or through aid addressed directly to the target beneficiaries. Such contributions have been recently measured as a major driving force for innovation, a force for leading to a positive social change, and in our way of life, a major force for good.

The paper will examine a number of themes a) The definition of CSR and the significance of the concept to the corporate b) the emerging trend and history of CSR in Palestine c) the level to which Palestinian private sector contribute in local economies and social welfare of local citizens d) the role of stakeholders and CSOs in promoting CSR .

2.0 Methodology of CSR – Palestine Model

Palestine is a nascent entity or a state of self-rule government emerged as an outcome of the Palestinian-Israeli treaty "Declaration of Principles" signed in September, 1993

between Israel and the Palestinian Liberation Organization (PLO). Therefore, the Palestinian public and private intuitions and the vast majority of non-profit organization are considered to be young most of which founded since the inception of Palestinian National Authority in 1993.

This paper analysis provides diagnosis on the status of CSR in Palestine, though the Palestinian economy is still fragile and the overall formula of the Palestinian case is of particular disparity. It is for these reasons that the study lacks diversity of information resources. However, methodology used in collecting data was based on personal observations, survey on selected leading firms, while other information was gathered through internet search on reports, research studies and international firms' experience. Survey and interviews were addressed to 35 prominent business firms [in different types of business including banking, investment, food production, communications, constructions, pharmaceutical industry and trade](#). [Contacts were also made with 12 local CSOs/NGOs and governmental institutions](#). [Twenty corporates were contacted for analysis on their CSR activities covered the following themes:](#)

- 1- The institutional framework of the organization
- 2- If the internal policy of the organization adopts and implement CSR concept
- 3- The date and the know-how through which the organization launched CSR program.
- 4- Means and tools of adoption and implementation
- 5- The main CSR areas of concern to the organization (capacity building, humanitarian, entertainment)
- 6- The target beneficiaries to which the company address its contribution
- 7- How the organization assess the significance of social contribution whether through the sense of responsibility, or for the sustainability of the entity
- 8- The impact of the social contribution of the firm on the community in the areas of health, education, environment, culture, the living standards of local citizens, economy including poverty and unemployment rates as well as the market labor
- 9- The level to which social contribution influence decision making at the central government

The process of developing this research paper faced difficulties in terms of data collection and information provision by local private sector corporate. Approaching targeted organizations met with minimal cooperation with reluctance and confidentiality problems in responding to the research data requirements. Further, bureaucracy and inadequate documentation on CSR practices governing local firms impeded to great extent smooth production and development of this study in timely fashion. However, the information compiled were based on both interviews and survey questionnaires exploring cases of the most business leaders in Palestine.

3.0 Historical Background of Palestine

3.1 Demographic Data

The West Bank and Gaza Strip territories have been subject to the Israeli occupation that took place in June 1967 of which total land of both areas is 6,170 km² (West Bank 5,800 km² and Gaza 370 km²). Jerusalem was and still of particular significance to the Palestinians inside and outside Palestine. The estimated population of the West Bank and Gaza is 3,888,292 million populations, while 3.5 million are living in the Diaspora with one million Palestinian live in the Israel. The population growth in the Palestinian territories is 3.3%. (*Palestinian Central Bureau of Statistics, Projected Mid-year population in the Palestinian Territory 2001-2007*) This infers that projections for the year 2007 put the population at 4,016,416 million people considering the area among the fastest growing countries in the world.

3.2 The Political Environment

With the signing of the Oslo accords between Israel and the PLO on September 13th, 1993, the formation and recognition of Palestinian National Authority (PNA) has been featured to carry out the responsibility of governing the area in 1994. However, such Authority is not yet a state, it exhibits a Self Rule Government, meaning, it lacks the control over key resources such as land, water, and contiguous territory (**Declaration of Principles (DOP) agreement signed 13 September, 1993**). It does not have exclusive jurisdiction over the legal and administrative systems that serve its population, nor does it have an access to external markets. Moreover, a large portion of its operating budget remains dependent on transfers of taxes and duties collected by Israel on its behalf. Furthermore, the areas this authority controls lack geographic link and continuity. These terms and conditions shaped the manner though which the PNA should run the show of the Palestinian affairs as a Self-rule government in the West Bank and Gaza Strip.

The political environment prior to the second *Intifada* in 1999 raised some hopes among Palestinians when time was ripe for reaching settlement on the final status issues such as East Jerusalem, water, borders and security, Israeli settlements, Palestinian refugees and the right of return, and finally the nature of the Palestinian state. Many attempts were made to reach a final solution with the Palestinians, but these attempts failed due to the Israeli arrogance and abstention in responding to the Syrian proposal, which was a full withdrawal from 1967 borders.

The eruption of the second *Intifada* (28 September, 2000) is the outcome of *Camp David Summit* failure in July 2000, triggered by Israeli minister Sharon visit to the *Haram Sharif* in Jerusalem in 28 September, 2000. Palestinians encountered harsh Israeli measures and violations to human rights demonstrated in severe devastation of the infrastructure, vandalism of private and public properties, demolish policy of Palestinian households, and most importantly the increasing number of casualties.

3.3 Palestinian Economic Crisis

The economic situation has declined by imbalance and fragmentation in all markets, coupled with institutional underdevelopment and under provisioning of public goods and services. The situation prevailed in 1994 promised for booming of economies and release from the legacy of occupation. Such economic structure has been evolved as a subsequence of *Protocol on Economic Relations*, signed in Paris in April 1994 between both parties.

During the interim period (1993-1998), the West Bank and Gaza strip witnessed a relative economic growth with an output increased to 4 percent per annum, job creation increased as reflected in the decrease of unemployment rate to 12.6% in 1999, banking sector expanded, Palestinian public institutions were founded to contribute in easing the unemployment rate to constitute one-fourth of total west bank jobs. However, the Israeli restricted policies against Palestinians represented a stumbling block against the socio-economic development and prosperity of the entire area. Such policies manifested itself in the aftermath of *Al-Aqsa Intifada* (September, 2000) and had a great deal of influence on Palestinian socio-economic indicators. **(After Oslo, 2002, Prof. Mohammad Musleh).**

3.4 Economic Indicators After the Intifada

The repercussions of the Palestinian second *Intifada* led to a severe economic crisis that cost the Palestinians a total loss of \$ 2.4 million in gross national income (GNI) by end of 2002. This amount equivalent to 40 percent of 1999 GNI and over 20% of 1999 GDP, and they were accompanied by at least \$ 305 million in infrastructure losses. Real GNI per capita decline to 12% in 2000, and increased to 19% in 2001. By 2001, Palestinian GNI per capita was estimated at \$ 4,200 million, down from \$ 5,500 million 1999. As a result of 40 to 50 percent of population was living under poverty line of \$ 2 per person per day. **(Report on UNCTAD Assistance to the Palestinian People, UNCTAD Secretariat, July 2002)**

Another economic indicator prevails represented in the wide gap between both Palestinians and Israeli per capita GDP. The big discrepancy of GDP between both neighbors (Palestine = \$ 4,534 million in 1998, **(Palestinian Investment Promotion, Economic Indicators)** Israel = 18,100 million in 1998), (www.photius.com/wfb1999/ranking/gdp_percapita_0.html) prior to the outbreak of the second *Intifada* creates fears and represents threat not only to Israel, but also to the Arab neighboring countries. A situation as such does not augur well for political stability and security in the region.

The consequences were adverse one year after the *Intifada* with regard to the substantial deterioration in living conditions reflected in the poverty line of \$ 2.1 **(Economic Consequences of Intifada Economic Institute Report EI 2005-21)** estimated the poverty in Palestine in 1998 at 23.1% of population, whereas by end of 2002 the Bank estimated poverty to have risen to 59% improved to 56% in 2006. The unemployment

rate that amounted to 16.2% in 1998 rose to 37% at the end of 2002 with relative improvement of 35% in 2006. The overall GNI losses have reached \$ 5.2 billion during the first twenty-seven months of *Intifada*, compared to that of 1998 and 1999 amounted \$ 5.1 billion. The following table illustrates the “status quo scenarios”, by 2006 real GDP per capita (domestic output) would drop by 12% from 2003 levels, while real GDP per capita (overall incomes including aid transfers) would decline by 22%. **(Disengagement, the Palestinian Economy and the Settlement, World Bank Report, June 23, 2004.**

Table 1: Economic Indicators, West Bank & Gaza

Economic Indicators, West Bank & Gaza					
	Nominal GDP per cap. \$	Nominal GDI per cap. \$	Unemployment Rate %	Poverty Rate % WB	Gaza Poverty %
As end of 2003	925	1,467	26	64	64
Projected outcome 2006	866	1,221	35	56	72

Two main causes for Palestinian economic crisis are closure, namely the imposition of restrictions on the movement of goods and people across borders and within Palestine, and the destruction of capital. In September 2000 the Bank estimated the number of Palestinians working in Israel and the settlements at 128,000, while the estimate for end 2002 was about 32,000. **(Economic Consequences of Intifada, Economic Institute Report EI 2005-21)**

The socio-economic challenge that will remain in existence over the next decade is the clear fragility of Palestinian economy demonstrated in the excessive reliance on the donor financial support. The deterioration of living standards, the unstable and threat of labor mobility, the excessive growth in expenditure versus revenues, institutional reform and capacity building, rehabilitation of the existing legislations, building an independent judicial systems are always being introduced upon the request of the donor community, and creating modern market economy will all be on and off, a process that heavily depends on donor’s policies. Responding to these pre-requisites, donors have doubled their disbursement levels, providing an average of \$ 950 million per annum between 2001-2003, and in so adding 30% of GDP and over 20% of Palestinian’s disposable income. Without donor help, living standards would be far worse; of the estimated at \$ 713 million spent in 2002-2003 on welfare instruments (food, cash support, job creation), some 97% was donor financed. This insinuation of donor funding into the core of the economy will be hard without general recovery. **(Report on UNCTAD Assistance to the Palestinian People, UNCTAD Secretariat, and July 2002)**

The current dramatic political changes produced a new Palestinian leadership ruled by *Hamas* faction after the second Palestinian Legislative Council (PLC) on 25 January, 2006. Such transformation of consensus towards *Hamas* was an outcome of a number of factors mainly; the incompetence of the overall PNA performance with regard to the lack of transparency, accountability, mismanagement, and the increasing degree of corruption phenomenon in addition to the absence of legislation laws that deals with good governance.

From the previous analysis of the Palestinian situation, we can infer that CSR is homogeneously interrelated with the political and economic environment of Palestine. The more political stability the state enjoys the more improvement in wealth and it is de facto for prosperity affects civilians and their quality of life. The environment as such predominates the Palestinian economy is not mature enough to encourage corporates and civil society organizations to partake and share government responsibility of social affairs. As for the Palestinian Authority, its resume so far does not prove to gain high confidence and trust neither by local private sector corporate nor by foreign investment organizations. This is due to the slow and limited improvement in the legal environment and its administrative reform at the legislative, executive and judicial spheres.

4.0 Emergence of Corporate Social Responsibility in Palestine

The newly emerged phenomenon of Corporate Social Responsibility started to be integrated by prominently business leaders in the world extended to become policies and strategies merged within the Palestinian local and regional private sectors. Despite episodes of socio-political and economic crisis that confronted Palestine during the last 60 years, yet, the root of this phenomenon existed in Palestine, emanated from a philanthropic and ethical responsibility of people since many years to past. The notion of CSR arose by the leading industrial and commercial firms with a proportional allocation of revenues expended for humanitarian goals. This is a single positive outcome of Israeli financial policies when the added value tax was imposed on Palestinian financial revenues. As inferred from the Israeli tax law, money disbursed for charitable causes are tax exempted. Palestinians adhered to this policy as part of their national role to allocate part of their income for the use of social service and charitable societies. Thereinafter, this positive attitude became a trend which has been vigorously increased among private companies especially the family businesses at that time when Palestinian economy was subject to Israeli regulatory systems and impeded expansion of free market economy in Palestine. **(Hundred Years of Jabal En-Nar and Al-Balqa', Ihsan Nimer, 3rd & 4th Editions).**

In the aftermath of 1967 war, the entire Palestinian territories particularly the 1967 borders were under the total sovereignty of Israel meaning that all Palestinian affairs, most importantly; security, economic and political affairs are being managed by Israeli civil administration. However, some partial role in terms of domestic and social responsibilities was left to the Palestinian local institutions such as Health, Social Affairs and Education, given the fact that such financial allocations were not within area of interest to the ruling authority at that time. Responding to this need based on the political status quo of Palestine and the implications of the occupation triggered a small group of commercial firms and individual initiatives to partake and contribute in this direction. **(Nablus Municipality Documentations and files on “The Nakba and its Implications on Palestinians”, Nablus Municipality, 1948-1975).**

A true evidence on the significance of this endeavor demonstrated in the role of families' contribution to the social development process. This role arose after 1948 war “*Nakba*” when a group of Palestinian business men commenced establishing charitable and health

societies in different parts of the Palestinian territories specialized in emergency aid rendered to injuries of the aforesaid war. This early initiatives commenced by establishing *Al-Shahbaa' Hospital* for extending health care services for displaced pregnant women with sponsorship of pediatric health care for their newborns. (**Eighty Years and More : The Life of Women Union Society”, Dr. Ali Toukan, 2004**). Several health care units were launched in 1952 followed by several initiatives sponsored by business figures paving the way towards securing necessary aid in cash or in kind for the interest of disadvantaged and deprived segments of Palestinian society.

Religious, cultural, ethical, and social beliefs were the ruling principles of the Palestinian society in early 1970s which motivated the inception of Zakat Committee to carry out the responsibility of administering fund collected from committed Moslems and spent on priorities of needy people. The Zakat Committee plays an institutional role in administering and organizing the collected funds for the interest of most disadvantaged communities in different parts of Palestine.

The eruption of the first Palestinian *Intifada* in November 1987 inflamed severe sufferings and social agonies among Palestinians drove attitudes of small business and entrepreneurs towards utilizing tax allocations for good deeds and noble goals. The implications and the traumatic events of the first *Intifada* represented strong incentive for institutionalized charitable process which gave a birth to the CSR as a practice, not as a common concept. The notion of CSR has been broadened further to encourage many initiatives of similar visions devoted for provision of services to those needy people who formed 75% of total population in Palestine.

5.0 Definition of CSR - A Palestinian View Point

CSR has become fashionable subject and is being included in standards of corporate curricula. A vigorous debate opposes those who maintain that corporations should not be diverted from their traditional objectives, that is, maximizing shareholder value, to other who contend that companies must take into account the interests of a much wider circle of stakeholders including local communities, consumers, present and future generations. (*Africa Security Review Vo. 12 No. 1, 2003*)

A good performance of a private corporate or institution does not necessarily lie in the volume of revenues it generates, the quality of services it provides, or the number of staff it employs. It is the degree to which this organization contributes to the socio-economic development of the entire society with its direct relevance to the political stability given the significance to the particular conflict emergencies in Palestine. It is the sense of responsibility that the corporate should have not only to its customers and stakeholders, but also should cover all segments of its local community.

The concept of Corporate Social Responsibility is new perspective in Palestine; however it has been practiced at minimal levels when initially monopolized by Palestinian wealthy individuals particularly in family businesses. Contributions to the local citizens exhibited direct financial aid derived from personal initiatives and addressed to local philanthropic

or education local entities. Unlike other countries in the MENA region, the CSR concept or practices in Palestine have been applied through an ad hoc methodology applied by each business corporate or noble individuals. This means that the corporate or businesses takes particular measures that would correspond to the surrounding environment in compliance with the emerging needs of the community. It is a historical value and developed to become a trend envisaged very recently in early 1990s as a system for governance of transaction and relation between the firm and its stakeholders. Governance here is no longer the set of rules simply allocating property rights and defining the owners control over the management of a firm. Instead, it resembles the institutional view with regard to establishment of diverse rights and obligations in order to gain self satisfaction and ensure its sustainability. This trend is getting strengthened and is featured prominently at a small scale of Palestinian leaders' agendas evolving from its philanthropic roots throughout the last past decade.

The concept of CSR definition varies in vocabularies from one firm to another, however it is most likely to be shared in values and encompasses similar principles. [CSR in Palestine has its own ingredients and encompasses a sensitive political factor namely; "occupation" when assessing the role of corporations, giving high consideration to the employment as an important element for assessment to CSR applications within corporate priorities and as a best contribution to the society. However, such element is not less significance when balancing the sustainability factor of the corporate. In other words, CSR definition according to local corporate perspective is *the balance between corporate sustainability and its moral obligations towards the well-being of the civil society as a safety valve for monitoring and maintaining the private corporate survival.*](#)

The common standards of Palestinian CSR concept holds the following themes:

- 1- CSR is a comprehensive approach that the company adopts through which it could reach the satisfaction of the customers, employees, stakeholders, shareholders, and citizens.
- 2- CSR is mainly concerned about the philanthropic goals especially when hardship situations strike.
- 3- CSR is a commitment by the business to behave ethically and contribute in the economic development through improving the quality of life of the citizens [directed to the employment as a major factor for development.](#)
- 4- CSR is a sense of responsibility and obligation of the institution, firm, company or enterprise for the well-being of the local community who form the spinal cord for leading a change at different levels of governance.

6.0 CSR Key Players & Beneficiaries

6.1 Palestinian Private Sector and CSR

The private sector has played a fundamental, historic and unique role in building and help sustaining the Palestinian economic development with its direct impact on the Palestinian society. During the Palestinian crisis since September, 2000, the Palestinian private sector

contributes in 88% of total GDP of Palestine with 75% of overall employment mobility in West Bank and Gaza Strip (**Management Methodology of Private Sector Corporate, Palestinian Private Sector Development Center, Dr. Hisham Awartani, Na'el Mousa, July 2003**). Nevertheless, the private sector contribution to Palestinian economy is hardly impeded due to the following challenges:

- a- **The lack of natural resources:** such as minerals, petroleum, water despite its proximity to the Dead Sea water, in addition to the limited territorial jurisdiction on land that could be invested for different economic purposes.
- b- **Restricted Israeli Economic Policies:** Commercial and trade corporate suffered several economic Israeli harassments since 1967 war and it aggravated further since the outbreak of the second *Intifada* in 2000. This led to a drastic decline in per capita income, and increase of transport and shipping costs, and raw materials in addition to the severe decline in sales volume profit, and the lack of liquidation.
- c- **The Weak Performance of PNA institutions:** Despite announced obligation by PNA with regard to free market economic policies, yet the weak performance of the PNA administration shows a direct intervention in the economic activities. A clear evidence on that was the establishment of governmental economic bodies created monopolies that lack legality or referral legitimacy.

The private sector in Palestine is defined as firms and companies registered at the Corporate Registry at Ministry of Economy in the form of partnerships and/or shareholding companies categorized in accordance to the overall capital and type of business. The overall number of public and private shareholding and partnership corporates in the West Bank and Gaza Strip as per latest statistics of Ministry of Economy is 10,444 companies, while the number of foreign corporate operation in Palestine is 96 companies (**Source: Corporate Registry at Ministry of Economy**), distributed in the following table. Firms listed at the Palestine Security Exchange do not exceed 28, of which 3 are suspended. (**Palestine Security Exchange Website - <http://www.p-s-e.com/listing.html>**)

Table 2: Number of Private & Public Shareholding Companies in Palestine

Nature of Corporate	# in WB	# in Gaza	Total
General Shareholding Corporate	81	26	107
Private Shareholding Corporate	7429	2908	10337
Total WB & Gaza Corporate	7510	2934	10444
Foreign Shareholding Corporate	Local General & Private		96
Total Local & Foreign Corporate			10540

6.2 Nature of Palestinian Corporate Governance

Apart from external factors with its impact on investment climate in any country, the private corporate is influenced vigorously by new emerging democratic concepts of market economy namely; *Good Governance*. Societies apply good governance principles greatly influence the style of corporate leadership or what may called as “*Corporate Governance*”. *Corporate Governance* could be defined as all internal policies and measures used for managing corporate internal operations and systems. Transparency is among key values of *Corporate Governance* due to its role in empowering owners and stakeholders’ policy-making process.

This concept never regarded as a complementary or luxurious element to the corporate, it became the corner stone for its competitiveness and sustainability. The negative aspects of cultural and peculiar characteristics of Palestinian private sector corporate demonstrate the following features:

- a- The absence institutional framework of the private corporate has negative implications with regard to bank facilities.
- b- Family business features dominating the private sector corporate, thus its role versus general shareholding companies might diminish and competitiveness decrease accordingly.
- c- The lack of transparency in management system
- d- The incompetence of private corporate personnel

Strict banking policies were formulated in appropriate to the regulatory system of family business corporate. Reasons evolving these policies are summarized in the following:

- a) One man-show financial responsibility is a source of anxiety to the banks and a motive for strict bank guarantees and lessens its limit up.
- b) The low degree of transparency reduces confidence in loan requested by private corporate.
- c) Lessons learned from cases performed some level of corruption practices among few numbers of corporates.
- d) The weak performance and lack of competence in the Palestinian judicial system.

In order to apply “*Corporate Governance*”, four fundamental pillars are to be endured; Fairness and Objectivity, Accountability, Responsibility, and Transparency.

The current management structure of the private sector negatively impact in a way its productivity and competitiveness, thus the level of CSR applicability reduces with the deterioration of corporate revenues. In this context, private sector considers CSR as a dispensable element when cost effectiveness and cutbacks are required for its survival. The difficulty in gaining profit due to the high cost of raw materials and transport of goods associated with competitiveness with imported products makes CSR the first element to abandon. Further, sound measures in maintaining environment requires adoption of high technology according to the international standards is also luxury and

costly technique that Palestinian corporate lacks and the last to integrate if economic conditions decline. However, almost 90% of Palestinian private sector companies are sensitive to the employment as the last option to use for cutbacks. While considering employment mobility as important contribution to the social development, many private or even public institutions maintain staff redundancy and suffer inflation of payroll as in the case of the public sector. What govern such norms of leadership are ethics, culture and religious attributes of the private sector and the Palestinian society as a whole.

Private Corporates assess government performance with regard to CSR with a considerable level of dissatisfaction. Therefore, coordination for the promotion of this concept is very weak. Tax exemption is limited to a maximum amount of \$ 32,000 of total allocations to CSR. The Palestinian government needs to be aware of the private sector role in sharing its responsibility and addressing the needs of the civil society. Government showed little interest in developing partnerships or coordination of any kind with the private sector.

6.2 The Role of Civil Society Organizations (CSOs)

Civil Society Organizations (CSOs) have been existed throughout the last century of Palestine history and were functioning under different ruling authorities who governed the area since the Ottoman period till present time. The CSOs play a crucial role in improving the quality of life to the Palestinians', while it contributes to social political and economic reform by service provision in a wide spectrum of spheres. The significance of CSO's lies in complementing the role of public institutions in different areas when shortcoming in capacities and financial resources arise especially in hardship situations.

Service delivered by CSOs entails establishing a network of relation with local organizations of relevance to CSOs performance and to some extent developing partnerships is a prerequisite. The CSOs mainly coordinate with different governmental bodies particularly with Ministry of Interior, the main regulatory party to which the CSO should refer in terms of CSOs' by-laws adherence. However, programs with particular disciplines require intensive collaboration with other ministries such as Ministries of Education, Health, Social Affairs, Economy, Woman Affairs and others of relevance to CSOs undertakings. At a later stage and because the office of Ministry of Interior remain vacant till 2000, an authority has been established to be the referral body for NGOs namely; Authority of NGOs. The law of NGOs authority recognized the CSOs as an important element for building the Palestinian society and advocate for the Palestinian national cause. The CSOs characterized with this law a space of freedom to operate and serve the community in any sphere. (**Organizational Development Study of the Palestinian Civil Society Organizations, ID Management Consultants, October 17, 2005**).

Since the recognition of [Palestinian identity](#) in 1993, the PNA has become a long way since its formation. Achievement of democratic, secular and pluralist society is of great significance. It is a success when observing the creation of modern society that highly

respect conventions of the UN resolutions with respect to human rights and proved to be an achievement to the entire world especially regarded as fragile, disadvantaged, nevertheless capable of creating a community that comply with the international standards. However, depending on the international donations, the PNA still lacks sustainable economic resources to implement sound service-oriented programs, giving high priority for institutionalization process and security and police forces. This fact led to the integration of CSOs into the Palestinian legislation system aims at filling the gap as fund allocation dedicated to PNA ministries do not suffice the needs of the entire community.

According to a research paper produced by Palestinian Economic Policy Research Institute, there are 3000 NGOs operating in Palestine, of which 2200 are formally registered. **(Palestinian Governmental/NGO Relations: Cooperation and Partnership 2000)** Throughout the history of CSO performance, studies and social surveys conducted in Palestine indicated people satisfaction to the services rendered by CSOs and the confidence in CSOs' conduct have had positive impact on social development process and subsequently influence on decision making. Priorities of CSOs in Palestine are being descended in accordance to complex emergencies and disasters encountering the Palestinian society. Philosophy of CSOs and corresponding activities are being carried out in compliance with those of donor community. CSOs' mainly focus their activities on the following themes:

- Gender aspect and woman empowerment
- [Health](#) and Education
- Children Rights
- Democracy and Human rights
- Humanitarian aids and response to disasters and crisis including food, medicine, and relief services
- Research, surveys and political oriented studies
- Economic and private sector
- [Employment mobility and combating poverty programs](#)
- [Agriculture programs including land rehabilitation, nutrition, construction of agriculture roads.](#)

The reason why CSOs are key player in CSR is due to their contribution to the socio-political development represented in the following roles:

1. Release stress on children who suffer psycho-social traumas as a result of dramatic political situation through conducting educational, cultural, and entertainment programs to ensure children rights.
2. Empower women's participation in the society
3. Provide a free and democratic forum to the public to participate in an open dialogue and debate on different issues of concern and involve them in decision-making process at the national and central levels.
4. Render humanitarian aid and philanthropic services to needy people during crisis.

5. Provide a reliable hub for credible data and information based on scientific tools and methods through survey research and opinion polls.

Due to the diversity of their activities and programs, their sound relation with governmental bodies, the high confidence they established among Palestinians with particular focus on non-partisan CSOs, this body is a key actor/beneficiary of CSR functional process and form as an incubators for local and international fund. CSOs believe that improving economic development could be achieved by focusing on the human development not on commercial services or goods. CSOs seeks to fill the gap of rendering vital services addressed merely to human being while the government is unable to address for reasons related to incompetence, financial capacities, and that such services do not fall within the area of interest and do no exhibit priority to the governmental body. The form of relation of CSOs with the governmental institutions doesn't expand beyond networking and coordination. Involvement of government in CSOs program constitute participatory consultancy role in advisory committee meetings in specific areas like planning and program implementation. On the other hand, a small number of CSOs establish partnership or coordinate with the private sector as a target beneficiary in the form of sponsorship to particular activities. There was a trend among the private sector corporate to support youth activities such as in the case of Arab Bank, Coca Cola, Jawwal and Palestinian telecommunications. Success stories of sports and youth clubs cooperate with corporate proved to be good example in creating some partnership with the private sector and able to obtain financial support or sponsorship for their programs.

However, what may concern these organizations is the sustainability factor with its direct relevance to fund availability. The CSO are mainly catered by international funding resources of which goals and objectives are of high priority for fund disbursement. Political environment in Palestine is another key issue of concern to donors characterizes by absence of stability and constitutes a major challenge not only to CSOs, but to all involving parties and stakeholders.

6.3 Government Role in Promoting CSR

Due to the particularity of Palestinian political formula being under the self-rule government and the total sovereign of Israel on free movement, goods transport, borders and security measures, the Palestinian economy exhibits fragile economic attributes especially having unfettered to external markets. A large share of its operating budget remains dependent on transfers of taxes and duties collected by Israel. Throughout 2001 and most of 2002, Government of Israel withheld the tax revenues. A rough amount of \$ 1 billion was pledged during that period where PA was able to function and respond partially to render relief services especially for disadvantageous groups with no sustainability measures.

Another challenge is that the Palestinian ministries delivering social services have borne a heavy burden since the establishment of the PA, and they have performed remarkably under severe financial administrative constraints. However, their capacity has been

hampered due to limited resources, the lack of competent personnel, the lack of facilities and equipment and the absence and inadequate planning.

Articles of the Palestinian legislations and laws with respect to community development programs and service delivered by CSOs and private corporations stipulate existence of partnership and networking relations. It inferred that government encourage partnership, networking and coordination with private sector, however, CSOs and private sector believe that public sector does not encourage and have no substantial contribution to their involvement in the civil society.

One of the most important challenges confronting the PA is the dramatic degree in unemployment particularly among Palestinian youth graduates. The PA awares the political and social implications of this critical dilemma that may jeopardize the Palestinian society as a whole. This is due to the lack of equilibrium between existed human resources and the needs of the labor market in Palestine. Responding to this issue, a number of attempts were made by different relevant governmental bodies and institutions so that to alleviate poverty and minimize the unemployment rate through different partnership programs with donors and private sector firms. The Ministry of Labor (MOL) stepped a more advanced level of contribution in promoting the CSR concept. A number of participatory temporary employment programs have been launched beginning of 2006. Among feasible programs being implemented in coordination between Ministry of Labor (MOL) and the private sector corporation is "*Partners for Temporary Employment at Private Sector*". The idea is empower capacities of those unemployed female and male unfortunate graduates. The program contributes in a direct support of the private sector in creating jobs from one hand, and enable enrolled unemployed graduates to acquire experience and sharpen their knowledge in their areas of expertise that help finding sustainable careers. Despite the fact that such program lacks sustainability, the advantageous factor of this practice for youth unemployed is that being in the work environment allows better career opportunities while gaining knowledge and experience. At the same time, the program involves good practice of local corporate in alleviating unemployment in Palestine.

According to statistics of PCBS, the following chart clarifies unemployment rate in Palestine and Gaza Strip according to age group. The chart reflects the highest percentage of unemployment is among youth and graduate segment whom integrated in the programs mentioned above:

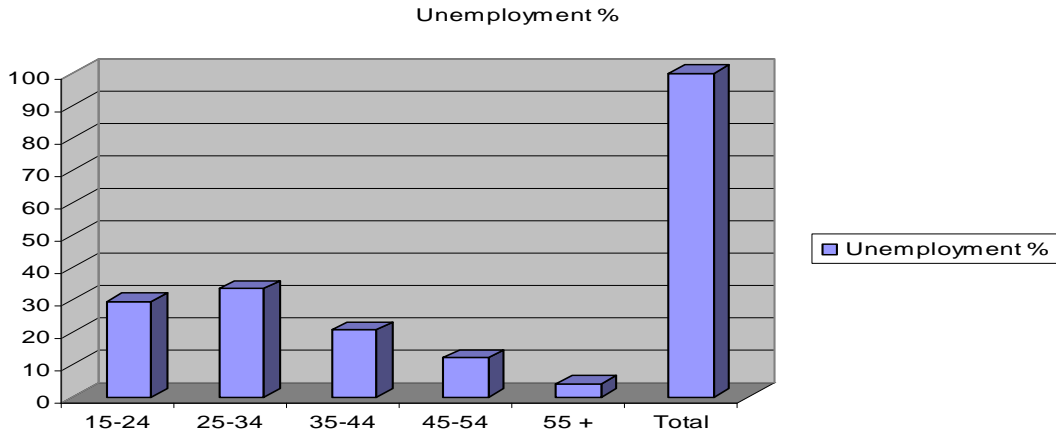


Figure 1: Unemployment Statistics

(Source: Data Base on Labor force Survey: June 2004, Palestinian Central Bureau of Statistics)

The weak performance and the lack of policy implementation by top rank officials and decision makers at the central level do not promote CSR practices as it reflected in the corporate point of view. Respondents to the survey study recommended that the PA ministries envisaged that should CSR is to be integrated within private sector policies, the following proposed measures are to be taken:

1. Conduct coordination with the private sector to compete for the cause of good social service delivery.
2. Integrate the CSR concept through their strategic planning process.
3. Partnership and contractual agreement should be developed with the private sector to govern the form of relation and share the governance of Palestinian financial system.
4. Enforce the role of the Legislative Council and encourage enacting new legislation that can contribute in promoting the role of CSR concept among private enterprises.
5. Since the existing tax policies of Palestine do not encourage CSR practices as inferred by most respondents of this research, PA should maximize such limit for tax exemption amount expended on CSR practices.

6.4 The Role of Unions

The Role of Palestinian Engineering Association in CSR promotion exhibits partnerships as a pre-requisite with the private sectors' firms for training and rehabilitation of young male and female engineers through mobilization within local contracting and engineering companies. The program subsidizes youth engineers with a monthly salary of JD 100 for duration of one year, while JD 150 paid by private firms since JD 250 is the minimum wage for engineers. Since the commencement date of the program in December 2004, 33 beneficiaries were able to acquire experience, gain a one-year sustainable income, and enabled about 15 to find better job opportunities.

Not less significance the Social Welfare Program being in process in coordination with the Jordanian association. The Social Welfare Program goals are not limited to the long-

term objectives represented in the pension fund; it also covers cases of partial and total disabilities. Engineering Association secures temporary wages for partial disability, while monthly retirement could be applied in case of total disability. National aspect also considered by Engineering Association securing member's families with a monthly salary amounts to JD 100-120 in case of charge or arrest by Israeli Authorities. The number of beneficiaries who are eligible for these services as per records of Engineering Association updated in November 17th, 2005 is 7876. **Annual Engineer Agenda, 2006 published by the Association**

As observed from the previous analysis, the major key player in fostering CSR concept is the corporate, while CSOs plays substantial role in community development with least contribution of the government or the private sector. The government role remains abandon whether to private sector or CSOs. Corporates could be strongly inter-related in a way or another as illustrated in the following figure.



Figure 2. Integrated Roles of Key Players in the CSR

7.0 Research Findings

7.1 Survey Findings

Through reviewing reports and interviews with the surveyed private leading companies in Palestine, the analysis here highlights the following issues with relevance to CSR practices:

- 1- CSR as a Strategy
- 2- The history of CSR integration within corporate policies
- 3- Driving forces and incentives for CSR
- 4- Beneficiaries of high priority to CSR
- 5- CSR conducts and techniques
- 6- Whether the government contributes to CSR

1- CSR as a Strategy

Among 35 corporates approached to participate in the questionnaire, 20 corporates (57%) responded that they practice CSR of which 7 of the 20 (35%) stated that they integrate CSR within their programs and with annual allocated budget in accordance with a specific annual workplan developed for CSR activities. However, the remaining 13 of 20 (65%) practice CSR on case by case basis depending on the needs and priorities that corresponds to the corporate vision and should be in compliance with the evolving circumstances or emergencies.

2- History of CSR integration

The vast majority of respondents adopted CSR 9 of 20 (45%) corporates integrated CSR practices since the establishment, while 11 (55%) adopted this concept five years after the foundation of the corporate most of which were founded after Oslo accords and the inception of PA. This indicates that the concept is new and evolved between 1994-2006, while the practice is historic as in the case of Al-Quds Pharmaceutical Company (1969) and the Arab Bank in 1930s.

3- Driving Forces and Incentives of CSR

It was noticed that the CSR concept is a voluntary conduct. It is a self-motivated practice adopted by the leading firms and goes beyond government-imposed obligations. It emanated from moral, ethical and religious conviction to act in a socially responsible manner. Eighteen of twenty respondents (90%) gave superiority to corporate survival (including customers, stakeholder employees), image and labor safety on CSR conduct. While 2 of 20 (10%) stated that CSR is as important at company survival. When tackling the main driving forces for CSR, almost 15 out of 20 (75%) referred to it as a good practice for a good business sense as far as political stability is concerned. Regardless of the complex emergencies and political events takes place in Palestine, the 25% responded

that CSR practices increases with the increase of crisis with special focus on the philanthropic initiatives.

4- Target beneficiaries to CSR

Target beneficiaries priorities varies from one corporate to another, some consider youth (45%) are more important than children (30%), while others see that elders and poor are (15%) most important. It is to which corporate views CSR contribution in line to the corporate vision. Minimal percentage the research showed to environmental techniques (5%). According to the Palestinian corporate perspective, CSR should start from its constituents namely employees. Responsible labor management policy regarded by corporate as an important CSR practice particularly those who accommodate more than 300 employees like in the case of the Arab Bank, Jawwal, Palestinian Telecommunications and Al-Quds Pharmaceutical Company. Eighteen out of 20 (90%) stated that corporate employees are of first priority to the corporate. Securing sustainable income and respective benefits like bonuses, insurance policies, and pension are benefits not limited to the number of employees and their families, but it also covered other indirect beneficiaries. The second priority expands to cover other segment of external constituents to the corporate such as youth, children, women, and elders. There was great consensus among all respondents (75%) that youth and children are of high priority to corporate. Women, elders are the least of corporate to address CSR.

5- CSR Conducts

Respondents conducts a diversity of activities whether through the corporate itself or through local CSOs and direct beneficiaries. Disciplines of their activities are mainly focused on education, sports, capacity building and training programs. Philanthropic contributions and a wide range of social activities on certain occasions in addition to health and environment activities are also among areas of interest to the corporate. Education and sports for youth (30%), capacity building and training (17%), children activities (23%), philanthropic (13%), environment (7%), health (3%), women (5%), others (2%).

The majority of local corporate either contribute through sponsorship or direct donations in cash or in kind. The leading companies use all types of techniques including donations to CSOs for implementation of programs for children or youth especially in training, capacity building or stress release projects for children. Four of twenty corporations (25%) use all types of techniques however, focus on direct payments to academic institutions to cover tuition fees, 8 out of 20 (40%) use sponsorship techniques like sports competition, children summer camps, cleaning and plantation campaigns, festivals, women, and elders, 3 out of 20 (15%) use direct donations in cash to beneficiaries or humanitarian purpose, 2 out of 20 (10%) use donations in kind such as food, medicine and non-food items to elder houses, hospitals, and orphanage centers, 2 out of 20 (10%) use partnership with local institutions or cultural centers.

6- Government Role to CSR

The question related to the government role to CSR bear negative responses by respondents. The twenty targeted companies showed dissatisfaction with the government role versus CSR conducts. As insinuated through interviews with major leading firms, the service oriented ministries do not suffice the growing demand by public with regard to different community needs. For this reason, the public institutions should narrow the bridges with the private sector through partnership, or facilities of any kind so that fill this important gap of civil society aspirations. The government should take necessary measures and regulations to foster CSR practices carried out by the private sector. Channels of coordination or means of coordination between public and private sector do not step beyond ordinary income or VAT tax collection.

7- Transparency

The private companies declared that production of a CSR reports will cause an obligation to the companies which they should abandon in the current time of economic fluctuation. Recently, four of business leading companies declared that the annual CSR reports are in process. It was noticed that local companies deal with the issue of CSR with high confidentiality and shows discrete attitudes of information flow.

7.2 Models of Palestinian CSR Practices

7.2.1 Case of Jawwal

Jawwal is a leading cellular telecommunication company founded in 1996 and is an integral part of Palestinian Telecommunications Group. Jawwal has integrated the CSR concept recently within internal policies. The company, under the umbrella of Paltel Group, envisaged the need to contribute to the social development activities initiating a Social Responsibility Fund pledging an allocation of \$ 1 million annually for social and economic activities. The Social Responsibility Fund has been endorsed and ratified by Board of Directors as it envisioned Jawwal's commitment and role to the social-economic development in Palestine. At the same time, it is Jawwal new emerged philosophy through which seeking better image and good exposure.

A- Jawwal Economic Development Contributions

Despite the substantial macro-economic decline in Palestinian economy during the period 2000-2002 with some fluctuated improvement in 2003, private sector enterprises still have an impact on improving economy. Jawwal heavily contributes to the Palestinian economy as per the following indicators:

A-1 Gross National Product (GDP) Indicator

- The average direct contribution of Jawwal operations to the Palestinian economy was around 26,6% GDP in the year for period 1999-2004.

- Activities of Jawwal generates sustainable financial benefits for the Palestinian Authority. These benefits include the direct tax revenues paid by Jawwal on its own purchases
- The direct tax revenues collected by Jawwal from its 250,000 customers on behalf of PA.
- The indirect tax revenues generated by the stimulation of business-related economic activity (contribution to business spending) and employees' spending (contribution to consumer spending).

A-2 Unemployment Indicator

- Jawwal provided 3000 sustainable jobs to the Palestinian society. Nearly 80% of these jobs would not exist without Jawwal's local spending contribution.
- More than 21,000 Palestinian citizens are directly dependent on Jawwal for their entire livelihood. This number dramatically increases with the sustainable service and activities delivered by Jawwal.
- In the business sense, Jawwal's commitment to the community service is not limited to the ordinary service provision, it is extended beyond that through contribution to local business support, employment generating and training, and a steady and reliable income stream for the government.

(Source: Jawwal report on: Macro-Economic Quantification Analysis-Jawwal Contribution to the Palestinian Economy (1999-2004))

A-3 Social Conduct

Jawwal adopts sponsorship policy in fostering CSR activities focusing mainly on youth, while women, children, elders were of concern when occasions arise. Undoubtedly, Jawwal customers were of great concern offering a wide range and diverse of incentives. Jawwal CSR concept commenced since the detention of its towers shipment in 2004 by Israeli authorities considering this initiative as a reward for understanding and patience of its customers. Jawwal social activities can be summarized as follows:

- 1- **Gender Promotion:** Jawwal celebrates different occasions such as Mother's Day, Palestinian Children Day distributing presents, toys and flowers to mothers and children..
- 2- **Philanthropy:** Jawwal conducts regular visit to welfare and elder houses all over Palestine including Gaza strip distributing food, blankets and presents to poor and elder people. Jawwal provided 15000 SMS for the National Central Committee for Handicapped within a signed Memorandum of Understanding.
- 3- **Capacity Building:** Jawwal sponsored summer camps including a two-month capacity-building program in Tulkarm graduating 530 male and female students of different age groups in Information Technology in 2003. Within its partnership of a local youth institution, Jawwal sponsored a training program on management, finance, accounting addressed for fresh graduate students from An-Najah University.

- 4- **National Role:** Jawwal established a children garden in Ramallah targeting martyrs families and victims of violence attacks.
- 5- **Customer Service:** In order to bridge the gap between citizens of Palestine and their folks in Jordan, a campaign has been launched in cooperation with Fastlink titled “Ahel” with a 25% discount on calls and 20% on SMS.
- 6- **Incentives:** A campaign entitled “Your Dream Come True with Jawwal” for a duration of four years. Participants of this campaign were able to own a property of land, house, or a store through prizes offered by Jawwal amounted to around 1 million shekels.
- 7- **Caring & Sharing:** through a promotion program, Jawwal sponsored a live TV program broadcasted at Palestine TV. Through this program, Jawwal explores the daily sufferings of the Palestinian people, sharing their thoughts and exchange experiences.
- 8- **Youth & Sports :** Jawwal provide financial support for the establishment of a succor field and rehabilitate a sports hall at Birzeit University. Further, Jawwal encourages the youth sector by sponsoring the Second Youth Conference conducted on two-consecutive days at An-Najah University. Information Technology graduation celebrity from Jenin American University was also sponsored by Jawwal.
- 9- **Environment:** Jawwal sponsored an awareness campaign organized in different parts of Palestine on maintaining the Palestinian environment emphasizing the significance of this aspect on the overall health conditions of the local citizens. Another initiative took place in Dora, Yatta, and Halhoul in Hebron aimed landscaping and planting the public spaces.
- 10- **Cultural Aspect:** Jawwal sponsored a musical show reflected the Palestinian Folkloric dancing and produces a book with a photo gallery on the history and civilization of Palestine.
- 11- **Sponsorship** of different conferences, festivals, workshops on national economic issues such as Palestinian Businessmen Conference, Olive and oil festival and other important events.
- 12- **Social Gatherings in Religious occasions:** Jawwal gathered prominent figures, customers and local staff in Ramadan in different parts of Palestine like Jenin, Bethlehem and Ramallah in religious occasions like Al-Fitr Feast and Ramadan.
- 13- **Donations:** Jawwal distributed 150 computers among local organizations including village councils, municipalities, schools and charitable societies.

7.2.2 Case of Arab Bank

Reputation, transparency, credibility and ethics are key business standards and assets that the corporate should protect. It is part of the business case investing in CSR which provides the framework of what a company does, and it seen to be doing in the eyes of its people and it is a major factor for its success and the reason for its sustainability. Gender aspect is among our high priorities though, there is a newly emerged attitude of the bank towards mobilizing more women in top rank positions. (Stated by a top rank official – Arab Bank).

The Arab Bank accumulated these values and ethics since its establishment in Jerusalem in 1930 and was driven by series of crisis and catastrophic events encountered Palestinian society. One wouldn't deny the high confidence and credibility revealed in its commitment in releasing Palestinian Refugee's savings during very critical and decisive milestone of the Bank life namely; the 1948 war "Nakba", a launching point for success and expansion locally, regionally and globally.

The Arab Bank is considered one of the main economic pillars of Arab states and a driving force for socio-economic development at both regional and international levels. Inspired by its broadened vision, the Arab Bank strongly interacts and responds to the social needs and aspiration of the communities, coping with social and political developments and challenges emerged in the region and worldwide.

A- Economic Development Contribution

With a net profit of \$ 504.9 million accomplished by end of 2005 in Palestine, the Arab Bank contributed to the following techniques:

A-1 Micro-Economic Indicators

The Bank offers facilities and loans for investment in infrastructural projects carried out by private sector corporate within the Middle East Region. Project covered power generation, telecommunication, transport, railway stations, airports, and shipping ports, housing complexes, sewerage networks, hotels, sports stadiums, scientific colleges, water pipelines projects and many others. Data and figures on GDP contribution was not available during the interview or through the Bank annual report.

A-2 Macro-Economic Indicators:

Among its investment tools, the Arab Bank funded several strategic projects to serve the economic development in the MENA region and around the globe.

A-3 Living Standards Indicators:

Through offering long terms loans for Small and Medium Enterprises with a maximum amounts of \$ 200,000, the Bank concerned to maintain sustainable income for its customers and improve their living conditions on one hand, and boost up the national economy on the other hand.

A-4 Social Conduct

The Bank CSR concept is regulated and integrated within its policies triggered by the responsibility of social contribution, while ruled by ethics and values as fundamental pillars of its character. Within this vision, the bank committed itself to its driving values and allocates an organized and structured community development fund to act as the main body responsible for the well-being of civil society. CSR conduct has been initiated

beginning of the bank inception in mid 1930s. The Arab Bank adopts policies in supporting the communities covering both sponsorship and financial donations. Networks of its strong relations with the local community has long history and was not limited to CSOs, it also covered all Palestinian social, cultural, educational, health, local government, unions, and humanitarian entities.

The Arab Bank both policies of social conduct covers activities targeting the entire communities with special concern on youth as future leaders. In this respect, the Bank enjoys a youth management and in-depth awareness to the role of the youth given the fact that youth of age group 18-25 years represent 38% of Palestinian society. The Arab Bank contributes to the society well-being in the following forms:

- **Investment in Human Resources:** Advanced and professional training and investment in the Bank personnel is a crucial issue derived from its belief “*Investment in human resources is an investment in capital*”. The Bank has conducted a series of intensive training on different topics with direct relevance to the banking operations. About 155 training courses have been implemented during the year of 2006 with 1076 participants.
- **Education:** A program entitled “Ruwwad 2” has been developed and launched within a partnership with other private sector corporate “Coca Cola” and in coordination of Ministry of Higher Education. The program will be implemented on yearly basis and provides three scholarships for distinctive student to resume Master studies. Another method of supporting education is the “one year scholarships” which provides about 100 scholarships per year for Bachelor students. This program is being implemented in coordination with the Ministry of Education. Generous endowments were made to educational institutions whether through sponsorship of events, or direct financial support.
- **Cultural Activities:** Sponsorship and financial donations for numerous cultural activities carried out at the national level of Palestine. This includes festivals, theater plays, arts workshops, movie films.
- **Sports Activities:** Inspired by its beliefs in youth as future leaders, the Arab Bank foster sports sector through sponsorship or direct donations to youth clubs encouraging Palestinian youth athletes’ involvement in local and international sports events.
- **Health Care:** The Arab Bank gives this important sector serious attention due to its relation to the humanitarian aspect. One the best practices in this regard is the Bank contribution to a number of pediatric cardiac surgeries to children conducted in cooperation with Committee for Palestinian Children Relief. Other donations in cash were endowed to health care organizations such as The Palestinian Red Crescent, Ophthalmology and St. George Hospitals in West Bank and East Jerusalem.

8.0 General Assessment of CSR Concept in Palestine

Within the course of developing this research study, the researcher intends to measure the level of applicability within which this concept is being gradually integrated among local corporate policies and strategies. Even though CSR concept is not yet expanded to a wide range among private sector, practices and good endeavors indicates signs for positive attitudes regardless of the aims and incentives. The following points summarize how corporate look at CSR concept, while highlighting the status quo of CSR in Palestine:

- CSR has a historic root in Palestine in terms of practice, other than being a concept.
- CSR in Palestine arose in response to political and social crisis and catastrophes encountered the area since early 1930s. The primary driving motive was philanthropic, transformed and reshaped recently to include other aspects that impact the life style of Palestinian society driven by corporate responsibility versus individuals, groups, organizations, and the Palestinian society as a whole.
- Generally speaking, internal ethics, values, and religious codes of conducts of Palestinian corporate are the ruling elements governing methods and tools of CSR applicability.
- Profitability, financial output is of high priority to local corporate, however, CSR is a new model of good exposure, a tool for community satisfaction, a path for business success.
- There is a great consensus about the significance of this concept among local corporate, thus the will and the tendency towards adopting policies that encourage it are existing, however, it is somehow constrained due to the following factors:
 - Uncontrollable Factor : A primary element for empowering CSR trend is the *political stability*, as an important pillar for economic growth with its direct relation to the social prosperity. Palestine lacks this factor.
 - Controllable Factor: Other primary elements are considered controllable and could be influenced at the local level like incorporation of *good corporate governance* and the tendency for local corporate *reform*.
 - Long Term Controllable Factor: This has to do with the reform and positive change in the leadership style of Palestinian public institutions.

9.0 Recommendations

CSR concept in Palestine is getting to be a trend as well as a recognized concept among private sector institutions, however, empowering this trend while conquering intimidations requires a bundle of measures and initiatives associated with responsibilities bestowed on different involved parties and stakeholders. If the Palestinians are to be sensitive to this deed, it is recommended that CSR should be dealt with as an incubator for the well-being of the Palestinian society. A part from the above-mentioned hampering factors particularly “the uncontrollable” that influence the progressive role of CSR concept, dealing with other factors is relatively feasible. In this sense, efforts are to be launched within the following framework:

- Thriving CSR requires support and endorsement of involved parties shaping a triangle linkages characterized with accessible paths. This triangle network constitutes Private Sector, Governmental bodies, and CSOs. It was clear that these linkages are missing and would be linked if partnership agreements would be developed each in accordance to its area of interest while sharing the responsibility of maintaining CSR.
- Other ideal model is to establish an organized and independent entity or CSO to act as the legal body and performs as a focal point between all parties.
- Corporate shall be encouraged and fostered through launching numerous efforts to leverage governmental policies particularly Ministry of Finance in an attempt to increase the level of tax exemption on CSR fund allocations. Among methodologies to be used in this regard is publicity and awareness campaign through audio and visual local agencies. CSOs of which this particular issue (concept) lies within its area of interest could be the right address to carry out this mission. Nonetheless, corporate role is not less significance in this direction.
- With the limited financial resources of public institutions, social services would be rendered through Purchase of Service from CSOs and corporates at a time. In other words, equal financial contribution between private and public partners wouldn't only benefit CSR, but it would also establish the said linkages and enables civil society be part of decision making as one of the democratic attributes of the Palestinian society.

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