

Rebuilding Homes:

A Social Venture Plan to Finance and Rebuild Palestinian Neighborhoods

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“Prerequisites of Palestinian Economic Recovery:
the Role of the International Community”

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“Peace is not the absence of conflict, it is the presence of justice.”
—Martin Luther King, Jr.

IN ACKNOWLEDGEMENT

This social venture plan represents the combined insight of a remarkable team, many of whom have taken very brave actions for peace and justice over many years. We are indebted to Salim and Arabia Shawamreh who, when faced with the imminent demolition of their home, called their friend, Israeli activist and anthropologist, Jeff Halper. Their joint decision to rebuild that home as the best response to injustice, led to the rebuilding of 18 other homes through the combined efforts of hundreds of Israelis and Palestinians who come to help, and thousands through out the world who tell their friends and raise funds for construction. I want to especially thank the Palestinian partners in rebuilding, Issa Samandar of the Palestinian Land Defense Committee and, more recently, Ziad Al-Hammouri, Director of the Jerusalem Center for Social and Economic Rights. Their decision to work with the Israeli Committee Against House Demolitions was a brave decision during a time when all contact with Israelis was considered by many around them to be a dangerous indicator of “normalization.”

The Global Campaign to Rebuild Palestinian Homes was awarded the 2003 Lewis Mumford Award for Development by the Architects/Designers/Planners for Social Responsibility. We are grateful for the in-depth mentoring provided by the staff of our local Habitat for Humanity in the development of our social venture plan to rebuild neighborhoods. I deeply appreciate the insight of a long list of mentors, advisors, and researchers including the *Rebuilding Homes* staff and social venture plan writing team, especially MBA students Rachel Francisco, Robby Vanrykel, and Natasha Valentova. Our plan was a semi-finalist in the National Social Venture Competition sponsored by U. C. Berkeley, Columbia University, and Goldman Sachs, and is the basis for this proposal.

I wish to acknowledge the encouragement provided me long ago by Jerome Wiesner, President Emeritus of the Massachusetts Institute of Technology and Science Advisor to President Kennedy. After doing all we could to prevent it, we watched the first Gulf War together and decided there had to be a better way. Our proposal to link teachers together for region-wide educational development eventually led me to visit schools and teachers in the West Bank, Gaza, Israel, and Jordan starting in 1996, learning about injustice and peace-making first hand. What I learned has brought me here.

Lastly I thank my family for their patience, encouragement, and help through all my endeavors.

— Donna Baranski-Walker
July 10, 2003

1. EXECUTIVE SUMMARY

Rebuilding Homes is a nonprofit non-governmental organization based in the United States, forming to rebuild Palestinian neighborhoods in the Occupied Territories. This multi-dimensional work is designed to 1) provide immediate relief to victims of home demolition; 2) bring moderate citizens from both sides together in an act of constructive cooperation; 3) re-assert the importance of fair property law, especially in regions of conflict; and 4) give citizens and governments worldwide a way to help build a just peace.

Fair property law is a critical requirement for the success of peace-making initiatives. One way to assert fair property rights, even in the midst of conflict, is for residents to rebuild their demolished homes. This can be especially effective when residents invite those “who refuse to be enemies” to help them rebuild.

The immediate benefits of *Rebuilding Homes* on the original site are significant:

- Homes for families made homeless;
- Local construction jobs to lift the devastated economy; and
- A constructive way to bring moderates on both sides together to pressure for legal reform and build the alliances that will lead to a just peace.

International law protects the property rights of indigenous people however, international law is nearly unenforceable over local law. Thus, rebuilding homes is often illegal and dangerous and no bank or international agency will finance rebuilding until local laws are changed to grant the building permits needed to protect investment.

Six years ago, a determined group of Israelis and Palestinians decided to rebuild the homes of Palestinian families, demolished for lack of a permit. The Israeli Committee Against House Demolitions and the Jerusalem Center for Social and Economic Rights partnered with an American organization to launch the Global Campaign to Rebuild Palestinian Homes. Eighteen homes have been rebuilt, six in the past year. The Campaign raised over \$450,000 and attracted the support of 6000 people worldwide. With over 4000 Palestinian homes demolished in the past 2 years, we must do better — we must rebuild neighborhoods.

Rebuilding Homes relies on a combination of donations, pledges, grants, and loans to rebuild demolished neighborhoods. Families, made destitute and incapable of repaying home loans, are not asked to repay the cost of construction. Instead, global citizens, places of worship, unions, and service clubs will share the burden of home construction through legally-binding 5-year “Adopt a Home” pledge agreements, direct donations, and matching grants.

We seek a \$2 Million USD investment to cover the cost of operations for three years, and leverage a projected \$6.8 Million USD in donations plus an expanding credit line of \$1.4 Million USD in pledges financed in advance. Over 10 year’s time donation pledges grow to \$38 million USD: a significant source of home construction capital. Social return on investment totals \$280 Million USD.

Because no one can prosecute the loss of a home in a court of international law, we appeal to the court of public opinion. *Rebuilding Homes* seeks to rebuild Palestinian neighborhoods and schools, partnering with towns experiencing each of the following types of loss:

- Military demolition of homes and damage to schools in refugee camps and towns under Palestinian administration. Note these building projects hold legal building permits.
- Neighborhoods demolished for “lack of a permit” as a population squeeze or to make way for settlement expansion, the security fence, and bypass roads.
- Towns that are closed, thus in need of schools for their children.

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2. INTRODUCTION

The Framework: Uphold Fair Property Law in Regions of Conflict

Herenando de Soto of the Instituto Libertad y Democracia in Peru, wrote that property law is not just mere ownership but the very foundation of the rule of law. He provides a straightforward and non-ideological explanation for why even the best-intentioned market reforms fail in developing countries: their nations lack a property law that is accessible to the poor and that allows both physical and intellectual assets to be converted into capital. Can the abuse of property law also explain why the best-intentioned peace-making initiatives fail in regions of conflict?

Property law is especially suspect in regions of conflict, because the powerful have strong incentive to manipulate the administrative rules of ownership for their own gain. Karen Johnson Elshazly of the American Refugee Committee, a nonprofit with extensive experience in building homes and communities for returning refugees in Kosovo, Croatia, and Bosnia, describes this as “administrative ethnic cleansing,” a manipulation of the rules of law that leads to the demolition of houses, land grabs, collateral damage, homelessness, and refugees.

If a way can be found to uphold the international laws that protect homes, a significant source of strife may be overcome, leading to safety and economic stability in regions of conflict. If a way can be found to include those who refuse to be enemies in the rebuilding process, a just peace may yet be realized.

The Problem:

Traditional Reconstruction Models Fail Homeowners in Conflict Zones

The demolition of a family’s home is a terrifying and devastating experience for all family members. The loss of a home has severe and adverse consequences for the health and welfare of the victimized family, among which the financial loss is only one part. For most families in war zones, their home is the embodiment of their life savings; and few have the resources they need to rebuild afterwards. There is no homeowners insurance; the local court system is often complicit in justifying demolitions and does not award damages for violations of international law; and no bank will lend money for rebuilding, given the lack of a building permit and continued risk of re-demolition. In addition, family safety is a significant concern. Rebuilding is likely to re-expose the family to the full wrath of the legal and military system. Despite these risks, it is our experience that many families want to stay on their land and rebuild their homes.

Until now, no agency has come up with an approach, in the midst of prolonged conflict, to create the political space needed to make rebuilding legal, affordable, or safe (see Appendix A). One key drawback is the inability to finance the reconstruction of homes that might be re-demolished. Another is that aid money and multilateral development grants to areas in prolonged conflict rarely address rebuilding of private homes. Yet this is often one of the biggest losses suffered during conflict — and the resettlement of refugees (a direct consequence of demolition) is one of the biggest obstacles to peace. Thus, the problem is embodied in two questions: How can the world community work to strengthen the fair rule of law and protect property rights *during* periods of prolonged conflict? And how can we help families who want to stay on their land and rebuild their homes?

Thousands of Homes Demolished in East Jerusalem, Gaza, and the West Bank

Since the start of Israel’s Occupation in 1967, over 11,000 Palestinian homes have been demolished, resulting in the displacement of more than 80,000 people. This policy of demolitions is escalating: over 4000 homes have been demolished in the past two years, with 70 demolitions per month during spring

2003.¹ Nearly every family who built or expanded their home in Area C (60% of the West Bank) holds a demolition order from the Israeli Civil Authority, in lieu of an unobtainable permit. According to Jeff Halper, Coordinator of the Israeli Committee Against House Demolitions, “The bulldozer has become as much a symbol of Israel’s Occupation as the rifle and the tank.”

In a detailed survey commissioned by the Support Group² (coordinated by the World Bank and the United Nations Development Program), damage to the Palestinian housing sector totaled \$72 million USD from *October 2000 to May 2002 alone*. The Support Group estimates replacement cost at “\$200 per square meter for houses with cement ceilings, \$120-140 per m² for houses with asbestos ceilings and \$100 per m² for houses with metal ceilings”³. If we assume an average home is 100 m² with a cement ceiling, \$72 million in damages translates into 3600 demolitions.

The most widely reported reasons for house demolitions are as follows:

Punishment

As a form of collective punishment, the Israel government demolishes the homes of suspected terrorists and their extended families. However, these demolitions account for only 5% of all demolitions, according to the Israeli human rights group, B’tselem. From 2001 through June 2003, the Israeli government destroyed 284 houses as a form of collective punishment. A detailed summary is provided in Appendix B.

Military Action

Military action has caused both complete destruction and significant damage to Palestinian homes. According to data collected by al-Haq: Law in the Service of Man (Ramallah), as of 6 January 2002, Israeli military shelling heavily damaged or destroyed 7571 Palestinian homes. Examples include Beit Jala where homes and schools were damaged by retaliatory shelling, Jenin, where infirm, elderly, and children were trapped in their homes when bulldozers destroyed a whole neighborhood under fire, Nablus, Hebron, and many towns in the Gaza Strip. In Rafah, Gaza, the commander of the Israeli Defense Force’s southern brigade reports that of the hundreds of homes destroyed, 55 houses were destroyed because tunnels to Egypt were hidden beneath their floor boards⁴.

Zoning and Planning

Immediately after seizing the West Bank and Gaza Strip in 1967, Israel disbanded the regional councils that were legally responsible for physical planning, in violation of the international law. According to the United Nations Commission on Human Rights, “Israeli domestic laws, including Basic Laws,

¹ A large number of sources provide documentation of the number and the financial impact of the destruction of homes, however the data covers various periods of time, geographic location, and categories of destruction. In-depth accounting for the period from September 2001 – July 2002 is provided by the World Bank Donor Support Group and the United National Refugee and Works Agency (UNRWA). Both Israeli human and Palestinian human rights organizations track aspects of home demolitions, varying by period of record and geographic location. International agencies including the International Red Cross Red Crescent Society, Amnesty International, and Human Rights Watch provide relief services and case studies.

² The Support Group, <http://www.support-group.org>, was formed in early April 2002 under the aegis of the Local Aid Coordination Committee to assist the Palestinian Authority and local government efforts to cope with the emergency resulting from military incursions. The Group consists of Palestinian Authority officials, the European Commission, the United Nations Development Program, the World Bank, the Office of the United Nations Special Coordinator, and USAID.

³ “Housing Damage Assessment Report”, CHF-PEOPLED, June 2002

⁴ New York Times Magazine, July 3, 2003, “The Underground War in Gaza” by Joe Sacco, www.nytimes.com/slideshow/2003/07/03/magazine/06gaza.slideshow.ready_1.html

military orders and planning regulations are applied with discrimination against, and disadvantage to the Palestinian population.”

While applying very tight restrictions and granting very few building permits, Israeli occupation forces carry out punitive and violent demolitions of Palestinian homes for lack of a building permit. This happens for two reasons: *land grab and/or population squeeze*.

A. Land Grab

Some 400,000 Israelis now live in the Occupied Territories, including the settlement “neighborhoods” in East Jerusalem. Israeli settlements were established on land that belonged to Palestinian villagers; through an intricate system of zoning and planning, Palestinian homes were and continue to be demolished to make way for settlements.

An intricate network of Israeli-only bypass roads connect the settlements to Israel’s highway grid. These bypass roads are built as superhighways, as wide as three football fields including the security margins cleared on each side. Any home in the path or on the fringe of the bypass highway network is demolished. The neighborhoods of Anata and Sur Bahair were recently destroyed for this reason.

In summer 2002, the Government of Israel (GOI) began construction of a “separation barrier” – a complex series of walls, barriers, trenches, and fences – within the western border of the occupied West Bank. Most significantly, what is understood as the first phase of the Wall’s alignment **does not coincide with the Green Line separating the West Bank from Israel**. In some locales, the Wall is located as much as six kilometers inside the West Bank. As a result, the Wall will enclose on its western, internal side (facing Israel) ten Israeli settlement – and approximately 12,000 Palestinians in 15 villages and hamlets. These communities will be physically separated from the rest of the West Bank by the Wall. GOI reportedly intends that the Wall, or at least a series of “buffer zones”, should extend along the entire western face of the West Bank, a distance of approximately 360 kilometers. has also proposed an initial alignment for an “eastern fence” – whereby the Wall would run deep inside the West Bank and would surround the main Palestinian population centers in a northern and a southern pocket. To make way for a gigantic steel wall along the Egyptian border, more than 860 housing units have been destroyed since the beginning of this Intifada according to the Rafah governorate⁵.

B. Population Squeeze

Home demolition, along with travel restrictions, curfews, blockading of towns and uprooting of trees, is one of the most brazen and cruel of Occupation policies. These policies are designed to make life so difficult for ordinary Palestinians that eventually they will give up their land and leave. According to Ziad Al-Hammouri, director of the Jerusalem Center for Social and Economic Rights, the Palestinian population of Jerusalem is currently 35% of Jerusalem’s total population; the Municipality of Jerusalem has limited expansion of Palestinian areas with the goal of reducing the Palestinian population to under 27%. Thus few families if any are granted a building permit in East Jerusalem. As reported by the United Nations Commission on Human Rights, 28,000 homes in East

⁵ Ibid.

Jerusalem hold demolition orders.⁶

The Solution:

Road Map Provides a Window of Opportunity

The signing of the *Performance-Based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict* has opened a window of opportunity: the Road Map requires the Government of Israel to “dismantle settlement outposts,” “freeze all settlement activity (including natural growth of settlements),” and “end the confiscation and/or demolition of Palestinian homes and property, as a punitive measure or to facilitate Israeli construction.” This is the right time for people of all faiths and nationalities to take constructive, nonviolent action to help homeless Palestinian families rebuild, and recognize their loss and their right to a home and homeland.

Homes, Jobs, and Peace-Building

Rebuilding Homes proposes to seize this window of opportunity and engage the world community in helping Israelis and Palestinians work together to rebuild Palestinian neighborhoods. In the near-term, this neighborhood rebuilding plan strengthens moderate voices, boosts economic stability, and upholds international law and justice. By rebuilding demolished neighborhoods, *Rebuilding Homes* provides:

- Homes for homeless families;
- Immediate local construction jobs to lift the devastated economy; and
- A constructive way to help Israelis, Palestinians, and internationals start a process of cooperation and build the alliances needed to bring about a just peace.

Why *Rebuilding Homes*, and not Banks?

For the following reasons, traditional funding models have proved unsuccessful in financing the reconstruction of demolished Palestinian homes:

- Military action places the family and home at risk;
- The existing Israeli legal system conspires against such investment, placing the rebuilt home at risk of re-demolition, and
- The financial loss of the home, the burden of rent, and chronic region-wide unemployment put the family at risk of default on home loans.

Under such circumstances (common to regions suffering prolonged conflict), any effort to rebuild demolished homes must include a peace process to end military action, advocacy and legal services to change unfair laws, a way to replace homes that are demolished again and again, and some way to release the destitute family from the burden of repayment of construction costs.

Rebuilding Homes does what banks cannot: engage the conscience of the world community to advocate on behalf of fair property law, bear the burden of replacing homes that are re-demolished, and repay the expense of construction on behalf of the family.

3. SUCCESSFUL PILOT: GLOBAL CAMPAIGN TO REBUILD PALESTINIAN HOMES

The Starting Point: Shawamreh & Halper Vowed to Rebuild

The Rebuilding Campaign began seven years ago when Salim and Arabia Shawamreh, Palestinian residents of East Jerusalem, called Jeff Halper, an Israeli they trusted, to help save their home. Bruised

⁶ ECONOMIC, SOCIAL AND CULTURAL RIGHTS Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, Mr. Miloon Kothari, 12 June 2002.

and beaten by the Israeli Army, he and Jeff Halper watched as a bulldozer rammed through Mr. Shawamreh's daughter's bedroom, and together they decided the best way to achieve justice was to rebuild. Over the past seven years, hundreds of Israelis, Palestinians, and internationals have helped rebuild this home and 18 others. Thousands of people around the world have followed this case. On April 2, 2003, the Shawamreh home was demolished for the fourth time; and a new bypass road through the town of Anata is now under construction, causing the demolition of many more homes throughout the neighborhood. Despite the risk of re-demolition, in recent months over 100 families have also requested that Israelis and Palestinians come rebuild their demolished homes.

Results: 18 Homes, Thousands of Volunteers, Grassroots Donors in 8 Countries

This *Rebuilding Homes* proposal expands upon a successful 7-year pilot project that has brought Israelis and Palestinians together to rebuild the demolished homes of families who have never been accused of any crime. Organized by the Israeli Committee Against House Demolitions, and Palestinian partners, including the Palestinian Land Defense Committee and the Jerusalem Center for Social and Economic Rights, the Israeli and Palestinian partners rebuilt 12 homes in the first 6 years. Extending their effort into a 3-way Israeli, Palestinian, and American partnership, we launched the *Right to a Home and a Homeland Global Campaign to Rebuild Palestinian Homes* in June 2002.

In the last 12 months and through 130 house party fundraisers worldwide, the Campaign raised more than \$450,000 and completed the construction of 6 homes, with two new ones underway. Our mailing list includes 6000 supporters. But now, with demolitions on the rise, we must do better. Here is the *Rebuilding Homes* social venture plan to finance and rebuild whole neighborhoods.

4. OUR NEW GOAL: REBUILDING NEIGHBORHOODS SOCIAL VENTURE PLAN

Vision

- By restoring a family's home and making a commitment to care for that home, we take the first steps to restore a family's stability;
- Rebuilding neighborhoods puts a village back to work, hiring contractors and buying materials from the local community;
- Israelis, Palestinians, and internationals gather regularly on weekly volunteer days to rebuild demolished neighborhoods throughout the West Bank, Gaza, and East Jerusalem, nurturing seeds of understanding among people who refuse to be enemies;
- Excitement is fostered among global citizens who *Adopt a Home*, focusing their talent and energy on making rebuilding possible, and working overall to end home demolitions in accordance with the Road Map and international law;
- Demolition orders are overturned in Israeli courts when *Rebuilding Homes* joins Palestinian landowners in class action suits. If new houses are re-demolished, the land is cleared and rebuilding begins anew;
- Momentum builds among Israelis and Palestinians in support of a peace agreement that includes fair property rights, and a personal commitment to heal the scars of the occupation by *Rebuilding Homes*;
- With signature of a fair peace agreement, our rebuilt communities realize an immediate peace dividend as the fund set-aside to pay for re-demolitions converts into a "Community Building Fund" to finance long deferred natural growth.

Rebuilding a demolished home is a powerful affirmation of fair housing rights. But rebuilding alone is insufficient to safeguard that home and the ones around it from re-demolition. Therefore, every dollar

donated to *Adopt a Home* not only pays for construction, but it also pays for family, volunteer, and legal services while spreading the word to concerned global citizens to take action to save the homes of families never accused of any crime. For a minimal administrative cost, *Rebuilding Homes* creates a construction, community service, and conscience-raising engine to uphold the international laws that protect homes, in accordance with the Road Map.

Financial Model

Leveraging Donation Pledges to Start Rebuilding Neighborhoods Now

Rebuilding Homes plans to build 250 homes in the next four years starting with three neighborhood building projects in the year ahead. Table 1 describes the number of home constructions planned.

Table 1: Number of Homes Built in First Four Years

Number Of Homes Built	Year # 1	Year # 2	Year # 3	Year # 4
Completed in Year	35	43	82	90
Completed to Date	35	78	160	250

Rebuilding Homes creates a grassroots fundraising engine to rebuild 2000 homes in 10 years time. Our model relies on a combination of donations, pledges, grants, and loans to finance the rebuilding of demolished neighborhoods. We seek a \$2 Million USD investment to cover the cost of operations for three years, and leverage a projected \$6.8 Million USD in donations plus an expanding credit line of \$1.4 Million USD in pledges financed in advance. Over 10 year’s time donation pledges grow to \$38 million USD: a significant source of home construction capital. Pro forma financial statements for the first four years of operations are presented in Appendix C.

Note that the model does not require families to repay the cost of construction. Instead, global citizens, places of worship, unions, and service clubs will share the burden of home construction through legally-binding 5-year “Adopt a Home” pledge agreements. Additional funds are raised through direct donations and matching grants from donor governments and private foundations. We ask sponsors to “Adopt a Home” by signing a legally binding pledge agreement to donate at least \$3000 over 5 years’ time with a down payment of 10%. All donations from U.S. citizens are tax-deductable in the United States upon receipt, whether one-time donation or pledged donation payment.

The Road Map requires the Government of Israel to end house demolitions; until that happens, rebuilt homes remain at risk of re-demolition. To protect against the re-demolition of neighborhoods, we raise an amount equal to 15% of construction costs and draw upon this set-aside fund to replace rebuilt homes that are damaged or demolished again.

Services Provided

On average, it costs *Rebuilding Homes* \$75,000 to rebuild one home and provide the family, volunteer, legal, insurance, and global educational awareness services that will, over time, strengthen fair property rights and safeguard homes. Table 1 shows the umbrella of services we provide and the allocation of donations to each program in Year 4. Note: Table 1 does not show the loans finance by pledges; these loans increase construction spending by 16% in Year 4.

Table 2: Umbrella of Services Provided by *Rebuilding Homes* over Four Years

Program:	Worldwide Educational Outreach	Neighborhood Rebuilding	Social Services:	Legal Services	Administration	Fundraising
		<ul style="list-style-type: none"> ▪ Land Clearing ▪ House Construction ▪ Property Repairs 	<ul style="list-style-type: none"> ▪ Families ▪ Volunteers 	<ul style="list-style-type: none"> ▪ Real Estate Leasing ▪ Legal Aid 		
Allocation:	20%	54% ⁷	5%	5%	8%	8%

How It Works:

- Drawing upon community development models used by Habitat for Humanity and the American Refugee Committee, *Rebuilding Homes* meets with communities to find families who want to rebuild their home and live there, despite the danger.
- To improve our combined ability to prevail in court and rescind future demolition orders, *Rebuilding Homes* seeks to join the family landowners as the owner of the house (temporary) being built on their land. *Rebuilding Homes* signs a lease agreement with each family, leasing the land where the house once stood and building a house on that land. Each family signs a lease agreement and agrees to live in and care for the new house. Each family continues to own their land — but *Rebuilding Homes* owns the house itself for at least 5 years time (during the construction and pledge sponsorship period) or until such time as when the house can be safely deeded back to the family without risk of re-demolition.
- As families in the neighborhood join *Rebuilding Homes*, we tell their stories and finance the rebuilding by asking people of all faiths to *Adopt a Home*. Through speaking events and house parties, concerned global citizens are asked to help by making a donation or a \$3000 pledge. Donors and Sponsors receive quarterly newsletters and email updates from the sponsored neighborhoods to keep everyone informed of construction status and progress.
- *Rebuilding Homes*' Construction Manager contracts with local Palestinian general contractors to provide the skilled labor and materials needed to build homes in accordance with specifications;
- *Rebuilding Homes*' Outreach Coordinator works with many Israeli, Palestinian, and International peace organizations to arrange in-kind donations and bring groups of volunteers out to help with house construction. For example, Veterans for Peace is planning to join Israeli conscientious objectors and Palestinian villagers for a week-long rebuilding camp this fall;
- A growing network of *Rebuilding Homes* partners and volunteers speak at churches, synagogues, mosques and service clubs worldwide to ask for donations and pledges to *Adopt a Home*. A portion of donations goes into the "Community Rebuilding Fund" to pay for rebuilding if any homes are re-demolished. All are asked to advocate saving homes.
- *Rebuilding Homes* works with community groups to assist returning family-homeowners, using models developed by Habitat for Humanity and the American Refugee Committee;
- *Rebuilding Homes* continues to partner with the Israeli Committee Against House Demolitions and the Jerusalem Center for Social and Economic Rights to explain the "facts on the ground" to press, visitors, and policy analysts. To safeguard the homes from re-demolition and bolster the international humanitarian laws that protect homes, *Rebuilding Homes*, as the owner of each home

⁷ Does not include construction spending finance by loans against pledge agreements. Such borrowing increases building by about 16% in Year 4, growing yearly.

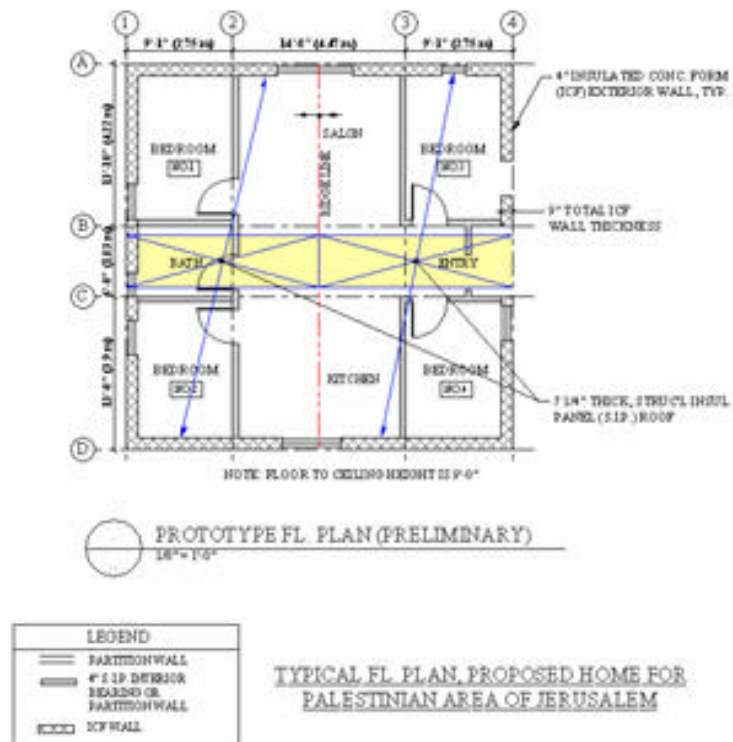
along with the landowner, joins class-action lawsuits brought by Israeli and Palestinian advocacy groups in Israeli courts.

- As soon as financing is in place and rebuilding begins in one neighborhood, we start all over again to secure the donations, pledges, and line of credit needed to rebuild the next.

What Kind of Houses Will We Build?

Palestinian families want homes that will last a long time. Currently the Rebuilding Campaign is building steel reinforced cinderblock homes, 100 sq. meters (U.S. approx. 900 sq. feet), on average. Gene St. Onge, founder of St. Onge and Associates, a civil/structural engineering firm in the San Francisco Bay Area, has been working with our Palestinian partners to explore functional, low-cost houses that can be constructed rapidly, while still being sensitive to the cultural standards of the families in the areas. Gene is currently investigating the use of two, relatively new technologies in the West that promise to provide higher quality structures at lower cost, and with greater ease of — and, therefore, less time required for — construction. The first is ICF (insulated concrete form) walls for the exterior of the homes. The walls are reinforced concrete, cast in place, sandwiched between foam panels, which act as forms for placing the concrete and as insulating surfaces for adding wall finishes. The second system, structural insulated panels, offers an alternative for the currently used concrete roof and block interior walls. The panels, consisting of oriented strand-board sandwiching a rigid core of foam insulation, come pre-cut and ready to install easily. A sample house plan using these technologies is provided below in Figure 1. Savings of \$10,000 per house are estimated bringing materials and labor per house to \$30,000. We continue to explore alternatives, including pre-fabricated homes.

Figure 1: Typical Floor Plan Proposed for Palestinian Area of Jerusalem



Creating Rebuilding Homes, a New 501c3 Nonprofit Non-Governmental Organization Office Locations and 501c3 Filing Status

We are in the process of registering Rebuilding Homes as a 501c3 nonprofit organization in the United States. Our Campaign is currently a fiscally sponsored project of Global Exchange (a U.S. nonprofit organization) and will remain so until U.S. tax-exempt status is granted. Because our mission requires worldwide educational outreach to protect homes from demolition, as well as fundraising to finance the rebuilding of homes, we site our home office in the United States, in Redwood City, California. Once we secure funding for administrative infrastructure, we plan to register and open offices in Jerusalem, Ramallah, and Gaza.

Management Team

Donna Baranski-Walker, Mary Abu-Saba, and a Chief Financial Officer to be named, are the founders of Rebuilding Homes. Partners in the pilot Campaign, Jeff Halper and Ziad Al Hammouri, will continue to assist operations and serve on the Rebuilding Homes Board of Directors.

Donna Baranski-Walker assumes the role of Executive Director. As the campaign manager for the pilot, Global Campaign to Rebuild Palestinian Homes, and working with partners Jeff Halper and Ziad Al-Hamouri, Ms. Baranski-Walker brought together the artistic production, advisory, and outreach teams that made the pilot a success. She holds a B.S. in electrical engineering from the Massachusetts Institute of Technology and an M.S. in agricultural engineering from the University of Hawaii. Her technical career at MIT, Stanford, and SRI International focused on assessing the economic viability of telecommunications inventions; she negotiated numerous license agreements and attracted start-up funding to form 5 companies. Ms. Baranski-Walker gained her insight of middle-east peacemaking by meeting with teachers in Palestine, Israel, and Jordan, starting in 1996. Her proposed region-wide education development network formed the basis for the World Bank's World Link program in Israel and Palestine. She is keenly interested in the creative use of technology to bring good neighbors together for peace and justice worldwide.

Mary Abu-Saba, continues in her role as Outreach Director. She holds a Ph.D. from University of Illinois in counseling psychology, a Master's degree in counseling psychology from Bucknell University, and her BA from Randolph-Macon Woman's College. Her professional career has included psychological services in university counseling centers, private practice, and most recently she completed 8 years as a professor of counseling psychology at the American University of Beirut. A member of an American/Arab family, Dr. Abu-Saba has been a life-time activist in civil rights, women's issues, and peace and justice movements. She has been active in fundraising /outreach endeavors and has been instrumental in building the fundraising success of the pilot project Campaign.

Table 3: Personnel Plan for Year 2

Personnel Plan

Executive Director: Donna Baranski-Walker

Chief Financial Officer

Director of Outreach: Mary Bentley Abu Saba

Public Relations Coordinator

Webmaster (Part-Time): Amir & Roni Terkel

House Party Coordinators (part-time)
 Rebuilding Outreach Coordinator - Israel
 Reconstruction Supervisor - West Bank
 Reconstruction Supervisor - Gaza
 Administrative Assistant, West Bank office
 Student Assistants
 Total Payroll: \$362,000

Founding Organizing Committee Starting Search for Board of Directors

We have formed a Founding Organizing Committee to meet the following immediate organizational goals:

- Shepherd our 501c3 registration for *Rebuilding Homes*;
- Identify, interview, and invite candidates to the boards of directors; and
- Identify and introduce *Rebuilding Homes* to people who can provide start-up funding for infrastructure.

Table 4: Founding Organizing Committee

Northern California	
Mary Abu-Saba	Outreach Director, Global Campaign to Rebuild Palestinian Homes
Ruth Atkin	City Council Member, Emeryville, CA. Former mayor of Emeryville who visited the mayor of the West Bank town of Harres at the invitation of Israel’s Rabbis for Human Rights.
Donna Baranski-Walker	Campaign Manager, Global Campaign to Rebuild Palestinian Homes
Andre Hawit	Founder and CEO, IDS Systems, Foster City, CA. Significant supporter of Palestinian humanitarian aid efforts including bringing computers into Palestinian schools.
Paul Hogan	Attorney specializing in real estate and community housing. Co-founder of the nonprofit Teachers Academy Foundation creating a 200- to 400-unit apartment complex for new teachers who’d pay below-market rents.
Dorothea Sege	Activist and press coordinator
Gene St. Onge	founder St. Onge & Associates, Civil / Structural Engineering
Israel and Palestine	
Jeff Halper,	Coordinator, Israeli Committee Against House Demolitions
Salim Shawamreh	Construction Manager, Israeli Committee Against House Demolitions
Fred Schlomka	Operations Manager, Israeli Committee Against House Demolitions
Ziad Al-Hammoury	Director, Jerusalem Center for Social and Economic Rights

Because the *Rebuilding Homes* Board of Directors will be instrumental in securing major gifts, grants, and loans, we require that active board members be known for their integrity. The board will include Palestinian Americans and Jewish Americans and three lawyers — Israeli, Palestinian, and American — who are experts in human rights, property, and tort law. The board must also include experts who can anticipate Israeli Occupation policy, Palestinian land and ownership rules, family needs and services, and a CPA, a public relations expert, a peace-marketing expert, an expert in real estate finance and community development, and a structural engineer. Campaign partners Jeff Halper and Ziad Al-Hammoury are both asked to join the *Rebuilding Homes* board.

Boards of Advisors

Here are the members of the Advisory board whom we draw upon for review and insight:

Table 5: Oversight Review Advisory Board (active and meeting monthly by teleconference)

Alan Solomonow	Director of Middle East Programs, American Friends Service Committee. Working on Middle East issues for more than 30 years. He sees <i>Rebuilding Homes</i> as “very hands-on. People see and participate.”
Steven Feuerstein	Cofounder, Not In My Name and also, Jewish Unity for a Just Peace (JUNITY). Has been working in the past three years to build a strong Jewish voice opposed to Israel’s occupation of the West Bank, Gaza Strip, and East Jerusalem.
Margaret Ratner Kuntsler esq.	President, William Moses Kunstler Fund for Racial Justice. Co-leader National Lawyers’ Guild Delegation to West Bank, May 2002
Hugh Davis, esq.	Attorney, Member of the National Lawyers’ Guild
Andre Hawitt.	Founder and CEO, IDS Systems. Significant supporter of Palestinian humanitarian aid efforts, including bringing computers into Palestinian schools.
Mariam Mari Ryan, Ph.D.	A Palestinian-Israeli citizen from Acre, an ancient city just north of Haifa. Dr. Mari Ryan holds a PhD in education. She was the founder of the Acre Arab Women’s Association Early Childhood Education. She joins <i>Rebuilding Homes</i> “because of my concern for my own people, working to resolve injustice. Reconstruction means hope.” Dr. Ryan and her husband, Jim Ryan, initiated significant West Bank housing development during the 1990’s.
Gene St. Onge	Principal of St. Onge & Associates, Civil / Structural Design Engineers. Former Peace Corps volunteer. A Lebanese-American who is a member of the Tikkun community, and of the Commonwealth Club. Gene joins <i>Rebuilding Homes</i> “to share my engineering expertise as well as my deep desire for a just peace with the Israeli/Palestinian community”.
Gregg Biggs	World Neighbors Regional Development Manager, West Coast. Joins <i>Rebuilding Homes</i> in recognition that “we need to find sustainable and reasonable solutions for homelessness and conflict in the Middle East.”
David Sylvester	Business writer with the San Jose Mercury News.

Table 6: Fundraising Advisory Board

Kim Klein	Founder of Grassroots Fundraising International, and the person who initially convinced us to use house party fundraising events to rebuild homes.
Katherine Fulton	Senior practitioner with Global Business Network, a member of the Monitor Group, leads scenario, strategy, and change projects.

Table 7: Press Relations Advisory Board

Dorothea Sege	Activist and press coordinator
Jan Hayden	An American Jewish Middle East peace activist pressing for a just resolution of the Israeli/Palestinian conflict, on the steering committee of (Jewish) Visions of Peace with Justice in Israel/Palestine (www.vopj.org), and a representative of the Boston Committee for Palestinian Rights (www.bcpr.org).
Peggy Law	Founding Director of the National Radio Project
Don Allen	Retired middle east correspondent
Zack Jensen	Fellowship Of Reconciliation Volunteer
Bob Wrubel	Campaign volunteer, Democratic party of Marin County

Table 8: U.S. Government Relations Advisory Board

Joshua Ruebner	Founder of Jews for Justice in Israel and Palestine, former staff member of the Congressional Research Service, Library of Congress, government liaison for the End the Occupation Campaign.
Khaled El-Gindy	Former staff person on the House International Relations Sub-Committee on HumanRts.

Rebuilding Homes Operations

4000 homes demolished would qualify as a vast natural disaster anywhere in the world yet no international mechanism is in place to restore these homes. Because we cannot prosecute the loss in a court of international law, we must appeal to the court of public opinion. We seek to rebuild Palestinian neighborhoods and schools, partnering with towns experiencing each of the following types of loss, and bringing world attention:

Military demolition of homes and damage to schools (rebuilding with permits) in:

- Refugee camps
- Towns under Palestinian administration

Neighborhoods demolished for “lack of a permit” due to:

- Settlement expansion
- Security fence
- Bypass roads
- Population squeeze

Towns under closure

- New schools for students confined to their village

Partnering with Neighborhoods with the Goal of Preventing Demolitions

Rebuilding Homes will partner with neighborhoods at risk of demolition to help coordinate a grassroots outreach effort aimed at preventing demolition. We seek candidate neighborhoods who are affiliated with a worldwide fellowship network, so that if the neighborhood is demolished, funds can be raised the next day to begin rebuilding. Candidate neighborhoods are those currently holding demolition orders, adjacent to Israeli settlements or the security fence, and on privately owned land.

Partnering with Neighborhoods That Want to Rebuild

Rebuilding Homes' ability to rebuild neighborhoods and schools rests on our combined ability to raise the funds needed to finance the construction of 10 homes at a time. We start by soliciting proposals from neighborhoods who may want to partner with us, interviewing all the families applying, selecting our first partner neighborhood, and then setting up the *Adopt a Home* donation and pledge plan to generate support for rebuilding that neighborhood and others to come. Here are some of the questions to answer to maximize our combined ability to raise funds and advocate on behalf of the neighborhood:

- Can the neighborhood help us find seed funding for reconstruction? Is the neighborhood affiliated with a sister-city program (such as the Olympia/Rafah Sister City Project), an international club (such as the Birzeit Club or the Ramallah Club), or a U.N. agency (such as UNRWA).
- Are townspeople willing to write to their extended family in the diaspora to ask for them to make a donation or pledge to help rebuild?
- Are the families open to sharing their stories and hospitality with all who come to rebuild, and also with the world public through the news media?
- If the town is in a border area, is the town in good standing with neighboring Israeli towns?
- Of the families applying for rebuilding, have any family members been accused of a crime?

Inviting the Support of Global Citizens

Who would want to pledge a stake in a house that might be demolished again, when peace and stability still seem so far away? Surprisingly, more people than one might think. It is important to note that many

people are willing to do something good for a stranger just because they believe it will make a difference, e.g. Habitat for Humanity draws upon the power of good work, given freely without personal benefit, when it builds houses for low-income families. The Global Campaign to Rebuild Palestinian Homes has already developed an extensive network of volunteers, and a mailing list of 6000.

We anticipate the following groups of people will be among the first to “Adopt a Home”; we hope the goodwill generated by Rebuilding Homes will encourage mainstream faith communities to join us.

Table 9: Potential Donors and Sponsors

Potential Contributors	Growth	2003	2004	2005
Reality and peace tour past participants	3%	15,000	15,450	15,914
U.S. Activists who work for peace in Israel & Palestine	2%	12,000	12,240	12,485
Faculty of Middle East Studies	1%	5,500	5,555	5,611
Churches, mosques, synagogues participating in secure dwelling program and the Global Campaign to Rebuild Palestinian Homes	60%	650	1040	1664
Extended families of those who have suffered demolition	10%	50,000	55,000	60,500
Arab Americans willing to support rebuilding	2%	200,000	204,000	208,080
Total		283,150	293,285	304,254

Through strategic marketing, good press, and an extensive word-of-mouth endorsements facilitated by house party fundraisers, we project sales of 10 pledge contracts each month in Year 1. From that point onward, by building on good press and introducing the Adopt a Home program to places of worship and service organizations, we project growth of 60% per year in Years 2, 3, 4, and 5, leading to construction of 350-400 homes per year from years 7 onward. We will build on the contributions of faith communities; in July our Campaign received word that all the Methodist churches in Minnesota provided a “Love Offering” of \$52,000 USD to the Rebuilding Homes Campaign.

We have also learned there is no substitute for good communication. Worldwide educational outreach through our “Adopt a Home” newsletter, press releases, public service announcements, direct mail appeals, speaking engagements, and good press makes such strong sales projections possible.

5. SOCIAL RETURN ON INVESTMENT

Rebuilding Homes creates compelling and measurable social value by providing capital, expertise, community development, and insurance for rebuilding demolished homes, legal protection of the rebuilt homes in accordance with international law, and a public advocacy campaign to bring house demolitions to an end in accordance with the Road Map and international law.

Rebuilding Homes will mobilize the international civil society to rebuild 2,000 demolished Palestinian homes over the next 10 years; as support grows for the rebuilding of homes, public outcry against Israel’s policy of house demolitions will grow, bringing an end to the confiscation/demolition of Palestinian homes and property as punitive measures or to facilitate Israeli construction. We measure the social benefit of the *Rebuilding Homes* initiative by

- Calculating the immediate benefits that accrue through the rebuilding of 2,000 demolished homes;

- Anticipating those benefits, directly attributable to *Rebuilding Homes*, that will accrue when Israel ends its policy of house demolitions; and
- Projecting the “peace dividend” that will accrue upon signature of a peace agreement when we no longer need to set aside funds against the risk of demolition and can convert our set-aside against redemolition into a true “Community Housing Fund” to provide the needed capital to finance natural growth in the private housing sector.

Please note that the most significant benefit that comes from *Rebuilding Homes* may be nonquantifiable: the benefit that accrues from helping Israelis and Palestinians to rebuild together in constructive resistance — the core of our program. Experience in other societies working to end their conflict shows that immense benefits occur when individuals overcome their fear and actively refuse to be enemies. We know that their courage inspires further confidence and support of the *Rebuilding Homes* effort, and that support will bring demolitions to an end. So at its heart, the *total financial value* of the *Rebuilding Homes* initiative accrues because of the willingness of Israelis and Palestinians to rebuild together.

The Economic Benefit of Rebuilding Demolished Homes

In Appendix D, Table D-1 we quantify the benefits that accrue from the rebuilding of 2,000 demolished homes in the following ways:

- Increased local employment in a region with 65-70% unemployment;
- Spending in the local economy;
- Reduction of emergency shelter needs;
- Decrease in need for food aid for employed workers;
- Decrease in malnutrition in the children of employed workers; and

Putting People Back to Work

Israel’s policy of closing off Palestinian towns and barring work-permits for Palestinian workers with jobs in Israel has led to an unemployment rate of 65% in the West Bank and 70% in Gaza. *Rebuilding Homes* contracts with local skilled and unskilled laborers, putting them to work to rebuild tracks of ten homes at a time. The labor budget for each home is approximately \$12,000 (including the clearing of the land). Each home needs an average of 14 laborers and contractors, who each work on an estimated 4 homes/yr. By employing 14 laborers per house, we will employ 5,291 laborers over the course of constructing 2,000 houses. We assume an average of 7 dependents per worker.

Spending in local economy

Rebuilding Homes uses local suppliers to provide 95% of the construction materials. Each house requires approximately \$18,000 in total materials.

Reduction of Emergency Shelter Needs

Rebuilding Homes will rebuild 2,000 homes over 10 years time. With an average family of nine, including parents, grandparents, and children, some 14,000 people will have homes due to our efforts. Another 14,000 extended family members, overcrowded in response to the demolition emergency, will have more space when their relatives move back into their own home. If we assume that 65% of families move into rental apartments when their homes are destroyed (the remaining families either

leave the country or re-locate to refugee camps), we can calculate the savings on rent when they move into their own home. Current average rent is \$151 per month.⁸

Decrease in need for food aid for employed workers and their families

Numerous non-governmental organizations (NGOs) are involved in the effort to help the feed the Palestinian people. Local and international organizations are mobilized to fill the needs of refugees and residents alike. The Palestinian Red Crescent is asking for almost \$2 million in its current appeal⁹. The United Nations Relief and Works Agency for Palestinian Refugees has over 1,505,000 registered refugees in Gaza and the West Bank, a 3.1% increase from 2001¹⁰, and has budgeted almost \$700 million to deal with the current crisis. We assume the NGOs are spending 30% of their budgets on food aid, equaling \$140 per year per person. By employing local labor, *Rebuilding Homes* increases families' incomes, erasing their need for additional assistance.

Decrease in malnutrition in the children of employed workers

An important long-term benefit of putting people back to work is the decrease in malnutrition of children of employed workers. Current estimates place malnutrition of Palestinian children at epidemic proportions. According to recent surveys, 30% of children living in the Palestinian Territories suffer from chronic malnutrition, and another 21% percent suffer from acute malnutrition.¹¹ (In 2000, these figures were estimated to be 7% for chronic and 2.5% acute.) The current population of the Palestinian Territories is 3.56 million.¹² Malnutrition causes a cascade of problems, with severe risk in all areas of personal development, including health and mental capacity, decreased resistance to disease, a lower capacity of learning, lower productivity, and lower intelligence. One estimate puts the annual loss in productivity (based on loss of life, disability, and decreased productivity) due to malnutrition at equivalent to 5% of a county's GDP. The 5% figure is based on malnutrition in Bangladesh and India where malnutrition rates are around 50% for the under-five population.¹³ In Palestine, a 3% reduction is based on 30% malnutrition rate.

Social Costs

Rebuilding may place families at risk of re-demolition. Re-demolition holds social cost — most significantly, the loss suffered by the family and the cost of housing and health care while they are homeless. Provided that the set-aside fund is large enough to cover rebuilding, and rebuilding begins as soon as possible after demolition, rebuilding will provide a continuing economic stimulus in this destitute area despite ongoing demolitions. The best benefits of rebuilding, however, begin to accrue when we prevent the demolition of homes.

The Economic Benefit of Ending the Demolitions of Homes

Rebuilding Homes will protect homes through legal and public advocacy. Table D-2 in Appendix D describes the benefits that accrue by saving houses from demolition and requiring an end to Israel's demolition of homes.

⁸ Palestinian Central Bureau of Statistics, January 2003

⁹ Palestine Red Crescent Society: Health Program Emergency Appeal, 19 June 2002

¹⁰ United Nations Relief and Works Agency for Palestine Refugees, June 2002

¹¹ United States Agency for International Development, 5 August, 2002

¹² Palestinian Central Bureau of Statistics, *Palestinians at the end of 2002*

¹³ The Hunger Project Online Briefing Program, "The Condition of Women in Southeast Asia"

In the past two years, the Israeli government has escalated house demolitions to destroy more than 1,500 homes per year. The reasons are many: to contain natural growth; to make room for expanding settlements, Israeli-only roads, and the “Security Fence”, damage in military action; and as punishment (less than 5% of total demolitions). In addition, according to the Israeli Committee Against House Demolitions, tens of thousands of demolition orders are outstanding. We calculate the direct benefit of each home saved as follows:

- Value of each home and possessions saved per year;
- Emergency shelter rent saved per year;
- Savings in Food Aid;
- Savings in health care, average cost=\$200/family per year; and
- Saved long-term cost of malnutrition of children NOT made homeless, per child.

Financial and asset loss to families whose homes are destroyed

Most Palestinian families have no savings and no insurance policies, so when their homes are destroyed they are not only left homeless but also destitute. Assume each home saved has an average value of \$30,000 with additional possessions of an average value of \$5,000.

Savings in emergency rent, food aid, health care, and malnutrition

Emergency care following demolition has both short-term and long-term costs. We project savings in each of these areas for each home saved from demolition.

Family-financed building boom when demolitions cease.

When home demolitions cease, we anticipate a building boom, similar to the one that occurred in 1996-99. There will be an immediate demand for construction workers. If one only considers the number of workers needed to build homes, the impact can be quite significant. Assume 1000/year homes with an average of 3 months build time and 5 workers per house, at \$20 per day per laborer.

A “Peace Dividend” Community Housing Fund

Table 10 describes the direct benefits that accrue once Israel and Palestine have signed a peace agreement that protects property rights. We project this may occur in Year 10. At that time the set-aside fund against re-demolitions, will be converted to a “Community Housing Fund”.¹⁴ Here are the benefits that communities will realize from this fund to the local communities:

- An estimated \$15Mil in the “Community Development Fund” to secure bank and private financing;
- Existing infrastructure with leadership in place to immediately implement community housing priorities; and
- A ready source of volunteers — Israeli, Palestinian, International — to help in rebuilding, via the Habitat for Humanity model;

¹⁴ Even if Israel ends its house demolition policy before a peace agreement is signed, this benefit does not accrue until formal agreement. While a change in Israel’s house demolition policy is welcomed, a change in policy alone is insufficient for conversion of our insurance fund since policies have been reversed before (1998-99).

Table 10: “Peace Dividend” Community Housing Fund

Assumptions:											
Number of rebuilt homes demolished a 2nd time											25%
Year when demolitions end											5
Year when a peace agreement is signed											10
Number of rebuilt homes insured by Community Rebuilding Fund											2,000
Cost to rebuild one home											30,000
Size of Twice Lost Replacement Fund in year 10:											15,263,055
Loans available using the converted Community Rebuilding Fund as down payment in Year 10											152,630,550
NPV											0
Number of Homes built per year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	22	35	56	89	143	200	300	350	400	500	
Twice Lost Replacement Fund	165,000	262,500	420,000	667,500	1,072,500	1,500,000	2,250,000	2,625,000	3,000,000	3,750,000	
Less Replacement Homes (estimated to decline by 20% each year)	-165,000	-210,000	-252,000	-267,000							
Interest Earned (3%)	0	1,575	5,040	12,015	32,175	45,000	67,500	78,750	90,000	112,500	
Total Contributions to the Twice Lost Replacement Fund	0	54,075	173,040	412,515	1,104,675	1,545,000	2,317,500	2,703,750	3,090,000	3,862,500	
Cumulative holding of Community Rebuilding Fund	0	54,075	227,115	639,630	1,744,305	3,289,305	5,606,805	8,310,555	11,400,555	15,263,055	
Discount rate											20%
NPV of Community Rebuilding Fund over 10 years											\$3,796,245
Loans available using the converted Community Rebuilding Fund as down payment											0
NPV of loans using Community Building Fund as collateral											\$29,580,823

Social Return on Investment, in Summary

Table 11 shows the Social Return on Investment that can be realized with the establishment and success of *Rebuilding Homes*. Direct and immediate benefits accrue with the rebuilding of homes, despite the risk of demolition, because rebuilding provides an economic stimulus and a constructive way to bring people who refuse to be enemies together. Once house demolitions end, the Palestinian economy realizes significant benefits as families save on losses. Once peace comes, immediate benefits accrue as communities use their share of a Twice Lost Replacement fund as the down payment for new construction. In total, *Rebuilding Homes* can potentially realize \$280.7 Million of social return on investment in 10 years time.

Table 11: Total Social Return on Investment from All Sources

Source of Social Benefit	Discount Rate	Net Present Value
Rebuilding 2000 Demolished Homes	10.00%	\$35,306,300
Preventing Demolitions	15.00%	\$147,745,586
Peace Dividend	20%	\$97,655,477
Total NPV		\$280,707,363

6. NEXT STEPS

Seed Funding Requested

We are seeking a \$2 Mil USD grants to cover our first three years of expenses. That investment will generate 1.57 Mil in cash donations, plus an additional \$ 1.06 Mil in pledges outstanding, after which time our pledge and matching grant system will be a self-sufficient funding engine that combines donations and matching grants with pledges and a line of credit based on those expanding pledges.

Mobilizing the Support of Global Citizens

Our experience shows that global citizens are searching for a concrete way to help bring a just peace to Israel and Palestine. They see *Rebuilding Homes* as a tangible way to make a difference. House party

fundraisers are an important organizing tool because they provide an opportunity for small groups to learn about complicated issues from and with their friends. We provide a video about demolitions and rebuilding, pamphlets, and often a speaker. Our speakers regularly include Israeli Refuseniks, members of the Fellowship for Reconciliation, and members of the Christian Peacemaker Team. Donors worldwide find it especially important that the Campaign helps Israelis and Palestinians to work together — as neighbors who refuse to be enemies.

The Presence of Justice

The winners of the Nobel Peace Prize, as told in the book, *The Moral Architecture of World Peace* by Helena Cobban, each say that the peace must come from within. This may seem a perplexing requirement for peace in the face of military might and injustice, yet it is the interface between the personal and the political that is a vital requirement for peace and stability in Palestine and Israel and worldwide. In the end, each decision is a personal one: a family's decision to allow Israelis to help rebuild their home, a village decision to rebuild without the guarantee of fair housing laws, Israeli peace activists who trust they will be welcome in the struggle, and global citizens who decide this is a cause they can support despite the risk of misunderstanding with their own neighbors. Reverend Martin Luther King Jr. said, "Peace is not the absence of conflict, it is the presence of justice." Each personal decision, coming from a peace within, makes rebuilding homes possible and brings about the presence of justice.

APPENDIX A: HOUSE CONSTRUCTION IN APPROVED AREAS

Currently, no bank or international agency finances the rebuilding of homes on land owned by Palestinian families unless the family is granted a building permit. Very few families are granted building permits and thousands of demolition orders are outstanding. Families made homeless are driven off their land and resettled with relatives, leave for other countries, or move to refugee camps. Here is a summary of the construction assistance provided homeless families by international agencies and NGOs, including programs planned but closed-down:

- According to staff at the World Bank, the World Bank sought to respond to the \$63 Million in damages in the West Bank housing sector by forming a lending program for home reconstruction in accordance with priorities set by the Donor Support Group¹⁵. However, the World Bank cancelled its own \$7 Million house rebuilding fund, when implementation was delayed over concerns that housing loans might jeopardize the World Bank's ability to do other reconstruction projects. The funds were rerouted to address other reconstruction priorities in the area.
- The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is the largest builder in the Occupied Territories today. UNRWA has launch an appeal to provide shelter, in refugee camps, for 12,000 refugees made homeless by demolition operations and fighting. According to an UNRWA press release on June 6, 2003, "If funds are forthcoming, UNRWA plans to repair or reconstruct shelters for 4200 refugee households". To date, 132 new houses have been built in the Gaza Strip and 185 are under construction. UNRWA is working to raise \$16 million for meet the current requirements for a further new 700 refugee shelters throughout the Gaza Strip.
- According to UNRWA, the United Arab Emirates has committed funds to rebuild all damage to the Jenin refugee camp and portions of Jenin damaged in spring, 2002. This commitment includes replacement of 471 shelters destroyed in April 2002 but closures have caused delays in rebuilding.
- CHF International administers \$5 Million worth of home improvement loans to Palestinian homeowners, with loan guarantees from the U.S. Agency for International Development. However, the country manager said they are specifically prohibited under the terms of the loan guarantees to rebuild demolished or damaged homes, or any homes deemed to be on Israel's ever-expanding "security perimeter." With 400,000 Israelis settled in the West Bank, Gaza, and East Jerusalem, Israel's security perimeter is now an extensive matrix of security zones and bypass roads.
- The Franciscan Fund is building a small number of homes in the Bethlehem area, on land owned and administered by the Franciscan Fund, in an effort to keep Palestinian Christian families from giving up and leaving entirely.

¹⁵ The Summary Report of 23 May 2002 entitled, "Physical and Institutional Damage Assessment, West Bank Governorates, March-May 2002, Summary Report" by the Local Aid Coordination Committee of the Donor Support Group, states, "Private Housing: Damage to private housing can be broken down in two ways i) damage to refugee and non-refugee housing; and ii) total destruction versus partial destruction. The World Bank has fielded a mission to work with the PA on defining a housing reconstruction program outside the refugee camps It is estimated that the total cost of re-housing the non-camp would come to approximately US\$ 20 million. This program includes the cost of building houses for families whose houses have been demolished since September 2000. Repairs to houses are being handled principally by Ministry of Public Works, and it is proposed that additional donor funding be made available for this. It is assumed that re-housing and housing damages within the refugee camps will be covered by UNRWA from their own funding sources (which include the proposed UAE contribution of US\$35 million)."

Appendix B: B'tselem Israeli Human Rights Report – Homes Destroyed as Punishment

B'TSELEM, the Israeli Center for Human Rights in the Occupied Territories was established in 1989 by a group of prominent academics, attorneys, journalists, and Knesset members. It endeavors to document and educate the Israeli public and policymakers about human rights violations in the Occupied Territories. B'Tselem is independent and is funded by contributions from foundations in Israel, Europe, and North America that support human rights activity worldwide, and by private individuals in Israel and abroad.

B'Tselem has attained a prominent place among human rights organizations. In December, 1989 it received the Carter-Menil Award for Human Rights. B'Tselem ensures the reliability of information it publishes by conducting its own fieldwork and research, whose results are thoroughly cross-checked with relevant documents, official government sources, and information from other sources, among them Israeli, Palestinian, and other human rights organizations.

The Israeli army demolishes houses where suspected Palestinian perpetrators of attacks lived. Israel had ceased its house-demolition-as-punishment policy in late 1997. In October 2001, during its invasion of territory under Palestinian Authority control, Israel renewed its activity of demolishing houses as punishment, as shown by the tables below. The tables below list houses demolished for punishment and do not include demolition of houses justified on administrative grounds. For more information about such demolitions, check http://btselem.org/english/House_Demolitions/Statistics.asp

Table B-1: Houses Demolished by Israel as Punishment During the Al-Aqsa Intifada

Year	Complete Demolitions	Partial Demolitions
October-December 2000	-	-
2001	8	1
2002	187	1
2003 until 13 June	126	-
TOTAL	356	2

Table B-2: Houses Demolished by Israel as Punishment During from 1987-2003

Year	Complete Demolitions	Partial Demolitions
Dec 9-31 1987	1	-
1988	125	4
1989	144	18
1990	107	11
1991	46	4
1992	8	2
1993	1	2
1994	1	995
1996	11	-
1997	6	-
1998	-	-
1999	-	-
2000	-	-
2001	8	1
2002	87	1
2003 until 13 June	126	-
TOTAL	805	64

APPENDIX C: PRO FORMA FINANCIAL STATEMENTS

Table C-1 Statement of Activities

Statement of Activities	% Growth	Year # 1	Year # 2	Year # 3	Year # 4
Seed funding for infrastructure		500,000	500,000	1,000,000	
Grants from Governments	30%	225,000	292,500	380,250	625,000
Grants from Foundations	3%	80,000	150,000	300,000	309,000
House Parties and Other Fundraising	60%	500,000	800,000	1,280,000	2,048,000
Payments Rec'd from Pledges (20% annually)		57,000	145,200	286,320	512,112
Set Aside - Fund to Replace Homes					
Demolished Again	15%	(169,271)	(216,521)	(409,184)	(466,102)
Interest Earned on Fund	4%	3,385	11,101	23,615	41,121
Total Public Support & Revenue		1,196,115	1,682,280	2,861,001	3,069,131
Program Expenses					
Education		114,884	118,148	121,505	124,959
Family Services & Rep & Mtce. Of Homes Built		33,524	34,520	41,545	42,751
Cost of Houses Deeded to Occupants					
Support Services					
Fundraising		44,600	45,928	47,296	48,704
Administration		171,792	234,645	241,587	248,735
Interest Expense	7%	6,804	22,982	45,844	79,398
Start-Up Expenses - amortized		18,400	18,400	18,400	18,400
Total Expense		390,004	474,623	516,177	562,946
Net Increase/(Decrease)					
in Net Assets		\$ 806,111	\$ 1,207,657	\$ 2,344,824	\$ 2,506,185

APPENDIX C: PRO FORMA FINANCIAL STATEMENTS (CONT.)

Table C-2 Statement of Financial Position

Statement of Financial Position	% Growth	Y/E # 1	Y/E # 2	Y/E # 3	Y/E # 4
Current Assets					
Cash		2,383	12,177	27,169	14,278
Restricted Cash		169,271	385,792	794,976	1,261,078
		171,654	397,969	822,145	1,275,357
Property & Equipment					
Completed Rebuilt Homes owned by RH		1,128,472	2,571,946	5,299,841	8,407,188
Deduct -----Homes deeded to Occupants					
Total Property & Equipment		1,128,472	2,571,946	5,299,841	8,407,188
Start-Up Expenses		73,600	55,200	36,800	18,400
Total Assets		\$ 1,300,126	\$ 2,969,915	\$ 6,121,986	\$ 9,682,544
Accounts Payable & Accrued Expenses	4%	56,744	71,315	120,833	135,755
Start Up Expenses Payable		73,600	36,800		
Pledges Financed in Advance (1)	80%	194,400	462,240	847,584	1,420,934
Set Aside - Fund to Replace Homes					
Demolished Again		169,271	385,792	794,976	1,261,078
<u>Rebuilding Homes</u>					
Accumulated Net Assets		806,111	2,013,768	4,358,592	6,864,777
		\$ 1,300,126	\$ 2,969,915	\$ 6,121,986	\$ 9,682,544

Footnote Data

Number of Homes Built in the Year	35	43	82	90
Pledges Due in Future Periods	\$ 243,000	\$ 577,800	\$ 1,059,480	\$ 1,776,168

(1) The benefit of the pledges is not booked as A/R but instead shown as a liability, "Pledges Financed in Advance"

APPENDIX C: PRO FORMA FINANCIAL STATEMENTS (CONT.)

Table C-3: Cash Flow

Cash Flow	Year # 1	Year # 2	Year # 3	Year # 4
Cash Flow from Activities	806,111	1,207,657	2,344,824	2,506,185
Accounts Payable	56,744	14,571	49,518	14,921
Start-Up Expenses Payable	73,600	(36,800)	(36,800)	-
Set Aside - Fund to Replace Homes Demolished Again	169,271	216,521	409,184	466,102
Cash Flow from Activities	1,105,726	1,401,949	2,766,727	2,987,208
Property & Equipment				
Homes Built	(1,128,472)	(1,443,474)	(2,727,895)	(3,107,347)
Financing Activities				
Loans Rec'd vs. Future Pledges	194,400	267,840	385,344	573,350
Invested - Fund to Replace Homes Demolished Again	(169,271)	(216,521)	(409,184)	(466,102)
	2,383	9,794	14,992	(12,891)
Opening Cash Balance	-	2,383	12,177	27,169
Closing Cash Balance	2,383	12,177	27,169	14,278

APPENDIX D: CALCULATION OF SOCIAL RETURN ON INVESTMENT

Table D-1: Rebuilding 2000 Demolished Homes

Year	1	2	3	4	5	6	7	8	9	10	TOTALS	
Assumptions												
Average Annual Food Aid to Unemployed Families	\$140											
Average Rent per month	\$151											
Average number of Laborers per house		14	14	14	14	14	14	14	14	14	14	
Number of family members helped each year	9	198	315	504	801	1287	1800	2700	3150	3600	4500	18855
Number of months to build a house		3	3	3	3	3	2	2	2	2	2	
Number of Homes built per year		22	35	56	89	143	200	300	350	400	500	2095
Labor Per Home		12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$120,000
Revenue to local vendors for materials		\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$171,000
		\$640,200	\$1,018,500	\$1,629,600	\$2,589,900	\$4,161,300	\$5,820,000	\$8,730,000	\$10,185,000	\$11,640,000	\$14,550,000	\$60,964,500
Decrease in Food Aid		\$97,020	\$154,350	\$246,960	\$392,490	\$630,630	\$588,000	\$882,000	\$1,029,000	\$1,176,000	\$1,470,000	\$6,666,450
Decrease in long-term cost of Malnutrition		\$18,169	\$28,904	\$46,247	\$73,500	\$118,096	\$110,112	\$165,169	\$192,697	\$220,225	\$275,281	\$1,248,399
Decrease in Emergency Shelter Spending (rent)		\$25,912	\$41,223	\$65,957	\$104,824	\$168,425	\$235,560	\$353,340	\$412,230	\$471,120	\$588,900	\$2,467,491
Total		781,300	1,242,977	1,988,764	3,160,714	5,078,451	6,753,672	10,130,509	11,818,927	13,507,345	16,884,181	71,346,840
Social Cost (Expenses)												
Discount Rate		10.00%										
NPV of Social Return		35,306,300										

Appendix D, cont.

Table D-2: Preventing the Demolition of Homes

	Calculation notes	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	TOTALS
		1	2	3	4	5	6	7	8	9	10	
Value of Destroyed possessions	5000											
Value of Destroyed Finished Home	\$35,000											
Number of Homes Destroyed per year	1000											
Average number of family members per home	9											
Average number of children per household	7											
Current Demolition Rate per year	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	
Rate that houses are saved each year	30%	30%	80%	60%	500%	120%	120%	120%	120%	120%	120%	
Number of houses saved per year		25	33	59	94	562	1000	1000	1000	1000	1000	5771
Average number of people made homeless each year	9	225	293	527	842	5054	9000	9000	9000	9000	9000	51941
Number of children made homeless each year	7	175	228	410	655	3931	7000	7000	7000	7000	7000	40398
Palestinian Population	35,600,000											
Average rent for emergency housing per year		\$151	\$151	\$200	\$200	\$200	\$200	\$250	\$250	\$250	\$250	
Value of homes saved per year	\$35,000	\$875,000	\$1,137,500	\$2,047,500	\$3,276,000	\$19,656,000	\$35,000,000	\$35,000,000	\$35,000,000	\$35,000,000	\$35,000,000	\$202,027,000
Value of possessions saved per year	\$5,000	\$125,000	\$162,500	\$292,500	\$468,000	\$262,828,800	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$288,881,800
Emergency shelter rent saved per year		\$3,775	\$4,908	\$11,700	\$18,720	\$112,320	\$200,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,351,423
Savings in Food Aid	No. of family members *\$140/ person	\$31,500	\$40,950	\$73,710	\$117,936	\$707,616	\$1,260,000	\$1,260,000	\$1,260,000	\$1,260,000	\$1,260,000	\$7,271,712
Savings in health care, average cost=\$200/visit, 1 family member, 2x per year		\$10,000	\$13,000	\$23,400	\$37,440	\$224,640	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,308,480
Saved long-term cost of malnutrition of children NOT made homeless		\$5,899	\$7,669	\$13,803	\$22,085	\$132,512	\$235,955	\$235,955	\$235,955	\$235,955	\$235,955	\$1,361,744
Total savings		\$1,051,174	\$1,366,526	\$2,462,613	\$3,940,181	\$283,661,888	\$42,095,955	\$42,145,955	\$42,145,955	\$42,145,955	\$42,145,955	\$503,162,158
Discount Rate	15.00%											
NPV of Social Return		\$217,068.868										