

# The Rise and Fall of Israel's Bilateral Aid Budget 1958-2008

**Aliza Belman Inbal  
Shachar Zahavi**



TEL AVIV UNIVERSITY  
The Harold Hartog School of  
Government and Policy



The Pears Foundation



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The Tikkun Olam Research Programme at the Hartog School of Government is a strategic partnership between The Pears Foundation and Tel Aviv University's Hartog School of Government. The partnership is supported by a full time 'Pears Fellow in International Development'. The objectives of the partnership are:

1. To produce academic research into the Jewish world and Israel's engagement with international development
2. To convene conferences and seminars bringing together academics, NGO's and policy makers to explore issues addressed in the research

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## Acronyms

DAC – Development Assistance Committee of the OECD
ECOSOC – United Nations Economic and Social Council
FAO – Food and Agriculture Organization
GDP – Gross Domestic Product
GNP – Gross National Product
GNI – Gross National Income
IADB – Inter-American Development Bank
OAS – Organization of American States
OAU – Organization of African Unity
ODA – Overseas Development Assistance
OECD – Organization of Economic Cooperation and Development
UNICEF – United Nations Children's Fund
UNDP – United Nations Development Program





## Opening Remarks

This year, the Centre for Cooperation of the Israeli Ministry of Foreign Affairs – MASHAV celebrated its 50th birthday. Only ten years after the State's establishment, at a time when Israel was struggling with immense economic, political and security challenges, it reached out its hand in partnership to the developing world in an endeavour to build friendships and fulfill the moral vision of Israel's leaders to serve as a light unto the nations. As this study documents, Israel's early development cooperation programme was impressive in its scope and in its international reputation. Since the mid-1970s, however, MASHAV has been in decline, in terms of both its budgets and the public and political support it receives. Today, Israel's fiscal contribution to the developing world lags far behind that of most donor nations.

Tel Aviv University's Hartog School of Government and Policy's research programme on International Development, funded by our Foundation, aims to explore the possibilities for revitalising Israel's development programme. In addition, the School is committed to providing research and capacity support to Jewish and Israeli NGOs that are active in the developing world.

Sadly, Israel still faces considerable challenges to its security and stability. Some argue that given these present challenges, Israel cannot afford to devote time and resources to aiding others. We believe that the opposite is true, and that Israel cannot afford not to do so. Israel has the ability and know-how to keep faith with its founders' vision, fulfill its obligations as a global citizen, and also enhance its international standing by once again becoming an important provider of expertise to developing countries. It is this exciting possibility that led our Foundation to build its strategic partnership with Tel Aviv University.

We hope that this paper will be a catalyst for dialogue on the revitalisation of MASHAV and, more broadly, Israeli and Jewish participation in efforts to tackle extreme poverty in the developing world.

**Trevor Pears**

Executive Chair

The Pears Foundation



## Executive Summary

A mere ten years after Israel gained its independence from British mandatory rule in 1948, it launched an official development cooperation program. At a time when Israel was itself still a developing country, it began a training and technical assistance program that expanded within a few short years to include the dispatch of hundreds of Israeli technical assistants to other developing countries, and the training of thousands of Africans, Asians and Latin Americans annually. Driven by both political necessity and the moral vision of Israel's leaders, the program rapidly grew in size and scope. At its height, in the late 1960s and early 1970s, the Center for Cooperation of the Israel Ministry of Foreign Affairs – MASHAV, the government body responsible for managing the aid program, was the largest department in Israel's Ministry of Foreign Affairs, and Israel had, per capita, one of the most extensive technical assistance programs in the western world (Decter, 1977: 8). Israeli agricultural experts, engineers and doctors were in demand throughout the developing world, and Israel had a reputation globally as an important contributor of ideas and technical assistance to developing countries.

The rapid growth of Israel's aid program was underpinned by the strong support for this program of Israel's leaders and citizens alike – support that was both politically and ideologically motivated. Israelis believed that through technical cooperation they could win friends among the emerging states of the developing world who would help end Israel's political isolation. Moreover, the Israeli vision of cooperation was rooted in the country's self-image as an emerging state recently liberated after a long struggle for freedom, and in the belief in a moral obligation to aid others that were following a similar path. This was particularly true of Israel's cooperation with sub-Saharan Africa, which benefited from approximately two-thirds of Israel's aid program until the early 1970s (Rodin, 1969:41; Brodie, 1971:65).

Unfortunately, this vision of cooperation, at least as far as Africa was concerned, proved to be short-lived. Within 15 years of the establishment of Israel's official aid program, the "golden age" of Israel's development cooperation came to an abrupt end, as all but four African countries severed relations with Israel in the wake of the October 1973 Arab-Israeli (Yom Kippur) War. The rupture of relations led to an immediate 50% drop in MASHAV's operational budget, and shifted the focus of cooperation to Latin American and Asian countries. Moreover, Africa's "betrayal" of Israel dealt a deep blow to Israeli public and political support for its aid program, marking a turning point from which Israel's technical assistance has never recovered.

In fact, Israel's Overseas Development Assistance (ODA) has continued to decline over the past 35 years to its present level of 0.068% of the Gross National Income (GNI), with Israel's bilateral aid program accounting for one-seventh of the total amount of GNI.<sup>1</sup> In the late 1970s and 1980s, the decline in Israel's aid budgets was compensated for by high levels of third-party donor financing for official Israeli aid activities – in particular, its international development-oriented research, technical assistance and training activities. In fact, foreign support for Israeli activities had become so significant by the mid-1980s that it accounted for approximately 90% of MASHAV's activities. However, by the late 1990s, external financing sources had begun to dwindle as Israel grew more prosperous and donors decentralized their budgets to the field.

The trend of continually declining government-MASHAV budgets was somewhat reversed in the mid- to late-1990s, when MASHAV was used during the Oslo process to help solidify newly-established relations with countries from the Middle East, Eastern Europe, and the former Soviet Union. However, when prospects for the development of a “new Middle East” foundered with the demise of the peace process, Israel's foreign aid budget once again shrank considerably. Moreover, during the past decade, external financing sources of the sort that had sustained MASHAV in the 1980s have largely been discontinued. Today, the percentage of Israel's Gross National Product (GNP) that is allocated to MASHAV is approximately one-tenth of the percentage of GNI that was allocated to it in the 1960s, and one-quarter of the percentage of GNI allocated for foreign aid by donor nations in the Organization of Economic Cooperation and Development (OECD).<sup>2</sup>

This paper documents the dramatic decline over time, in budgetary terms, of Israel's development program. It finds a strong correlation between the amount of resources allocated to aid and the expected bilateral benefits of that aid. In other words, only when there has been a prospect of bilateral political dividends have Israeli decision makers supported an increase of budgetary allocations to MASHAV. However, historical evidence suggests that, while in the short term, development cooperation may inject practical content into emerging relations, it is unlikely to substantially influence the course of those relations when larger political issues are at stake.

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1 Israel's Overseas Development Assistance for 2007, calculated according to OECD aid accounting rules and including immigrant absorption budgets was 0.068%. Not including immigrant absorption budgets, the figure for 2007 was 0.042%. In addition to bilateral assistance, aid accounting includes contributions to the UN, World Bank, IMF and other multilateral institutions.

2 In 2007, the average percentage of GNI allocated to aid by member states of the OECD's Development Assistance Committee was 0.28%, as compared to 0.068% of Israel's GNI.

While the paucity of sustainable bilateral political dividends to Israel's development cooperation may suggest that Israel has little self-interest in financing development assistance, Israel's experience during the height of its aid program suggests there are other possible benefits to Israel from cooperation with the developing world. First, the prominence of Israel's aid program in the 1960s and early 1970s attracted considerable international attention to and praise for Israel's positive achievements, as both an emerging nation and a provider of technical assistance and support to others. The Israeli model of development and the work of Israeli experts were broadly cited in development journals and donor organization/United Nations reports during that period.

The prominence of Israel's development program cannot be attributed to its budgetary scope which, in absolute terms, remained very small relative to that of larger donors.<sup>3</sup> However, belief in the relevance for other developing countries of Israel's own experience with rapid development fueled considerable interest in and demand for Israeli expertise. Moreover, Israel was able to leverage its international reputation and the demand for its expertise to attract a high degree of co-financing of its activities abroad, thereby enabling it to greatly expand the contribution of Israel experts to developing countries at a fairly low cost. Thus, Israel was able to dispatch to the developing world over 5,000 technical assistants between 1958 and 1973, usually with at least some form of co-financing from beneficiary countries or international organizations. In addition, a large number of Israeli experts was directly engaged by beneficiary countries and international organizations. Thus, for example, the 1975 annual report of the United Nations Development Program (UNDP) reported that Israel was among the countries with the most UNDP awards subcontracted to private and public firms or institutions, and Israel was the largest single contributor of expertise per capita of any country in the world (UNDP, 1975; Decter, 1977:23).

These achievements of Israel's early development program suggest that it may be useful to re-conceptualize the political-diplomatic aims of Israel's aid program. Israeli development cooperation may well have a far more effective and useful role to play in enhancing Israel's standing among United Nations (UN) agencies and other development organizations than in building bilateral friendships with developing countries. Moreover, Israel's early success in building beneficiary country and international donor demand for its unique expertise suggests that, even in lieu of significant budgetary increases, Israel can enhance the impact of its aid by narrowing its focus to specific issues on which Israel has unique knowledge and experience. While these areas are likely to be different

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<sup>3</sup> For example, Israel's aid budget was only 1/25 the size of Great Britain's, although its percentage of GDP was on a par with the UK's aid program.

from those that were relevant in the 1960s, many areas remain in which Israel may have unique solutions to developing world problems. By focusing on areas in which Israel has highly specialized knowledge and experience, such as semi-arid agriculture and disaster preparedness, Israel can help build demand for its services in developing countries. Thus, Israel can re-establish its reputation as an important contributor to international development on the strength of the ideas and expertise it can contribute, despite the small size of its development budget. Finally, on the basis of historical experience, this paper recommends that the Israeli government catalyze and support the development of capable, professional NGOs and for-profit Israeli companies capable of competing for international development project financing. By doing so, Israel may once again succeed in leveraging international funds as a means of increasing the contribution of Israelis to the developing world.

## Introduction

A mere ten years after Israel gained its independence from British mandatory rule in 1948, it launched an official development cooperation program. At a time when Israel was itself still a developing country, it began a training and technical assistance program that expanded within a few short years to include the dispatch of hundreds of Israeli technical assistants to other developing countries, and the training of thousands of Africans, Asians and Latin Americans annually. Driven by both political necessity and the moral vision of Israel's leaders, the program rapidly grew in size and scope. At its height, in the late 1960s and early 1970s, the Center for Cooperation of the Israel Ministry of Foreign Affairs – MASHAV, the government body responsible for managing the aid program, was the largest department in Israel's Ministry of Foreign Affairs, and Israel had, per capita, one of the most extensive technical assistance programs in the western world (Decter, 1977: 8).

The rapid growth of Israel's aid program was underpinned by the strong support for this program of Israel's leaders and citizens alike – support that was both ideologically and politically motivated. Israelis believed that through technical cooperation they could win friends in the developing world, and that this would help end Israel's political isolation. Moreover, the Israeli vision of cooperation was rooted in the country's self-image as an emerging state recently liberated after a long struggle for freedom and the belief in a moral obligation to aid others following a similar path. This was particularly true of Israel's cooperation with sub-Saharan Africa,<sup>4</sup> which benefited from approximately two-thirds of Israel's aid program until the early 1970s (Rodin, 1969:41; Brodie, 1971:65).

Unfortunately, this vision of cooperation, at least as far as Africa was concerned, proved to be short-lived. Within 15 years of the establishment of Israel's official aid program, the "golden age" of Israel's development cooperation came to an abrupt end, as all but four African countries severed relations with Israel in the wake of the October 1973 Arab-Israeli (Yom Kippur) War. The rupture of relations led to an immediate 50% drop in MASHAV's operational budget, and shifted the focus of cooperation to Latin American and Asian countries. Moreover, Africa's "betrayal" of Israel dealt a deep blow to Israeli public and political support for its aid program, marking a turning point from which Israel's technical assistance has never recovered.

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<sup>4</sup> In this paper, the term sub-Saharan Africa will refer only to the post-colonial African countries that existed during the period under study. Countries such as Zimbabwe (then Rhodesia) and South Africa, which were still under apartheid rule at that time, are not included in this definition..

In fact, Israel's overseas development assistance (ODA) budget has continued to decline over the past 35 years to its present level of 0.068% of the Gross National Income (GNI), with Israel's bilateral aid program accounting for one-seventh of the total amount of GNI.<sup>5</sup> In the late 1970s and 1980s, the decline in Israel's aid budgets were compensated for by high levels of third-party donor financing of official Israeli aid activities – in particular, of its international, development-oriented research, technical assistance, and training activities. In fact, foreign support for Israeli activities was so significant by the mid-1980s that it accounted for approximately 90% of MASHAV's activities. However, by the end of the 1990s, external financing sources had begun to dwindle, leaving Israel with an aid program substantially smaller than that of any OECD Development Assistance Committee (DAC)<sup>6</sup> country.

Thus, for example, in 2007, the average ODA of DAC members was 0.28% of GNI – nearly three times as high as Israel's contribution. Moreover, Israel's program was also marginally smaller as a percentage of GNI than was the program of any of the emerging donors cited in DAC statistics, other than Korea. In contrast, in 2007, Turkey, the Slovak Republic and Poland allocated 0.09% of their GNI to ODA, and Chinese Taipei gave 0.11% of its GNI to ODA.

This paper will document the dramatic decline over time of Israel's development budgets. It will investigate the reasons underlying the establishment of what was one of the largest south-south development cooperation programs of its time, as well as the reasons for its decline to present budgetary levels – that is, to approximately 10% of the OECD's target levels for aid (as a proportion GNI). It will trace the devolution of Israel's foreign aid budget from its heyday, comparing the “golden age” of MASHAV with Israel's development activity in the years following the 1973 Yom Kippur Arab-Israeli War and with Israel's present-day cooperation program. The primary purpose in doing this is not to assess the impact of Israeli aid on beneficiary countries, nor to assess the impact of the aid program on Israel's bilateral relations. Rather, this paper aims to document the resources allocated by the Israeli government to aid over the course of its program, analyzing the factors that compelled Israel to devote such a large proportion of its resources to aid during its early years, when the country was itself in precarious economic circumstances, and then to dramatically cut back its aid program in later years.

<sup>5</sup> Israel's ODA for 2007, calculated according to Organization of Economic Cooperation and Development (OECD) aid accounting rules and including immigrant absorption budgets was 0.068%. Not including immigrant absorption budgets, the figure for 2007 was 0.042%. In addition to bilateral assistance, aid accounting includes contributions to the UN, World Bank, IMF and other multilateral institutions.

<sup>6</sup> The Development Assistance Committee (DAC) of the OECD includes all OECD countries with major bilateral aid programs. It is the principle body through which the OECD deals with issues related to cooperation with developing countries.



In the final section of this paper, this historical analysis will form the basis for policy recommendations, including an attempt to identify how Israel's aid program may be revitalized in the future.

In this context, it is important to note that the following analysis is not meant as a comprehensive history of MASHAV over the past 50 years. Rather, this paper focuses on the early phase of MASHAV's history, when MASHAV received high priority in government budgetary allocation. The purpose of this focus is to document the scope of aid during the initial period of Israel's statehood, determine why the government of Israel placed a higher priority on its aid program then than during any subsequent period, and identify conditions under which it may once again be possible to restore MASHAV to a place of prominence. Moreover, this paper makes no attempt to comment on the quality of MASHAV's programming. Rather, it endeavors to "trace the money trail", documenting what resources were allocated where during various periods in Israel's short history, and why successive Israeli governments varied in their valuation of the importance of foreign aid. In doing so, it endeavors to catalyze a dialogue on Israel's present-day bilateral aid allocations on the basis of a more in-depth understanding of the reasons for both the dramatic rise and the subsequent steady fall in aid budgets in Israel's past.



*Photographer: Moshe Pridan*

## The Rise of Israel's Aid Program

Israel's venture into development cooperation began modestly, with the establishment of a bilateral aid program in Burma in 1953. It quickly took off thereafter, due to a combination of political-strategic and humanitarian-ideological considerations (Peters, 1992:13; Levey, 2001). In 1958, Israel's official development cooperation program was launched under the auspices of its Foreign Ministry, leading to the establishment in 1960 of a specialized department of international development, which was known as the Center for Cooperation of the Israeli Ministry of Foreign Affairs – MASHAV. Within a year, MASHAV was overseeing the dispatch of hundreds of advisors and technical assistants annually to the developing world; it was also training over 1,000 participants annually in medium- and long-term courses in agriculture, public administration, medicine, trade union management, cooperatives, and community and rural development, both in their own countries and at a network of training institutes across Israel.

During the first ten years of its development cooperation program, Israel trained over 10,000 individuals from over 90 countries, and sent more than 4,000 technical assistants to 62 countries (Brodie, 1971:22; Rodin, 1968:32; Laufer, 1967:17). By 1964, the Israeli ratio of experts to total population (0.028%) was twice that of the OECD-DAC average (0.015%), and was unparalleled by any country other than France (Peters, 1992:4). Israel's development budget grew exponentially during this period – from an initial sum of \$94,700<sup>7</sup> during the 1958-1959 fiscal year to \$5.3 million in 1963, with an additional \$1.5 million coming from other Israeli sources, such as additional government ministries and the Histadrut, Israel's General Federation of Labor (Laufer, 1967:17; Amir, 1974:72). The level of Israeli aid continued to grow from that point on, reaching a peak of \$7 million annually in the early 1970s.

By the end of the 1960s, Israel's bilateral aid budget, as a percentage of Gross Domestic Product (GDP), neared DAC averages. For example, from 1969-1971, MASHAV's budget averaged about 0.12% of Israel's GDP,<sup>8</sup> as compared to an average allocation to bilateral grants and grant-like flows of 0.16% of GDP by DAC countries.<sup>9</sup>

<sup>7</sup> Sums are in US dollars unless otherwise noted.

<sup>8</sup> See Table 1, page 42 for an illustration of Israel's bilateral aid as a percentage of GDP.

<sup>9</sup> Historical ODA figures, as calculated by the DAC, include not only bilateral grants but also bilateral loans at concessional terms and contributions to multilateral institutions. A lack of Israeli historical data on these categories makes it impossible to directly compare Israel's total ODA (as opposed to just the bilateral aid portion) as a percentage of its GDP with that of DAC countries. Since Israel's aid program was primarily bilateral in nature, it is highly likely that Israel's overall ODA (including loans at concessional terms and contributions to multilateral institutions) during this period was substantially lower than DAC averages.

In other words, during the 1960s and 1970s, when Israel was itself still a developing country, it had a bilateral aid program comparable, relative to the size of its economy, to that of the major, developed-country donors of the time.

Two intertwined factors underpinned the decision to establish a development cooperation program, and enabled the exponential growth of Israel's aid program during such a short period of time. The first was the strong commitment of Israel's leaders to partnership with the developing world – a commitment that was motivated by both political-strategic considerations and ideological convictions. The second was the strong demand from both beneficiary countries and multilateral agencies for Israeli expertise during the early decades of international development.

## **The Commitment of Israel's Leaders to Partnership with the Developing World**

The Israeli government's commitment to the early establishment and rapid growth of its aid program, when Israel was itself a developing country, can be traced to two dominant motivating factors: the steadfast moral commitment of Israeli leaders to cooperation with the developing world, and the hope that aid would help Israel overcome what it perceived to be its dangerous diplomatic isolation in international forums. In addition, some have argued that Israel was guided, to a lesser extent, by economic considerations, believing that cooperation could open up new markets in the developing world (Levey, 2001; Peters, 1992). The following section will explore these factors.

## **Political Underpinnings of Israel's Development Program**

In the mid-1950s, Israel found itself dangerously isolated in the international arena. At a time when the Soviet Union strongly supported the Arab states both militarily and diplomatically in international forums such as the UN, Israel was receiving only very uncertain, conditional support from the US. Israel hoped that the non-aligned nations of Asia and those emerging in Africa could provide a stable base of support for it at the UN. However, by the mid-1950s, this was far from the case. As a result of Arab pressure to isolate Israel, the country found itself excluded from the first Afro-Asian Conference in Bandung in 1955 and from the Asian Socialist Conference of 1956. At both, strongly-worded communiqués were issued, branding Israel a bridgehead for neo-colonialism and asserting the Arab position on the Arab-Israeli conflict.

These events, combined with non-aligned support for pro-Arab resolutions in the UN following the 1956 Sinai Campaign, convinced Israeli leaders of the urgent need to develop good relations with the non-aligned bloc of developing nations (Aynor, 1990: E9; Levey, 2001; Peters, 1992:1; Ojo, 1988:8; Shluss, 1972:85).

**Thus, the Israeli push to establish bilateral cooperation programs throughout the developing world can be seen as a push to develop friendly relations with the non-aligned bloc of nations in general, and with Africa in particular.** Latin American countries, most of which were strongly under the influence of the US at this time, were already largely pro-Israel in their voting patterns. Asia, for its part, included several Moslem and Communist countries which refused to establish relations with Israel for ideological reasons and were not likely to give voting support to Israel under any circumstance. As a result, there was only a handful of Asian countries in which an Israeli aid program could be established. Post-colonial Africa, in contrast, had the potential to be an important new ally for Israel in multilateral forums. By the time Israel had launched its aid program, it was clear that African countries would soon have a major voice in the UN and at other international forums. During the 1960s, 33 new African states were accepted into the UN, creating a sub-Saharan African bloc of states that comprised nearly one-third of all General Assembly votes, and making Africa by far the largest geographic bloc in the UN. The sheer numbers of emerging African states gave the continent major strategic importance for Israel. Israeli policy makers hoped to use friendly African states as a counterbalance to hostile Arab and Soviet bloc initiatives in multilateral forums.

This strategic consideration was reflected in the heavy emphasis on Africa in Israel's aid program. While Israel cooperated with individuals and institutions throughout the developing world, its aid program had a considerable African focus until relations with that continent were ruptured in 1972-1973. More than 70% of Israel's expert missions abroad between 1958 and 1973 were conducted in Africa, almost half of all participants in Israeli-led training courses were Africans, and the majority of in-country demonstration projects established by Israel during this period were in Africa (Amir, 1974). This focus on Africa was in sharp contrast with international priorities at the time. Until the mid-1970s, Israel allocated two-thirds of its total assistance to sub-Saharan Africa, as compared to only one-fifth of UN aid, and less than 10% of US bilateral assistance, at that time (Rodin, 1969: 41; Brodie, 65).

In most African countries, the establishment of aid relations went hand in hand with the establishment of diplomatic relations. Israel was frequently amongst the first

countries to establish relations with newly-independent post-colonial states, and Israeli officials were regular fixtures at independence celebrations in those countries. Israel's diplomatic representation in Africa grew rapidly, from six representatives in 1960 to 23 representatives in 1961 and 32 in 1972 (Ojo, 1988:16). By 1967, 29 of Israel's 96 diplomatic missions were in Africa (Levey, 2004:83). Every emerging state that entered into diplomatic relations with Israel also benefited from cooperative projects, and Israel rapidly became one of the most sought-after development partners (Peters, 1992). As the *New York Times* observed at the time, "The Israeli government has built an aid to Africa program that has broken some political barriers and made Israel possibly the most welcome strangers in Africa" (October 16, 1960).

By 1963, Israel had the second-largest network of diplomatic representations in Africa, after France (Decalo, 1998:139). By 1966, Israel was represented in all non-Arab OAU states (Peters, 1992:2), and the majority of African leaders had visited Israel at least once (Decalo, 1998:140). In addition, there were 14 African representations in Israel in 1969 – a phenomenal number, given that most African countries established embassies only in countries of key importance, in light of the expense of maintaining a resident ambassador. Most of these representations were housed in Jerusalem and not Tel Aviv, providing further evidence of African support for Israel's positions. In brief, by 1972, Israel had one of the most extensive non-African diplomatic networks on the continent, with 20 resident ambassadors in Africa – more than Britain (Gitelson, 1974:6).

**However, while Israel clearly used its aid program as a way of building politically important friendships with African countries, never concealing the political motivation behind this aid, aid was not made conditional on beneficiaries' voting support in international political arenas** (Chazan, 1973:8; *New York Times*, October 16, 1960; Segre, 1973:9). In fact, Israeli leaders repeatedly stressed that assistance was not to be made conditional on political returns. Israel's first Foreign Minister Moshe Sharett observed that, "The idea that we deserve a political payoff in each case of relations is complete nonsense." Levi Eshkol, the second Prime Minister of Israel, similarly asserted that "African countries realize that cooperation on our part is not and will not be tied to political or other conditions" (Rodin, 1969:184).

Similarly, aid to Asia was not made conditional on a diplomatic *quid pro quo*. Several countries, including India, Pakistan, Somalia, Mauritania and Indonesia, benefited from Israel's development program without formalizing relations with it (Laufer, 1967:224). However, while aid was never directly linked to political support, it was seen by Israel as a means of building long-term friendships with emerging states which, over time, would



win Israel the political support it needed (Rodin,1969:185). Moreover, Israel's policy makers believed that aid and cooperation with developing countries could pave the way to peace with the Arab world. In the words of David Ben-Gurion:

*The surest way of arriving at peace and cooperation with our neighbours is not by proclaiming and preaching peace to the people of Israel...but by making the largest possible number of friends in Asia and Africa, who will understand Israel's importance and capacity to assist the progress of developing peoples and convey that understanding to our neighbours (State of Israel, 1961:39).*

### **MASHAV: The Moral Imperative**

While Israel had clear strategic-political reasons to launch an aid program and push for cooperation with Africa, Israeli development cooperation must also be viewed in the context of the ideological worldview of Israeli leaders and citizens alike during the initial period of statehood (Decalo, 1998; Levey, 2001). As the British newspaper *The Guardian* reported in a 1962 article on MASHAV, "Israel's policy towards Sub-Saharan Africa should perhaps be seen in wider terms, and should be recognized to be not just part of its defense line against the Arab world, but also of a genuine desire to help Africans respond because they recognize this" (quoted in Kreinin, 1964:11).

This "genuine desire to help" predated Israel's own emergence from British mandatory rule. Long before the State of Israel was established, Zionist leaders saw strong parallels between the African struggle for national liberation and that of the Jewish people. Indeed, in 1902 Theodore Herzl wrote in *Altneuland*, the treatise largely credited as being the founding document of modern political Zionism,

*There is still one other question arising out of the disaster of the nations which remains unsolved to this day, and whose profound tragedy only a Jew can comprehend. This is the African question. Just call to mind all those terrible episodes of the slave trade, of human beings who, merely because they were black, were stolen like cattle, taken prisoner, captured and sold. Their children grew up in strange lands, the objects of contempt and hostility because their complexions were different. I am not ashamed to say, though I may expose myself to ridicule in saying so, that once I have witnessed the redemption of the Jews, my people, I wish also to assist in the redemption of the Africans.*

The ideological commitment of Theodore Herzl to Africa stemmed from a strong sense of identification between the Jewish people's struggle to emerge from European oppression and to establish an independent state and the struggle of Africans. This sense of identification and commitment was inherited by many of Israel's first leaders, permeating their policy statements informing the spirit of Israel's cooperation program.

Two dominant ideological themes can be found in the statements of early Israeli leaders on their commitment to international development, in general, and to Africa, in particular. As socialists, Israeli leaders spoke of their solidarity with other oppressed peoples of the world. As Zionists, they aspired to establish Israel as a model amongst emerging states, leading the way forward for others to develop as Israel had. This deep sense of mission informed the commitment to development, in post-colonial Africa and elsewhere, of former Prime Ministers David Ben-Gurion and Golda Meir, and is evident in many of their writings on international development (Decalo, 1998).

Ben-Gurion, in particular, was known to have read and written widely on development issues, and to have devoted long hours to discussion with visiting African and Asian dignitaries on the needs of and conditions in their countries (Aynor 1990:E6). The following passage, from Ben-Gurion's 30-page 1961 essay on international development, is emblematic of his beliefs:

*From the start of the State, before the tide of independence swept over Africa, our Government has deemed it a principle aim of foreign policy to form links with the peoples of Asia and help their development forward as far as it could, within the limits of our modest economic and technical resources... The changes we have produced in the economic, social and cultural structure of our ingathered people and the landscape and economy of the Land are those that most Asian and African nations want. From us, more perhaps than from any others, they can learn how feasible such changes are... And to insure that they derive the utmost benefit from that example, we must find room for more of their youth in our institutions of higher learning and special seminars, and facilitate practical training in our agricultural, cooperative and educational undertakings. At the same time, we shall have to send them as many of our experts and instructors as we can spare... They must feel that they are performing a pioneer mission – not just a job for hire. This should be manifest in an attitude of humility and fraternity, with neither arrogance nor self-deprecation, toward the peoples among whom they work, and [with] an all-out effort to pass on the best of our knowledge and experience... Israel has been*

*granted the great historic privilege, which is also a duty, of...helping to solve the gravest problem of the 20<sup>th</sup> century—the central problem of all humanity in our time—the problem of the dangerous gap between Asia and Africa on the one hand and Europe and America (and Australia) on the other. Nothing but the closing of this gap can bring about true fraternity and international cooperation (State of Israel, 1961:37-69).*

Ben-Gurion's commitment to development issues was matched by that of his Foreign Minister, Golda Meir, who helped translate Ben-Gurion's vision into concrete action through the establishment of MASHAV in 1960, at a time when only a few members of the OECD's Development Assistance Committee (DAC) had established their own development cooperation bureaucracies. Like Ben-Gurion, Meir was motivated at least as strongly by her principles as by Israel's political interest.

Meir was known to feel deep love for Africa, particularly for Africa's women, dating back to her first visit to the continent in March-April 1958 in her capacity as Israel's Foreign Minister and spanning her entire career, during which she returned numerous times to the continent. Meir's memoirs give pride of place to her relations with Africa, devoting a whole chapter to her relationship with the continent. Writing her memoirs in 1975, only two years after almost all sub-Saharan African countries had severed diplomatic relations with Israel, she remained convinced of the importance of Israel's development aid program:

*I am prouder of Israel's international cooperation program and of the technical aid we gave to the people of Africa than I am of any other single project we have ever undertaken. For me, more than anything else, that program typifies the drive towards social justice, reconstruction and rehabilitation that is at the very heart of Labor-Zionism – and Judaism... the program was a logical extension of principles in which I had always believed, the principles, in fact, which gave real purpose to my life. So, of course, I can never regard any facet of that program as having been 'in vain'...The truth is that we did what we did in Africa not because it was just a policy of enlightened self-interest but because it was a continuation of our own most valued traditions and an expression of our own deepest historical instincts (Meir, 1975:265).*

Meir was also the driving force behind the establishment in 1961 of the Mount Carmel Training Center in Haifa, a MASHAV-affiliated training institute, which was devoted to the empowerment of women from developing countries by training them at the



grassroots level in community development, early childhood education, and other areas in which they could have an impact. This Center, which remains one of MASHAV's most important training facilities, was established nearly 15 years before the UNDP began to explore how "the traditional neglect of the potential of women's participation in the development process" could be better addressed (UNDP, 1975:27).



*Photo courtesy of the Mount Carmel Training Centre*

## **Economic Benefits of Israel's Aid Program**

Amongst the possible motivations for Israel's aid program was the entry into new economic markets, particularly in Africa, which was geographically closer to Israel than non-Arab Asian countries. **However, while there may initially have been some hope that aid would lead to significantly expanded trade relations, particularly with Africa, this hope was not realized.** For example, a survey of Israel's trade relations with Africa suggests that Israel's aid program did not substantially economically benefit Israel. While trade levels did grow between 1958 and 1973, exports to Africa did not exceed \$26.1 million, or 3.6% of Israel's total exports at any time during this period. As Israel rapidly realized, there was a basic non-complementarity between Israeli and African

markets, with no African demand for Israel's two leading exports – citrus and polished diamonds (Peters, 1992:12; Ojo, 1988:23; Decalo, 1998:145; Chazan, 1973:10). This led David Horowitz, then the Governor of the Bank of Israel, to conclude in 1967 that, "The popular belief that African and Asian markets hold out great hope for the expansion of Israel's foreign trade does not seem to be borne out by experience" (quoted in Rodin, 1971:91).

To the contrary, as argued by a contemporary editorial in the *Israeli Economist*: "It is clear that on balance Israel has made economic sacrifices in Africa—far from deriving any economic benefits there. Herself a developing country, with an urgent need for investment capital and no surplus of experts, Israel has been investing funds in Africa and supplying highly-skilled manpower in a number of spheres"(Israeli Economist, 1966). This perspective, while assuredly overstating the "sacrifices" Israel made for aid, and understating the economic benefits to Israeli companies and individuals working in and with Africa, is indicative of the lack of public belief in the economic potential inherent in developing aid relations.

Notwithstanding,, Israel's aid program did serve the useful economic function of acting as a channel for the employment of a large surplus of skilled Israeli labour in the late 1950s and early 1960s (Levey, 2001:102). For example, during this period, Israel had a surplus of engineers, following the completion of a number of large infrastructure projects, which had been undertaken during the State's early years (Amir, 1974:80). Israel also had a surplus of agricultural trainers after having built the capacities of agricultural workers that had arrived in Israel as part of the mass emigration to the country in the late 1940s and early 1950. In addition, Israel had a pool of Francophone immigrants from North Africa who, in the early 1960s, were still having difficulty integrating into the Israeli job market (Segre, 1973:9). Lastly, by the early 1960s, Israel had the largest ratio of doctors per capita of any country in the world (Kreinin, 1964:147). While some of these surpluses had diminished by the mid-1960s due to improving economic conditions within Israel, the country was nevertheless able to capitalize on its aid program to channel many of these experts into gainful employment.

## The Demand Factor: Interest in Cooperation with Israel

Whether driven by political, ideological, or other motives, Israel was strongly committed to expanding its aid program in the late 1950s and early 1960s. The enthusiasm of Israel's leaders for its nascent program was matched by that of leaders of many developing countries and other development agents, who wished to replicate Israel's "development miracle". While it later became apparent that many elements of Israel's model of rapid development could not always or easily be replicated in other countries with vastly different cultures, political and social structures, and levels of economic development, the belief in "an Israeli route to rapid development" was widespread during the first decade of Israeli development cooperation. **Thus, Israel's drive to establish cooperation with developing countries was matched by the eagerness of country leaders and international development bodies to cooperate with Israel.** In addition to the ideological and political "push" in Israel to establish a development program, there were thus two "pull" factors, which resulted in high demand for Israeli expertise, particularly during the initial years of Israeli activity:

**Israel's unique position as an emerging state**, that was addressing, or had recently addressed, problems similar to those of other developing countries. Available Israeli expertise in needed fields such as agriculture, rural development, medicine, and public administration, at a time when there was a **global shortage of experts** willing and able to work in the developing world.

These two "pull factors" enabled Israel to effectively leverage partnerships with aid beneficiaries, multilateral institutions, and third-party donors to increase the scope of Israel's contribution to the developing world beyond Israel's budgetary capacity. Four early aid programs were largely responsible for piquing developing country interest in the potential benefits of development cooperation with Israel:

1. **Cooperation with Burma:** Israel's cooperation program with Burma dates back to the establishment of diplomatic relations between the two countries in 1953. In fact, discussions on the establishment of diplomatic relations were actually preceded by Burmese inquiries into the possibility of technical cooperation with Israel. The earliest documented contacts between Israeli and Burmese officials occurred between labour union officials at the International Trade Union Congress in Belgrade in 1950. This led to the first official Burmese visit to Israel as the guests of Israel's national labour union, the Histadrut. The enthusiasm generated by the visit of Premier U Nu to Israel in the late spring of 1955 led to the establishment of a full-scale cooperation

program. The earliest cooperation was military and commercial in nature, including a limited-time partnership between Israel's state shipping company "Zim" and Burma, which was instrumental in the establishment of Burma's "Five Star" shipping line. Cooperation, however, soon extended to encompass the establishment of cooperative farming settlements in Burma and a full range of technical assistance and training activities in agriculture and other development-related fields (Laufer, 1967:23; Remba, 1961:5).

2. **Cooperation with Ghana:** Seeds of cooperation between Israel and Ghana were planted in a meeting between leaders of both states during the 1956 inauguration ceremony of the Liberian President. In Ghana as in Burma, cooperation was primarily through technical assistance, training and time-limited commercial partnerships involving major capacity building components. Ghana's national shipping line and construction company were both established through partnerships with Israel's national shipping and construction companies (Kreinen 1964: 15). At the same time, at the request of Ghana, a program of training and technical assistance was established, primarily focusing on agriculture, youth programs and labour unions, the latter in partnership with Israel's the Histadrut Labour Federation (Laufer 1967: 24).
3. **The 1958-1959 Afro-Asian Seminar on Cooperation:** brought 100 participants from over 60 developing countries to Israel for four months, beginning in November 1958. The seminar, organized jointly by the Histadrut and Israel's Ministry of Foreign Affairs, introduced developing world delegates to Israel's unique mode of cooperative socialism, which offered an alternative to Western capitalism and Eastern bloc government-led socialism. Interest in the seminar was much greater than anticipated, with twice the number of delegates as planned arriving for the opening ceremony. Ensuing requests from participating countries for technical support led to the establishment by the Histadrut of the Afro-Asian Training Institute in 1960, with support from the American AFL-CIO (Amir, 1974:48).
4. **The Rehovot Conference on Science in the Advancement of New States:** Amongst the 120 delegates from 40 countries who attended this two-week seminar in 1960 were the Prime Minister of Nepal, the President of the Congo- who arrived five days after the Republic of Congo was founded, and the Nigerian Finance Minister- who arrived only six weeks after Nigeria gained independence. The Rehovot conference, which became an annual event for the next seven years, showcased another unique aspect of Israel's model of development: that of integrated rural regional planning.

Conference delegates were able to view first-hand the work that had been done in the Lachish Region, where Israel had transformed a patch of desert into a network of productive, economically profitable agricultural communities populated by immigrants who had arrived only a few years earlier from North Africa and Asia.

## Developing Country Demand

As word spread of these programs, Israel received a steady stream of visitors from developing countries who were interested in learning from Israel's success in addressing challenges similar to their own, and in requesting assistance. In 1961-1962 alone, Presidents from the Malagasy Republic, Upper Volta, Dahomey, Gabon, the Central African Republic, Liberia and the Ivory Coast, and the Prime Ministers of Burma, Nepal, Eastern and Western Nigeria, Uganda and Trinidad all visited Israel (Kreinin, 1964:1). In subsequent years, visits were made by the heads of state of Chad, the Congo, The Gambia and Mali (Ojo, 1988:16).

As noted, the interest of these leaders was rooted in the hope that their countries could replicate the Israeli model of rapid economic and social development. To quote Julius Nyerere, President of Tanzania,

*Israel is a small country...but it can offer a lot to a country like mine. We can learn a great deal because the problems of Tanganyika are similar to Israel's... What are our problems? Two major tasks: building the nation and changing the face of the land, physically and economically (quoted in Peters, 1992:15).*

Not yet a fully developed country, Israel was believed at the time to be just far enough along the development path to be a model of rapid development, that could be adapted to other emerging states (Decalo, 1998). In fact, many of Israel's early technical advisors and trainers were experts who had previously been the beneficiaries of UN or US aid-financed training programs and technical assistance – an experience that gave them insight into the concerns and needs of beneficiaries. As one US study of Israel's cooperation program observed, "For many of the developing countries, Israel's in-between status represents the "next step" on the development ladder – far ahead of their present status but not so far as to appear beyond reach. This, no doubt, is one of the reasons for the symbolic significance that Israel seems to have attained in the emerging world" (Laufer, 1967:14). Moreover, not only was Israel engaged in a process of development similar to that of these other nations, but also many of the specific challenges it was facing in that process were relevant to sub-Saharan Africa, Asia and



Latin America (Smythe, 1961). First, there was the shared challenge of nation-building and development of effective government institutions. Then, there was the problem of food security. In fact, Israel had suffered from significant food shortages throughout its early years, forcing the government to ration food staples to its own population, but had then been able to rapidly expand food production and eliminate shortages. Israel also faced the challenge of economically and socially absorbing hundreds of thousands of immigrants from North Africa, the Middle East and post-war Europe. During the first three years of Israel's existence, its population doubled as refugees poured into the country, the majority of them from the traditional societies of North Africa and the Near East. This necessitated the construction of extensive physical and social infrastructure, as well as capacity development of hundreds of thousands of illiterate or semi-literate immigrants. Israel responded to these challenges by both effectively harnessing external know-how and developing its own unique technologies, methodologies and forms of social and political governance. Israel hoped that just as it had been able to rapidly develop economic and social infrastructure to absorb these immigrants, it would be able to assist emerging states in the rapid development of their infrastructures.

### **Subject-Matter Focus of Israeli Aid**

The subject matter focus of Israel's aid program reflected the country's belief that it had a special role to play as "a living laboratory of development".<sup>10</sup> Of the many fields in which Israel had generated its own models of economic and social development, agricultural and rural development rapidly became the most dominant areas of cooperation. Over half of MASHAV's training and technical support activities targeted the agricultural sector, supporting efforts in many developing countries to make the transition from subsistence farming to specialized cash-crop agriculture using both technological solutions, such as better irrigation and crop varieties, and organizational solutions, such as the establishment of agricultural collectives, the improvement of training, and the extension of credit, marketing and other services (Brodie, 1971:66; Amir, 1974:17). It is worth adding that, in many ways, Israel was a better model of agricultural development than was Western agribusiness. Not only were its climactic conditions similar to those in semi-arid African countries, but its agricultural sector was based

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<sup>10</sup> Israel's Government Yearbook of 1960-1961 listed the elements affecting Israel's path to industrialization, which were believed to constitute a model for developing nations. These included the interdependent development of agriculture, manufacturing and service industries; methods of shifting populations from rudimentary agriculture to agro-industry and from cities to farms; the application of imported scientific and technical knowledge and the efficient use of foreign aid; the building of new towns and settlements; forestation policy; use of water supplies; the encouragement of investments in developing regions and in export-producing factors; the development of local government; trade union organization; and development-oriented taxation and financing policies (see State of Israel, 1961:201-206).

primarily on smallholders (Kreinin, 1964:9). Israeli agricultural support also differed from that of the majority of development programs at the time: While the latter tended to focus on technical solutions alone, such as farming methods and crop varieties, without addressing the capacity-building of traditional farmers or the planning of agricultural supply and marketing chains, MASHAV favored integrated, long-term projects that provided support on a full range of issues, from agricultural credit to the marketing of produce (Brodie, 1971:67; Kanovsky, 1976:49; Yannay, 1964).

A second, related field that was a primary focus of Israel's bilateral aid program was that of integrated rural regional planning. Israel's success in making the desert bloom was as much an achievement in social planning as in agricultural technology. For example, in the Lachish Region, Israel was able to successfully resettle tens of thousands of immigrants from traditional societies and set up networks of viable, agriculture-based communities where none had existed before – also while establishing social services and an educational and economic infrastructure alongside agriculture production and marketing networks.

A third element of the Israeli model that attracted considerable interest in the developing world was Israel's unique form of socialism, which was welcomed as a “third force” between Western and Communist models (Herschlag, 1973:7; Kreinin, 1964:6; Aynor 1990:E6; Peters, 1992:15; Remba, 1961:11). Israel's form of socialism emphasized bottom-up collectivization, empowerment of local government and community development structures, private-public sector partnership, and dominant labour unions. This latter element of Israel socialism, - the importance of labour unions – was key in forging relations with African and Asian states, many of which also had strong labour unions that had been instrumental in their own liberation movements (Kreinin, 1964:13).

A fourth area of focus was that of youth programs, based on Israel's experience integrating refugee youth and post-Holocaust orphans, and then channeling their efforts as a positive force in Israel's own development. Israel also had programs in community development and in training rural women in nutrition and early childhood education. In each case, Israel's program was strongly based in its own development experience. In some cases, like that of integrated rural development and community development, this experience proved to be useful to at least some of their partner countries. In other cases, such as efforts to establish youth agriculture corps in several African countries along the model of Israel's “Gadna” and “Nahal”, this experience proved unsuitable to indigenous cultural, social and political structures (Brodie, 1971:264).

In addition to these areas of expertise, Israel had considerable experience in and commitment to grassroots capacity-building, arising from its own experience with the large-scale absorption of immigrants in its early years. As a result, the focus of Israel's training and technical assistance programs tended to be different from those of OECD countries. Specifically, while North-South technical cooperation and training often targeted policy makers and elites in an effort to support the absorption of capital inflows, Israel's programs were aimed to a greater extent at grassroots capacity-building, with a particular emphasis on rural development, smallholder agriculture and women's empowerment (Brodie, 1971; Herschlag, 1973:12). Similarly, Israel's technical assistance and demonstration projects were more likely to be field project-oriented rather than advisory positions at headquarters. Usually, Israel's projects targeted local workers and officials, rather than high-level decision makers in the nation's capitol. Typically, Israeli intervention began as a small pilot project, expanded to a larger pilot, and only after the latter's success to the appointment of an advisor to a central authority, who would help oversee the scaling-up of the program (Amir, 1974:62).

## Global Demand for Technical Assistance

The applicability of Israel's experience to other emerging states was frequently stressed not only by developing countries, but also by outside development professionals familiar with Israel's program. In the words of one UN representative interviewed in a 1964 study of MASHAV: "The study of Israel's unique efforts and achievements in the field of economic development, with agriculture under ecologically unfavourable conditions as its very backbone, provides the curious visitor with more useful hints for the solution of problems in under-developed economies than any other country known to me" (Kreinin, 1964:11). Similarly, numerous external academic studies were completed in the late 1950s and early 1960s of Israel's achievements in development-related fields (Decalo, 1998:18). In their annual reviews of the 1960s and 1970s, both the DAC and the United Nations Development Program (UNDP) frequently referenced the potential usefulness of Israel's experience, particularly in agriculture and rural development planning.<sup>11</sup> Israel's capacity-building expertise was internationally recognized during this period. For example, the Executive Secretary for Economic and Social Affairs of the Organization of American States (OAS) claimed that "The Israeli concept of technical cooperation, which stresses concrete projects rather than grandiose development plans, and which attempts to combine training and technical assistance in an integrated manner, with the

<sup>11</sup> See for example the DAC Annual Reviews of 1968, 1969 and 1972 and the UNDP Annual Report of 1975.



stress on quality rather than quantity, has had a major influence on the basic concepts and methodology which guide the technical cooperation programs of the OAS today” (Sedwitz, 1974:22).

Israel’s unique development trajectory helped it become a “major supplier of development expertise”, to quote the 1969 DAC Annual Review at a time, when developing countries were struggling to find suitable expert advice and capacity-building services. **Thus, the growth of Israel’s training and technical assistance program was aided not only by Israel’s unique experience and commitment to its aid program, but also by the strong unmet demand for expert and capacity-development services in the developing world.**

When Israel’s development program was launched in the late 1950s, the dominant approach to development in the West held that developing countries were most in need of large infusions of capital if they were to modernize their infrastructures and industries and catalyze rapid development (Brodie, 1971:68; Shluss, 1972:42). Indeed, aid flows from OECD countries during this period were dominated by loans, grants, and infrastructure projects with less than 15% allocated to technical assistance in the early 1960s, according to DAC statistics.

It rapidly became apparent, however, that without in-country capacity to prepare project proposals and effectively utilize aid budgets, capital infusions alone would not be sufficient to catalyze economic development. As such, during the 1960s and 1970s, increasing importance was given by international development experts to the need for expert support to the developing world. However, while in every year between 1962 and 1968, DAC countries increased the percentage of aid invested in technical assistance, most of the budgetary increases were devoted to meeting the rising salary demands of the limited number of experts willing to serve in developing countries, rather than to increasing the absolute number of technical experts. Thus, for example, while the percentage of DAC bilateral aid devoted to technical assistance rose from 20.1 to 23.3 percent between 1967 and 1968, the total number of publicly-financed technical assistants and volunteers actually decreased from 112,550 to 108,713 during the same period. The DAC’s Annual Reviews of the late 1960s and early 1970s frequently note technical assistance “supply problems”, particularly of high-level expert advisors (as opposed to teachers or operational personnel) and technical assistants with relevant language skills. For example, the 1969 DAC Annual Review notes that, “The potential needs of less-developed countries for external technical assistance in its various forms are enormous and far in excess of the present or foreseeable capacity of the developed countries to

supply. The supply of skilled and qualified personnel for technical assistance work is one of the scarcest types of aid resource". Similarly, in 1969, a special UN commission established to report on the state of international aid, reported shortages of expert technical assistance, particularly in the field of agriculture (Pearson, 1969:19). The Pearson Report discussed the need for more comprehensive technical assistance programs, including agricultural extension, research on new crop varieties, better marketing and distribution facilities, and enhanced farm management. In 1972, the DAC also discussed the need to prioritize rural development efforts, and referred specifically to the possibility of replicating Israel's successes in the field (DAC, 1972:141).

**Unlike the programs of OECD countries, Israel's program was from its inception almost exclusively devoted to capacity-building through technical assistance, training, agricultural demonstration programs, and time-limited joint economic ventures between Israeli state corporations and local African or Asian ones, whose aim was to build local managerial capacity.** Israel's focus on capacity-building rather than on capital infusions stemmed from both practical constraints and professional considerations. First, due to the small size of Israel's development cooperation budget relative to that of developed countries, Israel felt it could have a greater impact if it focused on capacity-building endeavors (Herschlag, 1973:12). Moreover, Israel's own development trajectory had relied heavily on education and technical assistance, particularly in the capacity-building of the hundreds of thousands of immigrants from traditional societies that Israel absorbed during the early years of its development. This gave Israel an understanding of both the importance of capacity-building, and of how it could be meaningfully accomplished. In the words of one observer of Israel's aid program:

*Education has been consciously used to bring large numbers of (Israeli) participants into the established national society. Israeli policy-makers believe that this aspect of their national experience has relevance to the problems of development in new nations. They feel that the training of ordinary people for the performance of simple economic functions can and should have [a] positive impact on the modernization of the whole society (Brodie, 1971:51).*

As noted, Israel's commitment to capacity-building and the transfer of expertise as a cornerstone of development was coupled, at least in the early years of Israel's aid program, with an in-country surplus of available experts who were both willing and able to work in the developing world. While these surpluses had diminished somewhat by the mid-1960s due to improving economic conditions within Israel, Israel was nevertheless

able to capitalize on these surpluses in order to meet technical assistance, advisory and capacity-building needs in the developing world, thereby earning a reputation for speed and efficiency that, in the words of the *New York Times*, “Could not be matched by Western countries” (*New York Times*, October 16, 1960).

Israel became known as a source of capable development experts who could rapidly be deployed in the field to meet local needs. Indeed, while it might take other donor countries half a year to a year to dispatch their experts, Israel was generally able to provide the relevant expertise requested by beneficiaries within a matter of weeks or even days (Ojo, 1988:13; Kreinin, 1964:4). Moreover, Israeli experts had the added advantage of having a reputation for providing low-tech solutions that were more suitable to the environment of developing countries than were Western or Communist methodologies (Peters, 1992:15). All of these factors enabled Israel to become a valued provider of technical expertise and capacity-building support during the early decades of international development. Between 1958 and 1973, over 5,000 Israeli technical assistants served in both short and long-term missions abroad under the auspices of MASHAV. Some experts were financed wholly by the Israeli government, but the overwhelming majority of them were financed in large part by the beneficiary country, or by a range of multilateral and donor institutions that found in Israel a ready supply of relevant expertise long before a global professional cadre of “development experts” had emerged to meet beneficiary needs.



*Photo courtesy of the Mount Carmel Training Centre*

## “Burden Sharing” as a Manifestation of Demand

The demand for Israeli expertise, from both beneficiaries and multilateral organizations, enabled Israel to insist on a policy of “burden sharing”, whereby Israel would only supply expertise or engage in development projects if its contribution was met with at least some financial contribution from the beneficiary or on behalf of the beneficiary by another financing party. In all of its in-country programs, Israel insisted that there be at least some local contribution to the program. In many cases, this local financial contribution far outweighed that of Israel. Trainees in Israel were generally expected to finance their own plane tickets, and countries desiring Israeli technical assistance were often expected to pay the salaries and housing costs of Israeli advisors. This enabled Israel to highly leverage its aid budget and expand the scope of its activities.

Laufer (1967) commented on this policy:

*The scarcity of financial resources...is a major reason for the burden-sharing principle in the Israeli program. In addition, however, Israeli policy-makers believe that 'If you give people something for nothing, they will not appreciate it and your efforts will be lost.' There are obvious political risks involved in adhering firmly to this principle, and on occasion assistance offered on this basis has been refused. What is remarkable, however, is that it has so often been willingly accepted. (p. 34).*

**So extensive was Israel's insistence on burden-sharing that more than half of MASHAV's programs during its first decade of activity were financed by non-Israeli sources, including beneficiary countries but also the US and several multilateral organizations, among them the OAS, FAO, UNICEF and ECOSOC.** To give an example of the extent to which Israel's development program was financed by outside sources, in 1967, the total cost of Israel's development program was estimated as \$15 million USD, with MASHAV's budget accounting for only \$5 million of this sum, a further \$1.5 million coming from the Histadrut and other official Israeli sources, and the remainder coming from foreign sources (Laufer, 1967). In this way, Israel was able to extend its provision of expertise to the developing world beyond its limited financial capacity. Initially, the largest share of co-financing came from the beneficiary countries themselves. However, Israel rapidly developed ties with multilateral organizations and bilateral donors that were eager to take advantage of Israeli expertise, and so agreed to co-finance Israeli aid programs. For example, Israel had extensive co-financing arrangements with the OECD and the OAS.

Beginning in 1961, the OECD drew on Israeli expertise for the development of some of its own member countries, financing numerous seminars and study tours in Israel. For example, in 1964, the OECD sponsored a regional development seminar attended by top planners from Greece, Portugal, Spain, Yugoslavia and Israel. Israel also helped Greece prepare its comprehensive development plan for Crete. For the OAS, Israel trained thousands of Latin Americans as part of an OAS extra-continental training program designed to enlist the contribution of countries outside the southern hemisphere. During the early phases of that program, Israel's contribution exceeded that of all of the participating European countries together (Laufer, 1967:47). Similarly, the 1975 Annual Report of the UNDP noted that Israel had 136 experts and technicians collaborating with various international agencies on projects around the world, making Israel the largest single contributor of expertise per capita of any country in the world (Decter, 1977:23).

### **State-Non-State Partnership in Israel's Aid Program**

In addition to external burden-sharing, MASHAV's partnerships with non-governmental and quasi-governmental organizations in Israel were also instrumental in expanding the scope of Israel's development programme. **MASHAV, then as now, operated primarily through cooperative relationships with various governmental, quasi-governmental and academic institutions, that provided subject matter expertise and training facilities.**

In fact, Israel's earliest development cooperation programs were not initiated by the Israeli government, but rather evolved through contacts between professionals, labor unions, and education institutions in Israel and other developing countries (Decalo, 1998). For example, ties between Israel and Burma, and between Israel and countries attending the Afro-Asian seminar, were forged through initial contacts between Israeli labor union leaders and labour union representatives from these countries. The aid program to Ghana began with joint ventures with Israeli state-owned and Histadrut companies and through cooperation with the youth agricultural training corps of the Israel Defense Forces (IDF). Similarly the first Rehovot Conference was staged at the initiative of the Weizmann Institute of Science, rather than the Israeli government. In this way, Israel's official development cooperation emerged in part out of pre-existing professional contacts between the developing world and civil society organizations, education institutions, and quasi-government enterprises in Israel. Indeed, from its inception, Israel's development program was intended primarily to be a bridge between experts and institutions active in Israel's internal development, and experts, institutions and government officials in partner countries that were facing similar development



challenges. To achieve this goal, Israel's development program relied heavily on partnerships with the professional state and non-state actors most active in Israel's internal development. Of MASHAV's partnerships with Israeli non-governmental and quasi-governmental organizations, the most notable was that with Israel's national labour federation, the Histadrut, which developed a large cooperation program on the basis of its contacts with labour union leaders and the heads of national liberation movements in Africa and Asia. Beginning with the first Afro-Asian Seminar on Cooperation in 1958, the Histadrut became an active partner of MASHAV, opening its own training facilities for developing country participants and dispatching technical consultants at the request of developing countries in Asia, Africa and Latin America.

This pattern of government – non-government partnership in the delivery of its aid program characterized the initial period of Israel's development cooperation . As one contemporary observer noted:

*The execution of Israel's program for cooperation largely depends on the collaboration of all sectors of its society. There is no Israeli institution that has not been consulted on one or another question concerning the projects carried out in developing countries. Professional organizations such as the association of engineers and architects and the medical association, private institutions and companies, universities and major schools all place their knowledge and personnel at the disposal of MASHAV (Yannay, 1964:14).*

Other than the Histadrut, the following were amongst MASHAV's principle partners:

- **Other government ministries**, chief among which was the Ministry of Agriculture, which, together with MASHAV, set up CINDACO to oversee agricultural cooperation, managing courses in Israel and abroad as well as a wide range of agricultural projects in developing countries.
- **Government-funded research institutions**, whose primary purpose was guiding Israel's internal development, such as the Center for Development Studies in Rehovot. Ra'anán Weitz, who headed the center, masterminded and piloted Israel's own integrated rural development program in the Negev, establishing networks of agricultural settlements in semi-arid regions that were used to absorb tens of thousands of refugees from post-war Europe, North Africa and the Middle East. While the Center for Development Studies in Rehovot was established primarily to research Israel's internal efforts, global interest in Israel's successful rural development projects

led the Center to become a leading provider of training on integrated rural regional development planning to developing country participants, as well as hosting annual conferences and managing integrated rural development projects in other developing countries.

- **Medical institutions**, which both dispatched medical missions to developing countries and brought students from developing countries to Israel for training. Notable amongst these was the Hadassah-Hebrew University Medical Center, which established an English-language medical school in 1961 to train doctors from Africa and Asia, and dispatched ophthalmologists to developing countries on blindness prevention missions.
- **The ORT Network of Vocational Education**, which, at the request of MASHAV, provided year-long technical training for participants from developing countries. This network trained a total of 275 individuals from Africa, Asia and Latin America between 1958 and 1966 (Herschlag, 1970:90, 287).
- **MASHAV-affiliate institutions** established as part of Israel's official development cooperation program to provide expertise and training on a wide range of topics, from education to agriculture and grassroots development of women.

In partnership with these institutions, MASHAV was able to quickly establish a far-ranging training and technical assistance program, facilitating exchange between the experts responsible for Israel's own trajectory of rapid development and their counterparts in other developing countries. In this, Israeli officialdom, civil society and their partners abroad hoped to replicate elsewhere models of development that had been successful in Israel. In some cases, these efforts – such as the establishment of integrated rural development zones in several Latin American countries and the establishment of Africa's first blood banks – were indeed tremendously successful. In other cases – such as efforts to establish youth agricultural corps in Africa – it soon became apparent that the Israeli models were inappropriate to the contexts into which they were introduced (Chazan, 1973:8). In the end, however, the decline of Israel's development cooperation program, beginning in the mid-1970s, was not rooted primarily in the mixed results of Israeli cooperation, but rather in political events that were largely unrelated to the aid program. The following section will document this decline and address the reasons why Israel's aid program was to shrink from one of the largest per capita technical assistance programs in the world to its present small scale.

## The End of the Honeymoon and Beyond

Israel had hoped that aid would lead not only to the establishment of friendly bilateral relations, but also to increased voting support for Israel in international forums such as the UN General Assembly. The extent to which this actually occurred is a matter of some debate. For example, on crucial UN votes concerning Israel between 1958 and 1973, the African states were generally divided in their voting. The most significant test of African sympathies during that period was a series of crucial votes in the UN General Assembly on resolutions proposed in the aftermath of the 1967 Arab-Israeli war. A number of resolutions were proposed concerning Israeli troop withdrawal. The most problematic of these, from Israel's standpoint, was the Yugoslav resolution, which called for unconditional unilateral withdrawal. Eleven African states voted in favor of this resolution, eight voted against it, and ten abstained. An alternative, more pro-Israel draft resolution, linking troop withdrawal to the end of the state of belligerency, also received fairly strong African support, with 17 sub-Saharan states voting for the resolution (including some that had also voted for the Yugoslav resolution), nine voting against it, and five abstaining (Brodie, 1971). In total, the African voting record on the UN resolutions presented in the aftermath of the 1967 war reveals Africa to have been a neutral to pro-Israel force. According to one analysis of the 266 votes cast by sub-Saharan African states on pro-Arab resolutions submitted by Soviet bloc countries in the aftermath of the 1967 war, 46 African votes were in favour of these resolutions, 110 were against them, and there were 110 abstentions. In other words, the African voting record on these crucial referenda were 17.2% pro-Arab, 41.4% pro-Israel, and 41.4% abstaining (Ojo, 1988:26). In addition, most African states supported a pro-Israeli Latin American draft resolution linking Israeli withdrawal of troops from the occupied territories with Arab abandonment of a state of belligerency.

This mixed record was interpreted by some analysts at the time as reflecting a positive accomplishment of Israel's aid program; by others, it was interpreted as being a sign of the aid program's failure to reap political dividends. Some pointed out the "anti-Israel" stance at the UN of beneficiaries of substantial Israeli aid, such as Tanzania, Zambia and Senegal (Herschlag, 1973). Others argued that even partial African support was instrumental in stymieing anti-Israel resolutions that otherwise might have been accepted by the UN General Assembly. In the words of one scholar, "The assistance diplomacy of Israel in Africa weathered a major test in the United Nations in 1967 and has proved itself to be a valuable political asset. It may be concluded that the short-term political effectiveness of Israel's assistance policy...has been impressive..." (Rodin, 1969:258). The dominant perspective amongst historians, however, divides Israeli-



African relations during MASHAV's early years as falling into two distinct periods. The initial period, lasting from MASHAV's inception until the 1967 war, was characterized by strong African support of Israel in international forums, including at pan-African conferences that preceded the founding of the Organization of African Unity (OAU), and at the OAU itself. This support began to erode, however, in the late 1960s, until finally, against the backdrop of the 1973 Arab-Israeli War, all but four African countries broke off diplomatic relations with Israel.

In 1967, Guinea broke off relations with Israel in the aftermath of the Six Day War. Subsequently, between 1972 and 1973 all but four sub-Saharan African countries severed relations with Israel, and by 1975, only Swaziland, Lesotho and Malawi still had formal diplomatic relations with Israel. In retrospect, many reasons have been given by scholars for this rupture in relations. The rhetoric accompanying severance of relations differed from country to country. In some countries, like Idi Amin's Uganda and Congo-Brazzaville, notice of suspension of relations was accompanied by hotly-worded rhetoric. In other cases, such as those of Chad and Niger, the notices were almost apologetic in tone, and were accompanied by beneficiary requests that Israel continue to provide training and technical assistance, despite the break in formal relations (State of Israel, 1973). After discussing this possibility, the Israel Foreign Ministry decided it would no longer fund bilateral cooperation with African countries that had severed relations. Israel did, however, agree to continue to accept African trainees at MASHAV facilities, if their stay was funded by other donors, multilateral institutions, or the beneficiaries themselves. Similarly, approximately 50 Israeli experts continued to serve in Africa under UN and other multilateral auspices. However, for all intents and purposes, Israel's aid program in Africa had come to an end. **During the year following the 1973 Yom Kippur War, the proportion of Israeli technical assistants sent to Africa dropped to just over 10% of all expert missions, from 40% of all MASHAV expert missions only the year before.** In agriculture, an area in which Israel had prominent projects throughout Africa, figures had dropped to 3.4% of all development project financing by 1975-1976.

Scholars attribute this rupture in relations to a variety of global geo-political factors, many of which were only tangentially related to bilateral relations between Israel and African states (Ojo, 1988; Gitelson, 1974; Levey, 2004; Peters, 1992). Amongst the reasons given for the erosion of support were global factors such as political radicalization of several African countries, against the backdrop of their increasing disillusionment with the West and growing relations with anti-Israel, Soviet bloc countries. Other reasons include the growth of Arab power in the region-thanks in part to Arab petro-dollars, diplomatic horse-trading with Arab countries that threatened to withdraw political

support on issues such as Rhodesia and South Africa if these countries didn't support anti-Israel votes, Israeli policy on issues of African concern, and the desire to maintain OAU unity. In addition, African unease with the precedent of Israeli occupation of African territories in the Sinai has also been cited (Chazan, 1973, 1981; Ojo, 1988; Gitelson, 1974; Levey, 2004; Peters, 1992).

While ideological and global political factors were no doubt the primary force behind the rapid devolution of relations that had been established only a few years previously, some authors also point to a certain African disillusionment with the potential for copying Israel's model of rapid development as a secondary consideration. As elucidated above, some of the Israeli models introduced into Africa through Israeli-African projects proved be unsuitable to African society, political organization and culture (Chazan, 1981:36; Ojo, 1988:34; Schaar, 1968:34). In addition, the political push to establish an aid program in as many countries as possible meant that resources were spread too thin in many cases to have significant impact (Levey, 2004; Sisyphus, 1978:33; Schaar, 1968:34). Indeed, it became increasingly apparent in the late-1960s and early 1970s that many aspects of the Israeli model of rapid development could not feasibly be replicated in African countries. This led to considerable dampening of early African and international expectations from Israel's aid program (Decalo, 1998:72). At the same time, as the economy and job market continued to improve in Israel, MASHAV found it increasingly difficult to recruit high-quality experts for long-term posts in developing countries (Herschlag, 1970:134; Chazan, 1973:8).

**Thus, while the initially high expectations from Israel's aid program may have fueled much African interest in ties with Israel, ultimately, once these expectations had been tempered by experience, the aid program was not sufficiently important to African countries to influence diplomatic policy.** Indeed, while Israel's aid program in Africa was very significant relative to the size of Israel's population and economy, it was small in relation to that of larger donor countries. Thus, for example, the UK, one of the largest contributors of aid to Africa with a GDP roughly 25 times that of Israel in the 1960s, also had an aid program in Africa 25 times that of Israel's (Levey, 2004:78).

In sum, whatever the reasons behind the break in Israeli-African relations, it is clear that if Israel's motivations for establishing an extensive aid program included the desire to develop lasting bilateral relations and to enlist support in multilateral forums, then any such diplomatic benefits from the aid program were short-lived at best. To a large extent, Israel's relations with Africa drove its aid program. While Africa was not the sole beneficiary of Israeli aid, Israeli interest in Africa, whether ideologically or politically

motivated, was at the heart of the strong Israeli commitment to its aid program. When the honeymoon was to end, so, too, did Israelis' belief in and commitment to their aid program

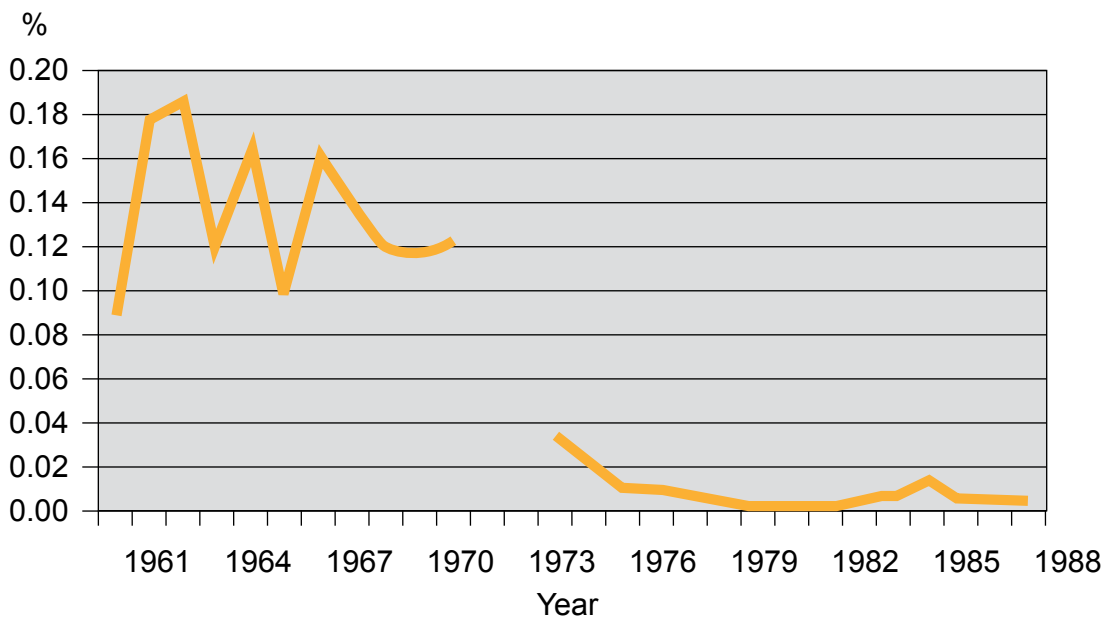
The reactions of Israel's public and its politicians, to quote then- Foreign Minister Abba Eban, to Africa's "gross betrayal of international friendship and goodwill" were harsh, leading to sharp cuts in government resources allocated to MASHAV (see Table 1). After a decade during which politicians and the public alike had been "Africa-mad" and strongly committed to Israel's aid program, solid public support for development cooperation was replaced by a strong sense of betrayal. *Haaretz*, one of Israel's most respected newspapers, commented on Africa's "lack of gratitude" for all that Israel had done (October 23, 1973). This was in marked contrast to a 1962 editorial in the same newspaper that had called the decision to nurture relations with Africa "one of the most humane and wise decisions taken by our policy-makers in the past few years" (cited in Decalo, 1998:12) The Israeli daily *Hatzofe* argued that the "enormous sums" spent on aid to Africa "would have been put to infinitely better use in absorbing immigrants and in reducing the social gap in Israel" (November 5, 1973). And the *Jerusalem Post* commented on strong Israeli feelings of "betrayal", very accurately predicting that, "What is clear is that no matter how relations with Africa improve (they can scarcely get worse) at some time in the future, the original enthusiasm which spurred Israel's first overtures to Africa 15 years ago will not return" (November 20, 1973).

Despite the sweeping diplomatic rejection of Israel throughout the African continent, several African countries requested that development cooperation with Israel continue even after the rupture in relations. Although this possibility was debated in the Ministry of Foreign Affairs at the time, the decision was made that Israel would no longer finance aid to African countries that were unwilling to maintain diplomatic ties with it (Gitelson, 1974:57). It is interesting to note that this disillusionment was not restricted to African countries *per se*, but rather extended to the political and ideological value of aid in general. The African "betrayal" resulted in a marked shift in Israeli public attitudes toward aid. Until the early 1970s, contributing to international development had been a central tenet of Israel's policy, and a regular feature of official government platforms. For example, the platform of the 1969 government headed by Golda Meir had included a commitment to "support to the limit of [Israel's] capacity any international action to foster the social and economic independence of developing nations", arguing that the development of Africa and Asia should be "a primary aim for mankind". Moreover, at that time, there was near-unanimity on the issue of aid to Africa and Asia in the Knesset, public opinion, and the media (Decalo, 1998:7; Kanarek, 1969:2). In contrast, since 1973, foreign aid

has never been included in the platform of any Israeli government. To the contrary, Subsequent Israeli governments have very much supported the opinion expressed in the editorial in *Hatzofe* cited above that aid money could be put to “infinitely better use at home” (November 5, 1973).

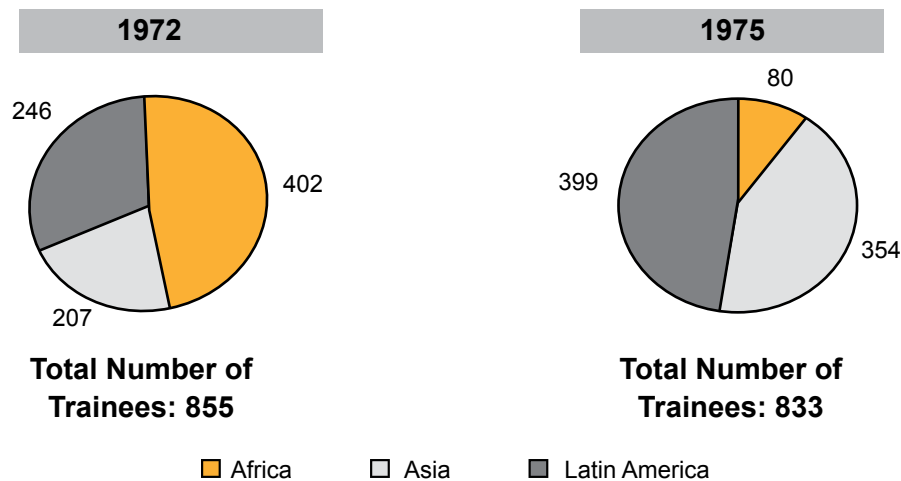
**The removal of public and political support for MASHAV led to an immediate drop of over 50% in MASHAV’s operational budget during the two years following the 1973 War, with continued, gradual decline almost annually until the late 1980s (see Table 1).** Interestingly, however, the decrease in Israeli resources allocated to aid did not lead to a correspondingly substantial immediate drop in MASHAV’s activities. Instead, the focus of Israeli aid shifted from Africa to Latin America (see Table 2), and the decline in Israeli government aid budgets was compensated for by increased third-party financing of MASHAV’s activities. Both of these features of Israel's aid program in the 1970s and 1980s will be examined in the following sections.

**Table 1: MASHAV’s Annual Budget as a Percentage of GDP, 1958-1988**



Source: Israel Ministry of Foreign Affairs, quoted in Aynor and Avimor (1990)

\*Data unavailable for 1972-1973

**Table 2: Trainees in Israel, by Region of Origin, 1972 and 1975**

Source: Israel Ministry of Foreign Affairs

## Israeli Aid to Latin America

Once most African countries had broken off diplomatic relations with Israel, the focus of Israel's aid program shifted to Latin America, which had continued to support Israel in multilateral forums throughout the period in question. **From 1974 until the fall of the Soviet Union, more than two-thirds of the trainees in Israel were from Latin America, as opposed to the period preceding 1973, when only 16% of MASHAV trainees had come from that region.** The roots of the Latin American aid program, however, dated back before 1974. Israel's aid program to Latin America was launched in 1961, slightly after its Afro-Asian program, and for somewhat different reasons than those underlying Israel's entry into Asia and Africa. As many Latin American countries had similar or more advanced levels of economic development than Israel, there was considerable debate as to whether Israel had a role to play in Latin America at all. Whereas in Africa and Asia the launch of the aid program was driven by requests from the partner countries themselves, in Latin America Israel's aid program was launched at its own initiative, following a fact-finding mission whose purpose had been to determine what areas of Israeli expertise might be relevant to the continent (Lorch, 1977:745). Moreover, the UN voting record of countries in Latin America was more overwhelmingly pro-Israel than that of countries in any other region in the world, due both to religious sentiment on that continent, and the influence of the US. As such, there was no strong imperative to establish cooperation as a means of building friendly ties.

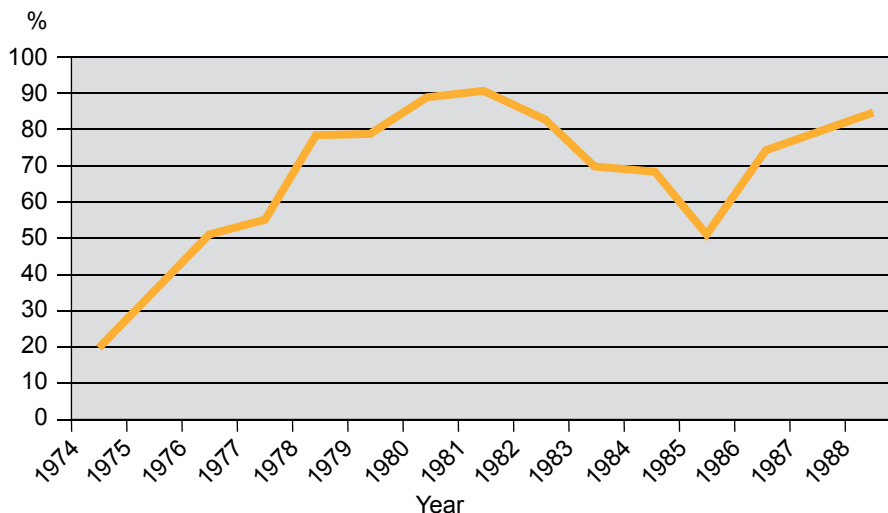
The decision to launch an aid program in Latin America can be attributed to three considerations (Kaufman, 1976; Lorch, 1977). First of all, it was a way of maintaining positive relations with Latin American countries by giving those relations day-to-day "content". Second of all, the Organization of American States (OAS) and the Inter-American Development Bank (IADB), like many African countries, saw Israeli expertise as being highly relevant to their needs and hence were willing to heavily co-finance Israeli aid. Finally, following the launch of the US Alliance for Progress initiative in Latin America in 1961, Israel's aid program became a means of positive cooperation with the US, Israel's most important ally. In the words of then-Foreign Ministry Director General for Latin America Netanel Lorch, "The fact that we are a prominent partner in this system (of inter-American states) gives us a certain psychological advantage in the US...This is one aspect of the US-Israel relationship where Israel asks what it can do for the US, rather than what it wants the US to do for Israel" (Lorch 1977:751). Israeli aid was particularly relevant in this regard, as Israeli models of agrarian land reform and collectivization presented a plausible alternative to the more radical forms of socialism being promoted by Cuba. Moreover, social and political structures in Latin America proved more amenable to many Israeli models than had Africa's, and particularly to programs of integrated rural regional development (Amir, 1974).

Of these factors, perhaps the dominant one was the close relationship that blossomed between the OAS and Israel. Israel was the first non-member country to collaborate with the OAS, contributing to its extra-territorial training program (Sedwitz, 1974:21). The OAS began co-sponsoring Israeli Spanish-language courses for Latin American trainees in 1961. Cooperation focused on agriculture, and included agricultural and regional planning, the development of arid zones, agricultural marketing, agricultural extension, and the administration and management of agricultural cooperatives. Cooperation rapidly evolved into a comprehensive program formalized in an agreement, which included not only the capacity-development of over one thousand trainees between 1961 and 1967 alone, but also the co-sponsorship of hundreds of Israeli long-term agricultural experts who ran demonstration farms, helped prepare project proposals for millions of dollars of IADB financing, and even managed a number of integrated regional rural development projects based on the model used in Israel. Israel's contribution to the OAS's extra-continental training program, which was launched in 1962, exceeded the contribution of all of the participating European countries combined. By 1963-1964, nearly half of the trainees in this program had been to Israel – a fact largely attributable to both the OAS's high regard for Israeli training and the availability in Israel of Spanish- and Portuguese-speaking trainers (Kaufman, 1979:6; Sedwitz, 1974).

## Third-party Financing of MASHAV in the 1970s and 1980s

The OAS and the IADB were not the only institutions to heavily co-finance Israeli aid activities in the 1970s and 1980s. MASHAV's activities also received heavy support from the US, the Netherlands, and Germany, as well as from various UN agencies. This foreign support enabled MASHAV to continue to function, even as its state financing dipped to under \$1 million annually in the mid-1980s. **Indeed, foreign support for Israeli activities was so significant by the mid-1980s that it accounted for approximately 90% of all of MASHAV's activities (see Table 3).**

**Table 3: Third-party Financing as a Percentage of MASHAV's Overall Budget**



Source: Aynor and Avimore (1990), based on data from the Israel Ministry of Foreign Affairs

Israel was also among the leading countries for UNDP awards subcontracted to private and public firms or institutions. Thus, for example, in 1975 Israel earned \$843,000 (in current prices) in UNDP subcontract awards – an amount second only to that earned by the USSR and Czechoslovakia among non-OECD countries (UNDP, 1975:27), making it, by far, the highest per capita recipient of UNDP subcontracts. In addition, bilateral donors played an important role in co-financing MASHAV cooperation. International shortages of expertise and ideologically-based commitment to support for Israel and its aid program, particularly on the part of the US and the Netherlands, made it possible for MASHAV to enlist the support of other donors and of international organizations in order to co-finance the dispatch of Israeli experts to the developing world, and of developing



world trainees to Israel. Thus, MASHAV was able to maintain levels of activity which were not far below those of the 1960s, despite budget cuts. The following are among the main donor-financed programs from which Israel benefited:

- **The Netherlands-Israel Program (NIP) and the Netherlands-Israeli Research Program (NIRP) (1973-2001):** Initiated by Dutch Minister of Development and Cooperation Jan Pronk these programs supported training both in Israel and in-country, and joint development-related research initiatives. The programs, which allocated approximately six-eight million guilders a year to financing of MASHAV's activities, were originally established in reaction to Israel's political isolation in the aftermath of the 1973 Yom Kippur war.
- **The Cooperative Development Program (CDP) 1985-2003:** was the primary framework for US co-financing of Israeli aid activities. Initiated in 1985 through Congressional legislation, it included an allocation of \$4-5 million annually to Israel's foreign aid program, which was used to finance a wide range of training, technical assistance and demonstration projects throughout the developing world. Total CDP investment in Israel's foreign aid program is estimated at \$90 million.
- **The German-Israel Agricultural Research Agreement (GIARA) 1986-1996:** financed joint German, Israeli, and developing country research programs in the field of agriculture. Approximately two-three million Deutschemarks were invested in this program annually by the German government.

As noted, third-party financing such as that described above made it possible for MASHAV to maintain a steady level of activity in and with the developing world, despite continually falling Israeli aid budgets during this period. For example, in 1980, MASHAV was able to train 1,230 participants in courses in Israel and abroad; to dispatch 300 short-term consultants and 34 long-term consultants abroad; and to co-finance dozens of development research projects, despite having a bilateral aid budget of only \$700,000.

In the past decade, however, sources of third-party support for MASHAV budgets have been dramatically reduced. By the early 2000s, all of the third-party co-financing framework agreements that had sustained MASHAV in the 1980s and early 1990s had been discontinued. *Inter alia*, the Netherlands, Germany and the US all decided not to renew global co-financing agreements with Israel.<sup>12</sup> While various reasons have

<sup>12</sup> Data on third-party financing are based on interviews with MASHAV representatives responsible for these programs.

been given for this, the most dominant was the expectation that Israel, on the eve of its accession to the OECD, is sufficiently wealthy to finance its own aid programs. In addition, decisions not to renew the financing of these programs were partly attributable to the restructuring of DAC bilateral aid programs over the past 20 years. Since the early 1990s, major donor countries worldwide have tended to decentralize decisions about the allocation of aid budgets to the field, thereby rendering headquarters-level decisions on global allocation of donor funding very unpopular. Instead, there has been an increasing expectation that countries, or at least country offices of donors, should have control over decision on how to allocate aid budgets. Finally, the shift of donor governments and multilateral institutions from the financing of specific development projects to budget support of beneficiary governments has resulted in less direct donor-financing of stand-alone projects such as those run by MASHAV. These changes in the architecture of donor financing of development make it unlikely that MASHAV will be able to rely on donor financing of its activities in the future, as it did during the 1980s.

### **The "Little Renaissance": MASHAV in the 1990s**

As noted above, the history of MASHAV since 1973 has been largely characterized by a slow, steady decline in official Israeli aid budgets. Interestingly, the one exception to this general trend in recent years occurred during the mid- to late-1990s, when aid budgets once again rose substantially. The fall of the Soviet Union and progress in the Arab-Israeli peace process opened up opportunities for the establishment of diplomatic relations with former Soviet bloc countries, moderate Arab and Moslem states, and nearly all of the African countries that had severed relations with Israel in the early 1970s.

In all, Israel was able to expand the number of countries with which it maintained diplomatic relations from 93 in 1990, to a total of 162 one decade later. Once again, Israeli policy makers used MASHAV as a political tool for reinforcing emerging diplomatic relations with a large number of countries. Shimon Peres, Israel's Minister of Foreign Affairs, and, subsequently prime minister, during the period following the signing of the Oslo Accords, articulated a vision of a "new Middle East" that would be based on Israeli cooperation with its neighbours, where Israel would play a central role in catalyzing regional economic growth and modernization. The focus of MASHAV's efforts reflected this vision, as well as Israel's desire to add positive content to its emerging relations with Eastern Europe and Central Asia. Between 1997 and 1999, MASHAV trained more participants from the Middle East and North Africa than from any other region, and the largest number of Israeli long-term consultants was dispatched to Eastern Europe and

Central Asia. Once again, however, the growth of MASHAV aid budgets only lasted as long as there was political optimism with regard to the future of Israel's relations with these states, and a belief that the emergence of a "new Middle East" could open up a new era of cooperation between Israel, its neighbours, and the international community. In the year 2000, as peace negotiations with the Arab world began to fail, Israel found its diplomatic reach shrinking, with Tunisia, Morocco and the Sultanate of Oman all suspending relations with it that year.

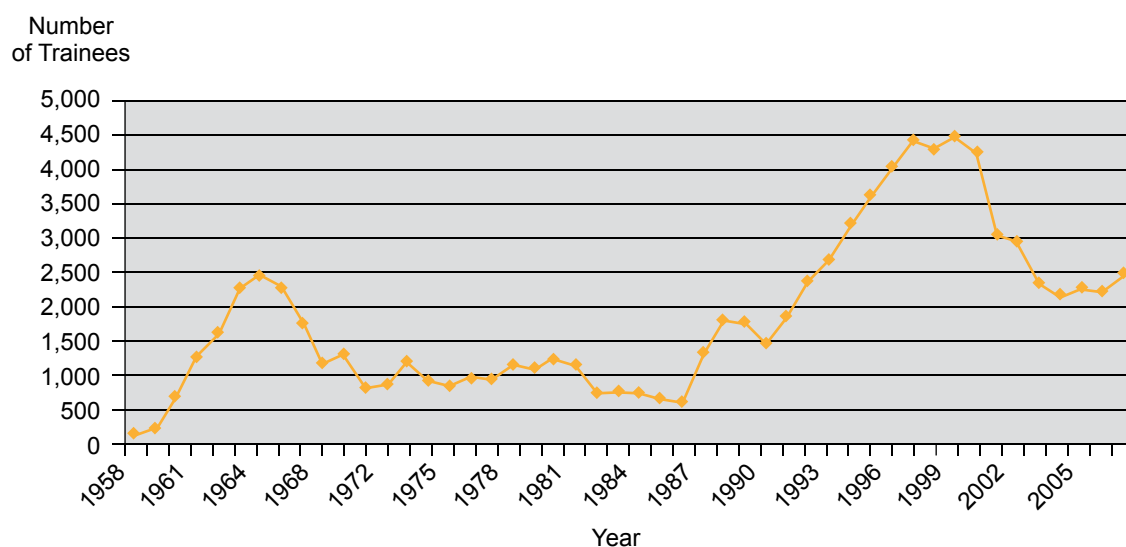
As the promise of a "new Middle East" receded, the aid budgets that had been growing since the start of the peace process once more dramatically shrank: Between 1999 and 2000 alone, they were reduced by more than 25%. Today, against the backdrop of a stalled peace process and without the possibility of using MASHAV to consolidate diplomatic friendships with formerly hostile countries, MASHAV's budget has once again been reduced to less than half of what it was in 1999. In contrast, the total budget of the Ministry of Foreign Affairs has remained stable during the same period, without significant reductions. Thus, in the 1990's as before, the growth of MASHAV's budget can be directly linked to Israel's aspiration to use aid to reinforce emerging bilateral relations. In consequence, once it became apparent that aid could not meaningfully counterbalance larger geo-political considerations, MASHAV again lost its importance in the eyes of Israeli policy makers.

It is worth noting, however, that MASHAV's renaissance during the mid- to late-1990s differed from Israel's early development program in three important regards:

1. Whereas Israel's early aid program was very much a south-south cooperation program based on exchanges between the Israelis responsible for Israel's own rapid development and their counterparts in partner countries, by the 1990s Israel's economy had progressed far beyond that of the developing world. This is not to say that Israel no longer had relevant expertise. To the contrary, in both its Middle East program and its program in the former Soviet Union – two focal points during the 1990s – Israel deployed a large number of subject matter experts who were native speakers of Arabic or Russian, and made good use of its expertise in solving common problems. Thus, for example, Israel was able to cooperate with former Soviet Union countries on the de-collectivization of farms and the transition to market-based agriculture, and to work with semi-arid Islamic states on agriculture. However, Israel could no longer serve as a "living laboratory" of development, where partners could come to see development in action.

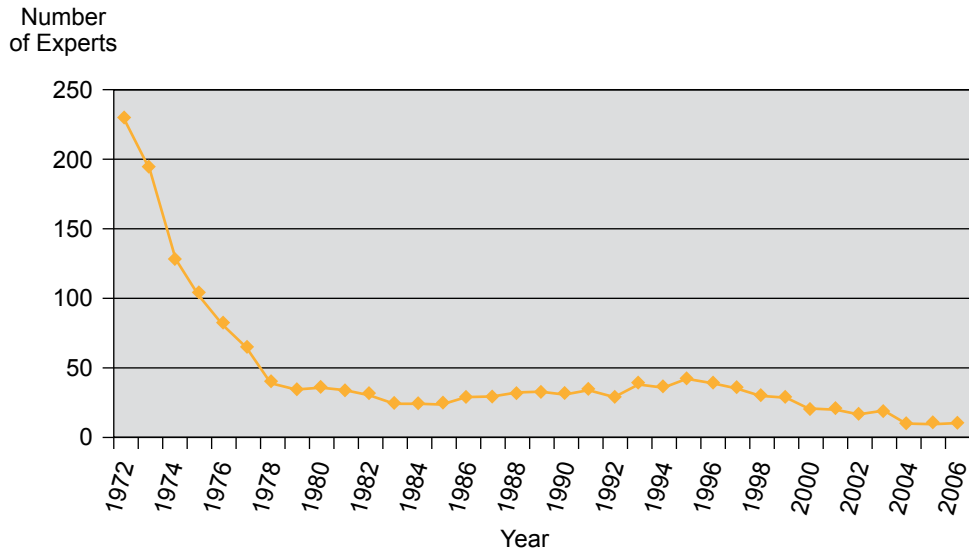
2. The predominant type of assistance given had also changed, shifting to shorter-term training programs as opposed to MASHAV's earlier emphasis on longer-term training. The average training course length dropped from three-four months during the late 1960s and early 1970s to approximately two weeks during the 1990s. This enabled MASHAV to bring a far larger number of people to Israel, which bolstered its aid statistics to far larger numbers of trainees annually than during any previous period (see Table 4). For example, in the peak year of 1999, MASHAV was able to train 4,501 persons in Israel, as compared to the peak number of 2,443 trainees in 1964. The trend is opposite, with regard to the number of longer-term projects financed by MASHAV. As noted, during the 1960s and 1970s, MASHAV preferred field projects that integrated training with long-term, on-site technical assistance (Yannay, 1964:15); during that period, hundreds of long-term experts were sent abroad annually. In contrast, during the 1990s, the number of long-term experts abroad never exceeded 40 in any given year, as compared to hundreds of such experts were dispatched abroad annually in the 1960s and early 1970s (see Table 5). While no policy statements have ever been published explaining this change, it is likely that it was at least partly motivated by greater emphasis on political rewards rather than on development results. In other words, while longer-term, integrated projects may have facilitated more significant, sustainable change, bringing a larger amount of people to Israel was hoped to elicit greater political dividends.

**Table 4: MASHAV Trainees in Israel, 1958-2007\***



\* The year 1971 has been omitted due to data unavailability  
Source: Israeli Ministry of Foreign Affairs

**Table 5: Long-term MASHAV Experts Abroad, 1972-2007\***



\* Data unavailable prior to 1972  
Source: Israeli Ministry of Foreign Affairs

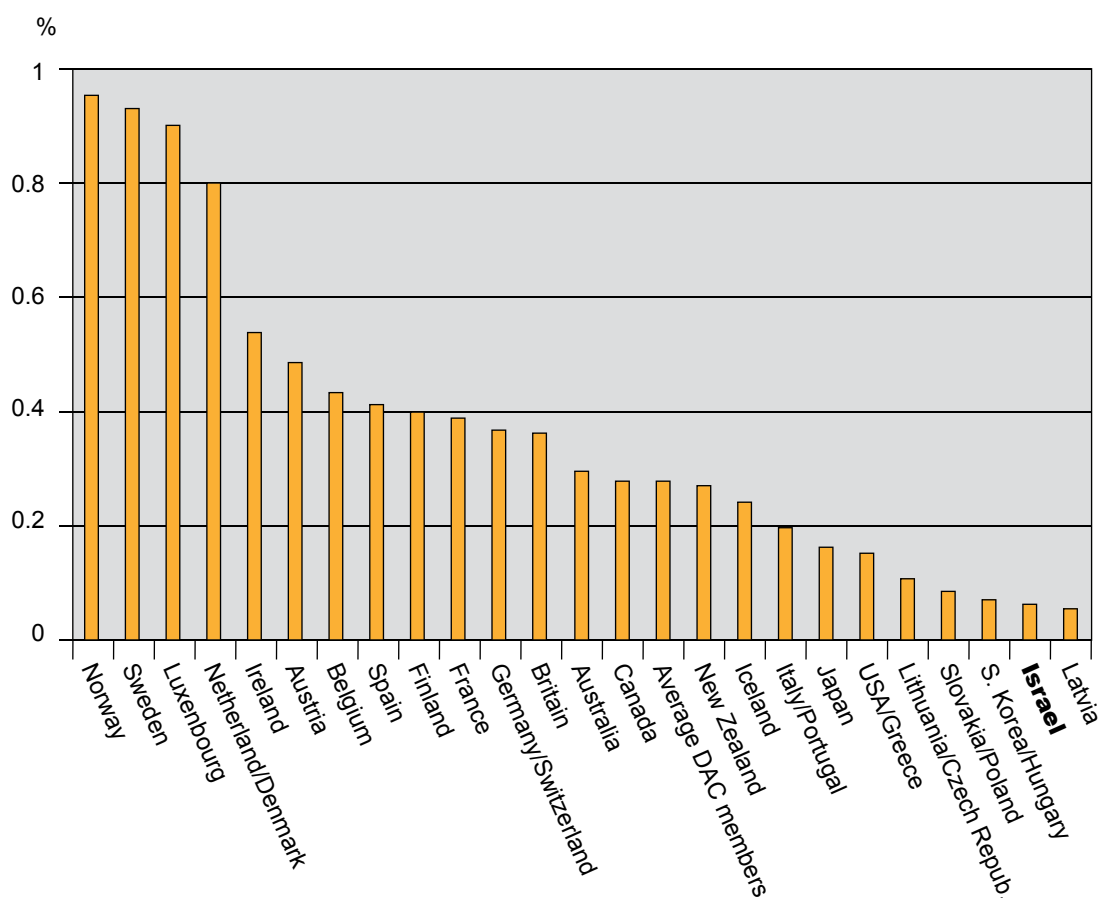
3) A third significant difference between the two periods was the departure from the policy of burden-sharing. While partner countries were often still asked to make contributions – such as financing trainees’ plane tickets or providing land for agricultural demonstration farms – beneficiary contributions to cooperation with MASHAV were in no way as significant during the 1990s as they were during the 1960s and 1970s. This reflected both Israel’s improved economic status *vis a vis* that of developing countries, and the very different reality of the present day, in which the supply of donor-funded expertise often far outweighs demand and is often readily available, even when not particularly desired by beneficiaries.

Nevertheless, although Israel’s development program in the 1990s differed in these respects from that of the 1960s and early 1970s, it was similar to it in one important regard: It was based on the premise that Israeli aid could be an important tool in building bilateral relations with developing countries. When, beginning in the year 2000, changes in the political-diplomatic environment belied the promise of Israeli development aid for building lasting friendships, and emerging bilateral relationships began to fail, the result was a significant reduction of support for Israel’s aid program in general. **Thus, for a second time in MASHAV’s history, the growth of its budget was pinned to a vision of Israel’s potential to achieve acceptance amongst the community of nations, and the subsequent decline in MASHAV budgets overlapped public and government disillusionment with this vision.**

## MASHAV Today

MASHAV today has once again reached a budgetary nadir. Since 1999 and the collapse of the peace process, MASHAV's budget has declined by 50%, even as overall foreign ministry budgets have remained relatively stable. Since 2000, **Israel's ODA budgets have ranged from 0.03% to 0.07% of its GNI. This is a far lower figure than that of any DAC country, or than aid budgets of other emerging donor countries such as Turkey, Poland and the Slovak Republic (see Table 6).**

**Table 6: Overseas Development Assistance as Percentage of Gross National Income, 2007**



Source: OECD Development Assistance Committee data.

Moreover, MASHAV today makes up only a small percentage of Israel's total foreign aid budget. In 2007, MASHAV's total budget was under \$10 million. This represented approximately 10% of Israel's total ODA of \$101.1 million, including immigrant absorption budgets, (or \$68.1 million, not including immigrant absorption budgets). In addition, Israel transferred approximately \$15 million to international agencies. The remainder of its foreign aid budget included allocations by the Ministries of Immigrant Absorption, Defense, and Homeland Security, and the Water Authority that, while they fall under the DAC definition of ODA, do not constitute part of a bilateral development assistance program in any traditional sense.

These small budgets are underlain by weak public and political support for Israeli foreign aid. All three private member attempts in recent years to pass an international aid bill in the Knesset have failed, after receiving insufficient support even to merit bringing the proposed bill to a vote. It seems unlikely that Israel will have an international aid bill any time in the foreseeable future. This **limited political support is mirrored by limited public support for allocations to foreign aid**. A recent public opinion poll conducted by the Hartog School of Government, which examined Israeli attitudes toward development assistance, found that only 21% of respondents were in favour of raising the level of development assistance; 44% responded that Israel should only provide assistance in an emergency or crisis, rather than on an ongoing basis.<sup>13</sup> Moreover, a mere 56% of Israelis were of the opinion that Israel should provide assistance to developing countries at all (with a further 17% responding “perhaps/depends”). This contrasts, for example, with a 2007 poll of another small donor nation: Poland, where 77% of respondents believed that Poland should support the development of developing countries.<sup>14</sup>

Given the present lack of public and political support for Israeli foreign aid, it is difficult to see how it will be possible to restore MASHAV to its former position of prominence in the eyes of Israeli policy makers, developing country governments and international development agencies. Nevertheless, it may well be possible to replicate some of the factors that led to MASHAV's early prominence in order to revitalize Israel's bilateral aid program. The final section of this paper will explore how possible lessons from the past may be used to help restore MASHAV in the future.

<sup>13</sup> Full poll results can be found at: [http://spirit.tau.ac.il/government/English\\_Survey.pdf](http://spirit.tau.ac.il/government/English_Survey.pdf)

<sup>14</sup> “Poles about Development Assistance”, November 2007. TNS OBOP poll available at <http://www.polska-pomoc.gov.pl/files/inne%20dokumenty%20PDF/Poles%20about%20development%20assistance%202007.pdf>. Spell out acronym of TNS OBOP and add to bibliography



## Lessons from the Past and Policy Implications for the Future

Israel was able to build an extensive and highly valued development program in its early years due to two primary factors:

- 1. The strong commitment to development cooperation on the part of Israeli leaders and public alike**, which translated into a willingness to allocate substantial resources, relative to the size of the Israeli economy, to development. This commitment was based partly on ethical-ideological beliefs, but also substantially on a belief in the importance of Israel's international development program to the expansion of bilateral relations and the promotion of Israel's international standing.
- 2. The effective leveraging of partnerships** with Israeli institutions, multilateral and donor bodies, and beneficiaries as a means of extending aid through the co-financing of Israeli activities.

The following sections will explore how it may be possible to replicate these earlier conditions in in order to revitalize Israel's development program.

### Building Support for Israel's Development Cooperation Program

As has been demonstrated by this paper, there has been a strong correlation over time between the amount of resources allocated to aid, and the expected bilateral benefits of that aid. Indeed, MASHAV from its inception has been seen primarily as a tool for promoting Israel's bilateral relations with the developing world. However, while MASHAV may have provided a useful dimension to emerging bilateral relations in the 1960s and then later in the 1990s, Israeli aid has not been able to ensure votes in its favor in the UN, or to prevent the crumbling of relations in the face of geo-political challenges. As has been demonstrated in the course of this paper, **attempts to use MASHAV to build bilateral relationships, both during the 1960s and more recently with Arab states during the Oslo peace process, have led only to short-term diplomatic gains, and longer-term disillusionment with the program.** During both of these periods, MASHAV cooperation did not influence Israel's international relations when larger geo-political considerations came into play. Moreover, while Israeli embassies tend to value MASHAV as providing a basis for dialogue with a range of government officials, many senior foreign ministry officials question the degree to which such dialogue is strategically important to Israel.

Detractors of MASHAV both within the Ministry of Foreign Affairs and outside it have long argued that MASHAV does not bring real bilateral dividends, and thus is of little strategic importance to Israel.

However, the foregoing argument ignores the possible political dividends in the multilateral arena of a well-respected, effective aid program. Indeed, the prominence of Israel's aid program in the 1960s and early 1970s attracted considerable attention to, and praise for, Israel's positive achievements – as both an emerging state and a provider of technical assistance and support to others. Today, when achieving the UN Millennium Development Goals are amongst the most important issues on the international agenda, with hundreds of billions of dollars being allocated to development each year, Israel may well be able to leverage an effective development program to promote a "positive agenda" in the UN and other multilateral agencies, raising its profile and activities and opening the way to greater participation in UN committees and multilateral steering groups on issues of common concern. For this to happen, **supporters of MASHAV should recast their argument for enhancing Israel's aid budgets on the basis of aid's importance to Israel's international standing, rather than to its bilateral relations.** This argument is particularly relevant at present, on the eve of Israel's accession to the OECD. As Israel's aid budget only constitutes 10% of the target rate for OECD countries, failure to raise ODA budgets is likely to meet with increased OECD pressure and to damage Israel's reputation as a country that conforms to the international norms of good global citizenship.

Moreover, it would be useful to explore how allocating financial resources to a public relations campaign might enhance public support for development. Thirty-five years after the rupture of relations with Africa, public and political support for expanding Israel's international development cooperation remains low. It is unlikely, given present levels of public support, that Israel's aid budget will increase significantly or that it will be possible to pass a foreign aid bill in the Knesset that mandates a minimum foreign aid allocation. However, **given the currently low levels of public awareness of Israel's aid program, it is possible that greater effort to educate the public and influence public opinion would help build the needed support.** For decades, MASHAV has been unsuccessfully contending with the question of how to raise awareness of and support for its activities. Attempts to get free press coverage for MASHAV activities, and sporadic studies commissioned to demonstrate MASHAV's financial and other benefits, have so far not succeeded in significantly raising the organization's profile. This suggests that only a more comprehensive, funded, public information campaign could have some effect. Conversely, in lieu of government budgets for a public information campaign,

it may be worth investigating how supporting the emergence of a development non-governmental organization (NGO) sector could, in the long run, increase public support for development. A competent, international development NGO sector in Israel could be expected to follow the lead of the more established NGOs in other developed countries, which raise public awareness of international development issues by investing in advertising and public education campaigns.



*Photographer: Moshe Milner*

## **Leveraging International Development Funds**

Even in lieu of significant increases in Israel's foreign aid budgets, it may be possible to increase the contribution of Israeli and Israelis to international development by better leveraging internationally available aid resources. In the past, Israel was able to do so thanks to high demand for Israeli technical assistance from both beneficiary governments and international agencies. As documented in this study, in the past, this demand was rooted in two factors:

- 1. A strong belief in the relevance of Israel's own unique economic and social development trajectory to other countries, as well as in Israel's ability to transfer its unique approaches and methodologies to support development in other countries.**

2. A **global shortage of experts** willing to work in the developing world, paired with the availability of high-quality Israeli expertise in needed fields such as agriculture, rural development, medicine, and public administration.

Today, the context for Israeli aid has changed dramatically from that of MASHAV's early days. First, as noted, Israel is no longer a developing country that can lay claim to being a useful "living laboratory of development", as it once could. In addition, the global shortage of experts that supported Israel's success in marketing its own technical assistance no longer exists. To the contrary: Over the past 50 years, the international development community has evolved into a sophisticated industry with multiple donor countries and multilateral institutions, as well as hundreds of thousands of career professionals working in NGOs and for-profit agencies. Today, the major challenge preoccupying the international development community is not finding capable foreign technical assistants willing to be dispatched to the developing world, but rather promoting the use of local expertise in place of foreign consultants.<sup>15</sup>

Having said that, it may once again be possible for Israel to leverage external financing by taking advantage of recent changes in international aid architecture. Specifically, one of the ways that the international development community is attempting to achieve greater reliance on local expertise is through the "untying" of foreign aid. In international policy statements such as the OECD's 2005 Paris Declaration on Aid Effectiveness, donors have committed to giving larger proportions of their aid budget directly to beneficiary governments to use at their own discretion, rather than linking aid to the use of technical assistants from the donor country. At the same time, while efforts have been made to increase reliance on local experts, the importation of foreign technical expertise is still often essential to the support of countries dealing with development challenges. The "untying" of aid from the services of particular donors, and the increase in beneficiary government "ownership" of aid management processes, has in a sense put more donor money on the open market, where qualified experts, regardless of nationality, can compete for project funds. This provides Israel with an opportunity to increase its contribution to the developing world by providing fresh new approaches, unique technologies, and individual experts to address challenges in areas where developing world countries lack sufficient expertise.

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<sup>15</sup> See Accra Agenda for Action, paragraph 14b, <http://www.oecd.org/dataoecd/58/16/41202012.pdf> Add to bibliography

To make this a reality, two significant steps must be taken by Israel:

- 1. Identify areas where Israel has unique knowledge and expertise to contribute to addressing developing world problems.** Even though the gap between Israel and the developing world is considerably wider than it was in the 1960s, Israel still faces certain challenges that are more common to developing countries than to most developed ones. The most commonly recognized areas of Israeli expertise are desertification, smallholder agriculture in semi-arid zones, and disaster prevention and management. Further study of development-related issues is likely to reveal a diverse range of areas in which, due to its unique history and circumstances, Israel has developed creative solutions to common challenges. **Identifying areas in which Israel has developed unique solutions to challenges common to the developing world, and focusing Israeli development cooperation on these specific areas, may enable Israel to significantly enhance its contribution to developing countries.** In this way, the value of Israel's contribution to the developing world would be based less on the amount of resources that it was able to donate, and more on the unique ideas and methods it could contribute to addressing difficult development challenges. By better identifying the areas in which Israel could make a unique contribution, it will be possible to increase both the impact of Israel's development financing and the access of Israeli experts to external international development financing.
- 2. Develop a skilled, professional cadre of Israeli for-profit development companies and international development NGOs.** Israel's present-day status as a developed country makes it extremely difficult to justify requests for co-financing of Israel's official aid activities under the umbrella of MASHAV. As such, it is unlikely that MASHAV will be able to return to its "burden sharing" models of the past. However, **Israel can encourage direct partnership between Israeli experts and beneficiary governments by developing a non-profit and private sector in Israel geared toward bringing Israeli expertise to the service of the developing world.** By doing so, Israel will in a sense be returning to its development roots, when its reputation for skill in international development was based on the annual dispatch of hundreds of long-term consultants to the developing world, funded in no small part by the beneficiary countries that sought their expertise.

To this end, the Israeli government should explore how it can better foster the growth of a professional development sector in Israel. For example, by supporting Israeli experts interested in submitting bids on beneficiary tenders for technical assistance, the Israeli government could catalyze an increase in the number of Israeli experts working

on development projects. One possible mechanism for doing this might include the establishment of “**development-technology incubators**” that would provide seed money for Israeli entrepreneurship in the field of development and professional support for Israeli consultants and companies interested in submitting bids for beneficiary and aid organization funding. In addition, the Israeli government should accord to NGOs that engage in humanitarian and development-related activities abroad the same tax-exempt status presently reserved for NGOs active locally. **A professional cadre of Israeli development experts and NGOs with both subject-matter expertise and experience working in the developing world would increase Israel’s contribution to and reputation in the developing world, by enabling developing countries to harness Israel’s unique expertise in areas of common concern.**

## **The Way Forward: Re-thinking Israel’s Foreign Aid**

Fifty years after the establishment of MASHAV, the program remains a mere shadow of its former self, both in terms of the scope of its activity, relative to the size of Israel’s economy, and its international profile. Today there is little public or political support for increasing MASHAV’s budget, and little reason to believe that foreign aid has a significant impact on Israel’s bilateral relations or on the voting patterns of beneficiary countries. However, the future of MASHAV is not necessarily bleak. Revitalization of MASHAV’s contribution, as this paper recommends, is possible on the basis of the following:

- 1. Rethinking** Israel’s policy interests and recasting foreign aid as an important means of building up Israel’s positive reputation and prominence in the international development community, and in UN agencies and other development-related multilateral organizations.
- 2. Better** identifying relevant, unique Israeli areas of expertise, and focusing aid efforts on these areas.
- 3. Facilitating** the growth of a development-oriented NGO and private sector that would substantially expand the contribution of Israelis in the developing world by leveraging international and beneficiary development budgets.

On all three of these topics, Tel Aviv University’s Hartog School of Government and Policy is undertaking research to further develop a knowledge base that can be used by government policy makers to implement these recommendations. Amongst the research projects planned are one to identify specific areas of relevant Israeli expertise,



and one to establish models for the support of an Israeli private and NGO sector capable of competing for international development financing.

As noted, Israel's aid budget as a percentage of its GNI is currently only approximately 10% of the target level for OECD countries. As Israel completes the OECD accession process in the next two years, it will face increasing pressure to raise its aid budgets. Moreover, Israel must expand its development budget if it is to fulfill its responsibility as a global citizen to "uphold the principles of human dignity, equality and equity at the global level", in the words of the UN Millennium Declaration (2000) to which Israel is signatory. However, even in lieu of an immediate and substantial increase in Israel's aid budgets, much can be done to meaningfully enhance Israel's contribution to the developing world – by reforming the aims, mechanisms, and subject-matter focus of Israeli development cooperation.



*Photographer: Moshe Pridan*



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Amere ten years after Israel gained its independence from British mandatory rule in 1948, it launched an official development cooperation program. At a time when Israel was itself still a developing country, it began a training and technical assistance program that expanded within a few short years to include the dispatch of hundreds of Israeli technical assistants to other developing countries and the training of thousands of Africans, Asians and Latin Americans annually. Driven by both political necessity and the moral vision of Israel's leaders, the program rapidly grew in size and scope. At its height, in the late 1960s and early 1970s, MASHAV, the government body responsible for managing the aid program, was the largest department in Israel's Ministry of Foreign Affairs, and Israel had, per capita, one of the most extensive technical assistance programs in the western world.

Unfortunately, this vision of cooperation, at least as far as Africa was concerned, proved to be short-lived. Within 15 years of the establishment of Israel's official aid program, the "golden age" of Israel's development cooperation came to an abrupt end, as all but four African countries severed relations with Israel in the wake of the October 1973 Arab-Israeli War. Africa's rejection of Israel dealt a deep blow to Israeli public and political support for its aid program, marking a turning point from which Israel technical assistance has never recovered. The rupture of relations led to an immediate 50% drop in MASHAV's operational budget and further substantial budgetary cuts over the past 35 years.

This paper documents the impressive start and dramatic decline over time, in budgetary terms, of Israel's development program. It investigates the reasons underpinning the establishment of what was one of the largest South-South development cooperation programs of its time and the reasons for its fall. This historical analysis forms the basis for policy recommendations which will attempt to identify how Israel's aid program may be revitalized in the future.