



Failing Aid

Towards A Viable Resistance Economy Model

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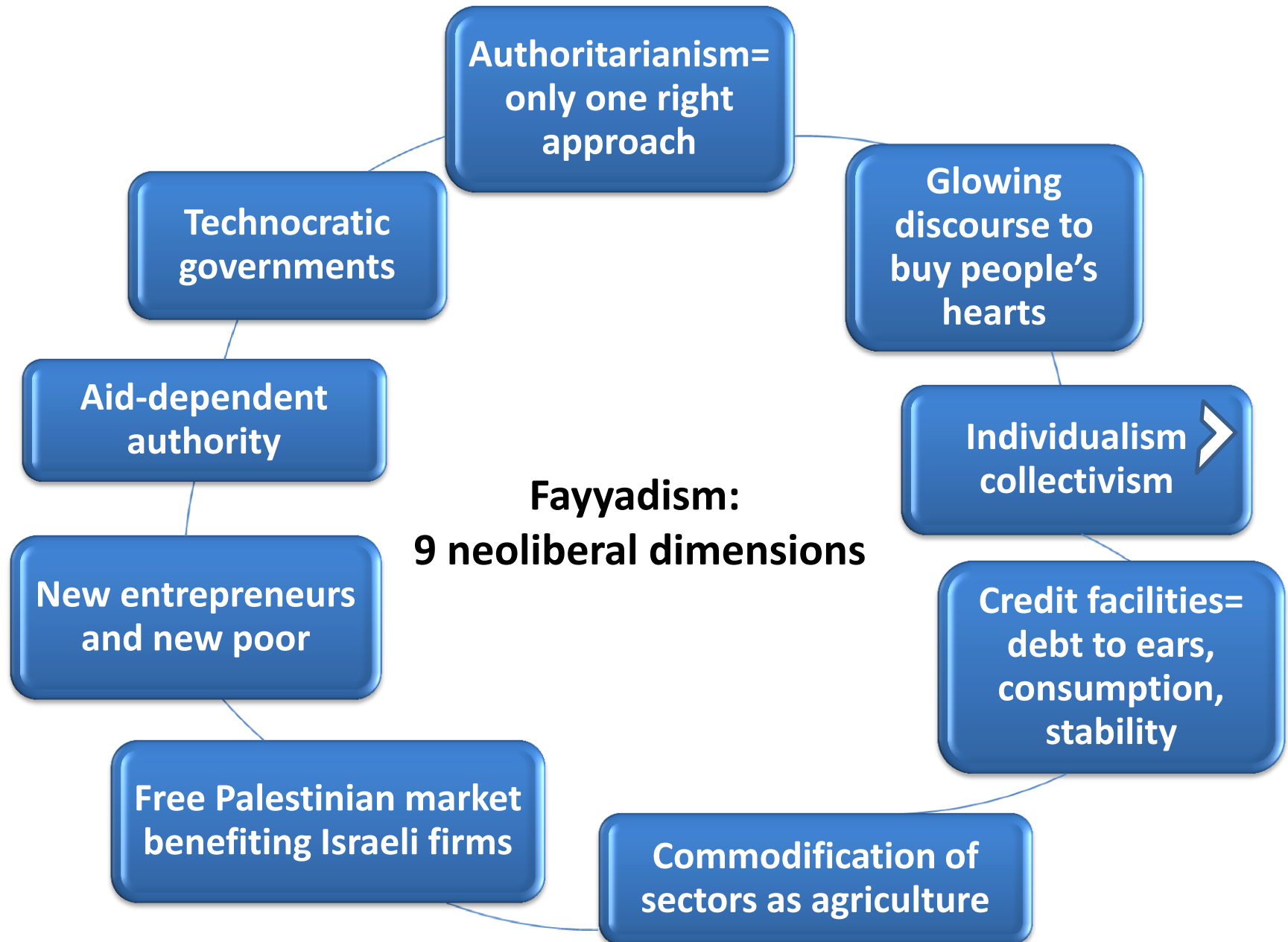


Introductory Remarks



- Fayyadism as a strategy and an outcome.
- Fundamental pillars of Fayyadism (Security and Economy governance).
- Polarized pro and anti Fayyadism camps in the literature.
- Reasons for failing patterns of aid.
- Ignoring the complex dynamics of the political economy of aid, occupation or development.

Neoliberalism with a Palestinian Flavour...



The Puzzle/Questions



- Two questions in the literature:
 - Why the \$24 billion of aid provided to the Palestinians since Oslo Peace Accords had failed?
 - What is the alternative to reverse this failure?
- 3 questions to address the above-mentioned 2 questions:
 - How can the impact of the international aid be explained at the intellectual and scholarly level?
 - What do the “voices from the fields” prescribe to create an effective aid?
 - How can the alternative economic vision and framework be conceptualized and operationalized?

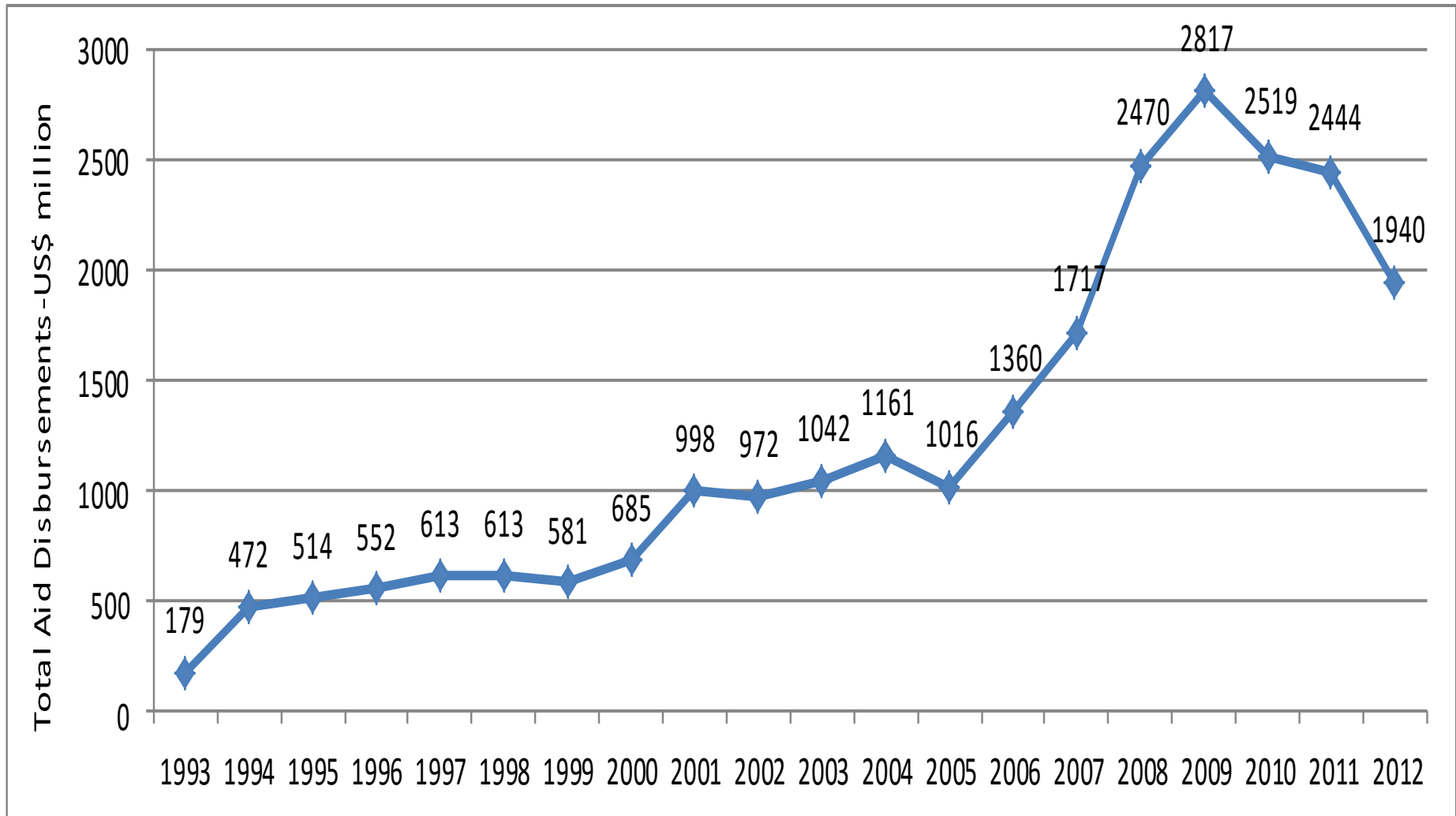
3 Lines of Argumentation

- Donors are not only failing to move beyond the 1993 “Investment in Peace” framework laid out by the World Bank within the Oslo Peace Process, but they are reinforcing failed past patterns associated with the ‘peace dividends’ model while making only cosmetic changes to their engagement.
- Donors are not ready to alter a framework dominated by policy instrumentalists who emphasise pre-determined normative values over actual results, quietly trading financial inducements to Palestinians to forego political rights within a ‘peace dividends’ approach.

3 Lines of Argumentation

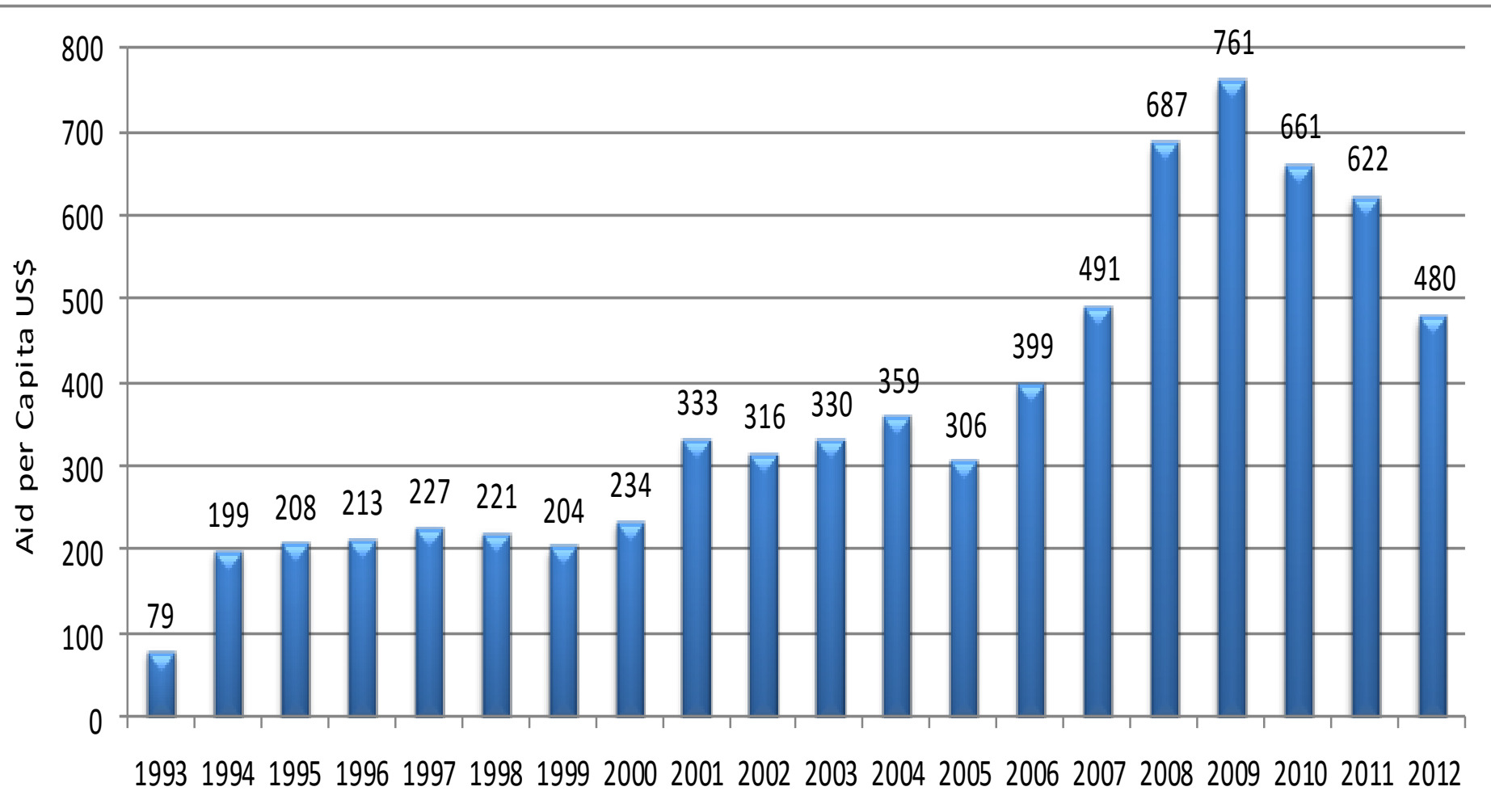
- Prerequisites to ensure the viability of the resistance economy model: reinvent the aid industry practically; redefine development conceptually; utilize endogenous approaches for livelihood and governance; resist and reject the Israeli matrix of control beyond rhetoric; and resist and challenge any form of Palestinian authoritarianism.
- Palestinians need an economy that reinforces solidarity, social ties and social capital, and national cohesion through subjecting the “market and its transactions” to the principles of equality, justice and local democratic inclusive participation in decision-making.

Total International Aid to Palestinians 1993-2012



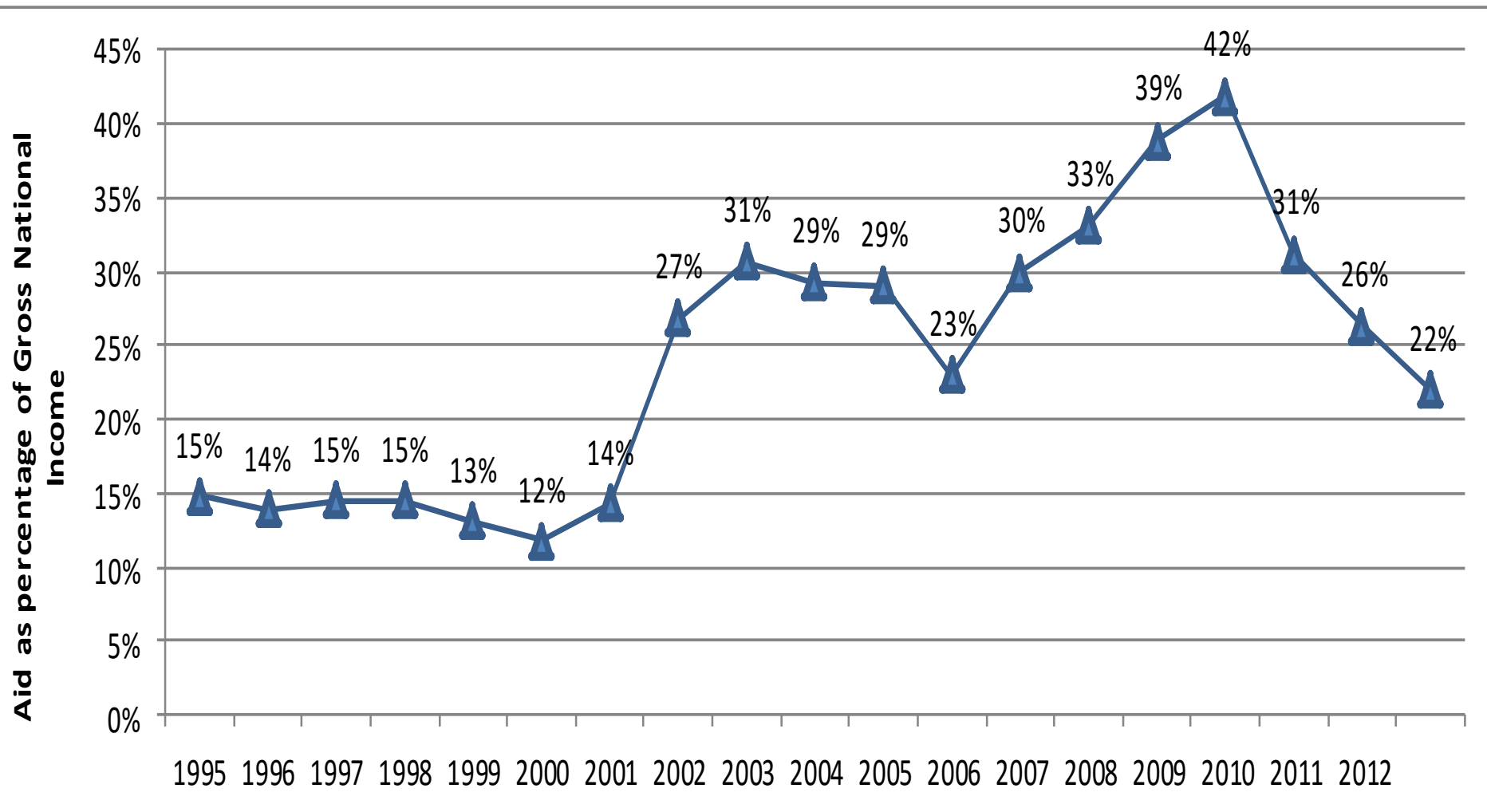
Source: Compiled by Author based on OECD/DAC and World Bank-WDI Databases 2014.

International Aid Per Capita in West Bank and Gaza 1993-2012



Source: Compiled by Author based on OECD/DAC and World Bank-WDI Databases 2014.

Aid as percentage of the West Bank and Gaza's GNI 1993-2012



Source: Compiled by Author based on OECD/DAC and World Bank-WDI Databases 2014.

Is there an 'aid-development' puzzle in Palestine?

The socio-economic indicators reveal a gloomy picture:

- Using the consumption-based definition, 26% of the Palestinians lived in poverty in 2009 and 2010 (19% WB, 38% GS). Using the income-based definition, 50% of the Palestinians lived in poverty (38% WB, 70% GS).
- 50% of Palestinian households were impacted by food insecurity.
- Unemployment has remained at around 30% since 2009 (47% in Gaza, 20% in WB). Unemployment rate for Palestinian youth under 30 is 43%.
- The income and opportunities inequality gap continues to widen not only between the West Bank and Gaza, but also within the West Bank.
- The manufacturing and production capacities continue to erode, while the agriculture sector remains neglected.

Is there an 'aid-development' puzzle in Palestine?

- Public debt doubled, while the private debts, thanks to the easier credit facilities, expanded to extraordinary rates.
- Real income per capita needs a proper deconstruction noticing the unbearable increase in the cost of living.
- The celebrated economic growth is a jobless, aid driven, with an eroded productive base (de-industrialization), non-Jerusalemite, anti-poor, and reflects an economy recovering from a low base.

❖ Aid has failed the Palestinian people. Why? 4

Schools of thought.

- ✓ Instrumentalists.
- ✓ The critical instrumentalists.
- ✓ The critics.
- ✓ The neo-colonialists.