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Unwilling to Change, Determined to Fail: Donor Aid in Occupied Palestine in the aftermath of the Arab Uprisings

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ABSTRACT Since 1993 the international community has invested more than $24 billion in ‘peace and development’ in the occupied Palestinian territory (oPt). That aid was meant originally to support the Oslo Peace Process through economic development. However, neither peace nor development has been realized, and both seem increasingly unlikely. While examining donor operations, priorities and the ‘aid-for-peace’ agenda, this article investigates whether patterns in oPt donor aid have changed following the Arab uprisings of 2011. Building on 28 original interviews with Palestine aid actors, it was found that patterns remain unchanged and that donors remain transfixed on a long failed ‘Investment in Peace’ framework that was designed for economic development by the World Bank back in 1993. By comparing these research findings with the literature on aid to Palestine, this article argues that donors are not ready to alter a framework dominated by policy instrumentalists who emphasize pre-determined normative values over actual results, quietly trading financial inducements to Palestinians to forgo political rights within a ‘peace dividends’ model. Meanwhile, critics of the existing aid framework remain largely ignored and have little influence on aid policy, in spite of two decades of instrumentalist failure to produce peace or economic growth using the existing model.

Introduction and Contextual Background

The year 2011 saw protests in nearly all the Arab countries. By comparison with its neighbours, the occupied Palestinian territory (oPt) witnessed fewer protests and less general turmoil. Those protests that did take place were on a smaller scale when compared to those in countries like Egypt, Tunisia and Bahrain. Yet the Palestinian protests uniquely targeted international donors and foreign aid, a specificity which alone justifies including an article on Palestine. Since the envelope of aid disbursed in the oPt is vast, and bearing in mind the importance of both military and civilian aid to states in the region, it is worth assessing what link exists between the Arab uprisings and donor aid in Palestine. This is particularly poignant considering the long-standing importance of the Palestinian question on politics in the Middle East.

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The goal of this article is to determine whether or not there was a change in the way aid was disbursed by donors in the international community to Palestinians in the oPt following the Arab Uprisings of 2011. This research was compiled prior to the devastation unleashed upon Gaza by Israel in the summer of 2014. The research was conducted bearing in mind International Monetary Fund (IMF) estimates indicating a sizeable drop in development and budget support to Palestinians in the oPt between 2010 and 2013 as compared to 2006 to 2009. Between those periods funding went from an average annual allotment of $1.5–2 billion down to $1.1–1.3 billion respectively (IMF, 2013a). However, beyond this quantitative shift downward, overall funding remained significant while there are qualitative indicators of consistency with past patterns in the way aid was structured. For example, the IMF has estimated that prior to 2001 roughly one-third of aid was disbursed as budget support to the Palestinian Authority (PA), while after 2007 more than 80 per cent was allocated to budget support on an annual basis, in spite of an overall drop in funding after 2009 (IMF, 2013b). This structural consistency seems to indicate an entrenchment of existing patterns rather than change. In order to find out whether or not change to the oPt aid regime took place, we approached 44 experts working in or conducting research on Palestinian aid. We classified each interviewee into one of two types of aid actor, based on two different development aid viewpoints outlined in David Mosse’s ethnography of aid policy and practice Cultivating Development (Mosse, 2005): critics and instrumentalists.

The international community has used foreign aid to fund development in the West Bank and Gaza for decades. Following the 1993 Oslo Accord, this was done in order to encourage Palestinians to ‘buy into’ a peace plan with the state of Israel. Poor results though have sparked a profound debate over the very nature of aid, whose antecedents can be placed on the normative fault line that exists between critics and instrumentalists in development aid literature. Critics, on one hand, consider development policy to be a rationalizing technical discourse that conceals a hidden bureaucratic power, or dominance. That power is sustained by unspoken and unwritten intent that constitutes a hidden reality, and that is the true reason development aid is given and most likely does not work in the recipient’s best interests. As such, critics argue that aid is not simply policy to be implemented, but domination to be resisted (Mosse, 2005). By contrast, policy instrumentalists are persistently optimistic about the power of policy design as a rational problem-solving exercise to remedy real world problems (Mosse, 2005). For the oPt, aid instrumentalists have dominated the way funding is disbursed: first, researchers and policy analysts designing models for how Palestinian aid should be given at institutions such as the IMF and World Bank; and then aid workers within the major donor organizations, including the World Bank itself.

The relationship between aid and development is particularly problematic in the Palestinian context. Since the aim of the international community was to foster economic development in the oPt in order to stimulate the peace process (Keating et al., 2005), there is fairly broad agreement among researchers that aid has failed (Roy, 1999; BISAN, 2011; Nakhleh, 2004, 2011; Khalidi & Taghdisi-Rad, 2009; Khalidi & Samour, 2011; Tartir & Wildeman, 2012; Barghouti, 2012). The post-
Oslo ‘peace process’ has been characterized by economic decline, large increases in unemployment, intense violence and a moribund peace process. Israeli settlement building and the confiscation of Palestinian land accelerated after Oslo, along with closure policies that restrict Palestinians from working in Israel or moving freely in the oPt. This policy of closure contravened the spirit of the peace process, and took place almost immediately after it began (Halper, 2008; OCHA, 2013; UNDP, 2010). It is a primary reason for the sharp decline of the Palestinian economy, owing to the subsequent loss of remittances from Palestinian workers in Israel and the inability of Palestinians to move freely to engage in commerce at home, in Israel or abroad. Simultaneous Israeli settlement building undid Palestinian territorial contiguity, which became further fragmented into separate communities governed by Hamas in Gaza and a donor-backed PA in the West Bank. As a result of these processes Palestinians have developed a deep-seated dependency on foreign aid to sustain the economy of their isolated enclaves, which are contained by and dependent on Israel for all commercial transactions (Hever, 2010).

International aid disbursements to Palestinians are therefore high and one calculation put total aid given at around US$24.6 billion between 1993 and 2012. Aid inflows increased from an annual average of US$656 million between 1993 and 2003, to over US$1.9 billion since 2004; and international aid increased by 17 times overall between 1993 and 2009. To illustrate the intensity of aid dependency that characterizes the oPt at this time, from 2004 onward aid was equal to between 24 per cent and 42 per cent of GDP. Per capita aid for the same period averaged around $530 per year, ranging from a low of US$ 306 in 2005 up to US$ 761 in 2009 and to $US 498 in 2012 (OECD, 2014). Figures 1 and 2 show the total amount of aid to Palestinians over the last two decades and its percentage of the West Bank and Gaza’s Gross National Income (GNI).

Yet in spite of the sheer volume of aid which has poured into the Palestinian economy, ordinary Palestinians still lack basic economic rights and, crucially, personal security from violence (Tartir, 2012a). Socio-economic indicators provide an impression of failure by aid to at least improve the economic and living

Figure 1. Total international aid to Palestinians 1993–12.
Source: as compiled by the authors based on OECD/DAC aid database in 2014 (OECD-
DAC, 2014).
circumstances of ordinary Palestinians. The neoliberal economic model enforced with vigour by a donor-backed Fayyad government from 2007 to 2013 was fuelled by aid, but also by personal and government debt, and drove up the cost of living for Palestinians in an economy that had already shrunk and de-developed during the peace process. Using a consumption-based definition of poverty, 26.2 per cent of Palestinians lived in poverty in 2009 and 2010: 19 per cent in the West Bank and 38 per cent in Gaza. By using an income-based definition of poverty, the reality can be understood to be much worse, with 50 per cent of Palestinians living in poverty in 2009 and 2010: 38 per cent in the West Bank and 70 per cent in Gaza (MAS, 2012). According to the World Food Programme (WFP, 2011), 50 per cent of Palestinian households suffered from food insecurity: 33 per cent being food insecure and 17 per cent vulnerable to food insecurity.

Conservative figures estimate that unemployment has remained stuck at around 30 per cent since 2009, with 47 per cent unemployed in Gaza in 2010 and 20 per cent in the West Bank. A 2014 report on labour rights listed the oPt as one of the eight worst countries to work in alongside countries like Somalia and the Central African Republic, and below countries infamous for poor working conditions like Bangladesh, China and the United Arab Emirates (ITUC, 2014). The income and opportunities inequality gap continues to widen not only between the West Bank and Gaza, but also within the West Bank. Manufacturing and production capacities continue to erode, as had long been predicted under Sara Roy’s mid-1990s theory of ‘De-development’ (Roy, 1995), while the vital agriculture sector remains sorely neglected. Public debt has doubled, while private debts for Palestinians have ballooned because of easier access to credit – itself a type of ‘market of dispossession’ (Elyachar, 2005; Hanieh, 2013). Real income per capita is in need of a proper deconstruction to take account of an unbearable increase in the cost of living and consumer price index (PCBS, 2013). At the macro-economic level, vaunted economic growth of 7.1 per cent in 2008, 7.4 per cent in 2009 and 9.3 per cent in 2010, 12.2 per cent in 2011, 5.9 per cent in 2012 and 4.5 per cent in 2013 (IMF, 2013b) was a jobless growth, aid driven, with an eroded productive base.

Figure 2. Aid as percentage of the West Bank and Gaza’s GNI 1994–12. Source: as compiled by the authors based on OECD/DAC aid database in 2014 (OECD-DAC, 2014).
(de-industrialized), which is non-Jerusalemite, anti-poor and reflects an economy recovering from a low base (Bahour, 2011; UNCTAD, 2011; Khalidi, 2011; Tartir, 2012b). The World Bank admitted in its September 2014 report to the Ad Hoc Liaison Committee (AHLC) meeting in New York that ‘growth in the Palestinian territories, already decelerating since 2012 slowed down further to less than 2 per cent in 2013; and the economy entered into recession in 2014’ (World Bank, 2014).

This is an aid-driven economy just surviving under occupation. Aid-induced inflation, personal debt and rising costs of living have now been linked to the stalled peace process they were supposed to support — a process that has seen life for Palestinians get steadily worse along with an erosion of their claim to a sovereign territory (Khalidi, 2012). That aid is guided by a 1993 World Bank development plan, An Investment in Peace (World Bank, 1993), which informs major bilateral donors on how to disburse their aid to Palestinians. The instrumentalist approach adopted by the Bank and major donors is highly bureaucratic (Challand, 2008) and has been the visibly dominant aid viewpoint throughout the Oslo peace process. As implied by the name of the plan, it was developed for Palestinians in order to improve their standard of living and encourage them to participate in the peace process, producing ‘peace dividends’ (Le More, 2010). Similar to other programmes developed by International Financial Institutions (IFIs) for the developing world in the 1990s (Hickel, 2012), it aims to build institutions (in fact an entire Palestinian state) on a ‘good governance’ model to ‘prepare’ Palestinians for statehood. The core normative values behind that plan include open markets, economic integration with Israel, regional economic integration, financial liberalization, ‘good governance’ and support for ‘democracy’ (Khan et al., 2004; Hanieh, 2011).

Within this economically neoliberal framework some key aims include: encouraging closer economic integration between the oPt and Israel; establishing a semi-autonomous Palestinian regional government based on principles of good governance; for that government to police Palestinians in lieu of the Israeli military; and for the economy to open up to international trade and investment (Taghdisi-Rad, 2010). An early success for these instrumentalists was the 1994 Paris Protocol, an annex to the Oslo Accords. The Protocol created a customs envelope for Israel and the oPt, meaning that all foreign aid donated to the Palestinians was required to pass through Israeli customs, which allows the Israeli government to take tariffs from that aid. The agreement stipulated that Palestinian workers be allowed to enter Israel to seek employment, yet Israel never fulfilled that part of the agreement, instead imposing blanket closures on the pretext of security (Farsakh, 2002) and preventing Palestinians from getting to their jobs in Israel, stimulating further aid dependency (Hever, 2008, 2010). An Israeli negotiator involved in designing the protocol noted: ‘the Paris Protocol basically legalized the forced marriage of the two economies since 1967’ (Kleiman, 2013).

While the good governance project failed to deliver the desired outcomes, the World Bank and other instrumentalists continued to argue that the fundamentals of the programme were sound. Instead they preferred to blame ‘exogenous’ factors, complicating political events such as violence during the Second Intifada or the PA for not implementing policy well enough,1 thereby placing disproportionate blame
Yet blaming politics ignores a well-established understanding that aid becomes a political factor in any conflict situation it is exposed to (Anderson, 1999). Critics will also point out that the PA is an institution of the donors’ creation, and that the Israeli and oPt economies had already been deeply intertwined through decades of occupation before Oslo, all facts which pose ‘a serious challenge to [donors’] uniform analytical frameworks and rigid assumptions’ (Taghdisi-Rad, 2010). Critics argue that the fundamentals behind the World Bank model are wrong, such as mis-categorizing Israel–Palestine as a post-conflict situation, even though it never left the conflict stage. They also charge that the major donors and IFIs are sanitizing and muting their criticism of Israel (CDS-BZU, 2011). By contrast with instrumentalists, the critics are certain that Israeli settler-colonialism in the oPt is the fundamental problem which needs to be addressed before peace or development can take place.

Research Interviews

This article takes into consideration what change has taken place in the way donors work in the oPt following 2011 and whether there are any links between the protest movements that did take place in the oPt post-2011 and protests elsewhere in the Arab world. It does this by providing an analysis of original interviews conducted in May, June and July of 2013 with oPt donors and aid observers to learn from them how aid has changed, or how it has not. It does not explore donor reactions to the further destruction of Gaza in the summer of 2014, which will precipitate a new donor package.

In order to determine whether or not there was a link between Palestinian protests and the Arab uprisings, or if there had been any change to the way in which foreign aid was disbursed as a result of it, we approached 44 experts working directly in the aid industry or studying it. Some were international donors or aid experts, while others included Palestinians working for local or international non-governmental organizations (NGOs). Those that responded represented International Financial Institutions, government aid agencies, International Governmental Organizations (IGOs), International Non-governmental Organizations (INGOs), as well as researchers associated with policy units that helped design aid packages or economic plans like the Paris Protocol. Meanwhile we found non-donor experts represented the critical view of how aid is disbursed. They include IGOs, Palestinian Non-governmental Organizations (PNGOs), the Palestinian private sector, representatives of the Palestinian youth movement and researchers working on foreign aid associated with a university or policy unit.

All interviews were kept anonymous in order to protect the identity of interviewees. Interviews were semi-structured and completed in English or Arabic via Skype, telephone, face-to-face or by email. Of our requests, 22 were made to donors and we received just eight responses. Several major donors did not respond to our request, while two felt they were not well suited to provide an opinion. Of those donors who accepted our request for an interview, two represented an IFI, one an IGO, two a government aid agency, two INGO donors and finally one researcher.2
Meanwhile, a total of 22 requests were made to non-donors, of which 20 provided feedback, one refused to participate due to a theoretical disagreement over the research question and only a PA Ministry did not reply. Of the respondents, two represented an IGO, five a PNGO, one the Palestinian private sector, two the youth movement and ten researchers.

We found that the donors who interviewed with us nearly all took an instrumentalist approach to aid, either as a funding agent or as an aid policy designer. At the opposite end, the answers we received from the non-donors fell into what Mosse (2005) described as the ‘critics’. Since there happened to be a neat overlap of the donors (as instrumentalists) away from the non-donors (as critics), we decided that the overall identifier Instrumentalist–Critic was a useful shortcut to locate the type of responses given on the impact of the Arab uprisings. Since the material gathered has been kept anonymous, we will list respondents with the letter ‘C’ for Critic and ‘I’ for Instrumentalist, followed by an identifying number, and a generic description of the type of interviewee (I, PNGO, donor, etc.).

The interview guide for each differed slightly, with two general questions asked to all interviewees.3

For donors, the interview guide consisted of two specific questions:

1. How have your operations or priorities changed since the start of the Arab Spring of 2011?
2. Have you seen a difference in how Palestinian partners work with you since the start of the Arab Spring? In what way is it different?

For non-donors, these two questions were adapted as follows:

1. How have the operations and priorities of donors changed since the Arab Spring of 2011?
2. Have you seen a change in the way international donors work with Palestinian organizations since the start of the Arab Spring? In what way has this changed?

To both groups, we asked the final two identical questions:

1. Do you believe there is a link between recent protests against the Palestinian Authority (PA) and aid donors, with the Arab Spring?
2. What is the key for effective aid in the oPt after the Arab Spring?

Protesting Aid: A Link to the Arab Uprisings?

Palestinian attitudes toward aid may have soured. Growing anger toward international aid agencies has moved beyond elite circles to the street level, with protests targeting not only United States Agency for International Development (USAID) but also aid given by sectors of the EU delegation and the International Committee of the Red Cross (ICRC).4 In June 2013 Palestinian youth called for mass protests against the Paris Protocol in Ramallah (‘Mass March, 2012). So to start we wanted to determine if there were any links between these protests and the
Arab uprisings, before seeing if the uprisings impacted on the way aid is given in the oPt. We found that interviewees gave conflicting accounts for why they think the protests took place, and disagreed as to whether or to what degree there was a link to the Arab uprisings.

Many interviewees, particularly donors, felt there was no link or at most a tenuous link between the aid-related Palestinian protests and the Arab uprisings. Often they felt the Palestinian case was unique and that the protests reflected pre-existing realities. One instrumentalist (I10 – Researcher) said: ‘No, I don’t see any connection at all between the protests which have occurred in oPt and the Arab Spring. Palestinian protests pre-existed the Arab Spring and have their own causes and dynamics’.

An Instrumentalist (I9 – INGO) postulated that:

There could be a link, especially because the Arab Spring empowered people and made them believe they have influence. Nonetheless ... because our situation is unique to other Arab countries, and because our preoccupation is the Israeli occupation, people are more tolerant of the [PA] leadership but nevertheless critical and sceptical of the leadership.

A number of interviewees suggested that there could be several different pre-existing points of origin for the protests, related to the economy and occupation, but not the Arab uprisings. One critic (C7 – PNGO) provided three different reasons: the high cost of living, protests about unpaid salaries and protests against the existence of the PA itself. C7 went on argue that that donor aid, which the IMF has characterized as budgetary support for the PA, is used for political reasons to keep the donor-backed PA in existence for fear Hamas might gain power and confront Israel:

Israel has shown that it considers the PA’s existence, if not its flourishing, to be in its own national interest. ... Western diplomats and many Palestinians believe that, for the foreseeable future, enough money will continue to flow to keep the PA alive, and President Abbas will stick around and do what he can to delay much-feared steps toward confrontation with Israel.

Another critic (C6 – Youth Movement) also noted a connection between the protests and the role of the PA in the occupation:

Donor aid to the PA has started 20 years ago with Oslo, and the wave of protests in some Arab countries gave a push forward and encouraged the Palestinians to come to the streets against the PA – which has increasingly been considered an arm of the Israeli occupation. However we should not be so optimistic about the link between all of them because the Arab Spring has turned to something not really related to any spring. Donor aid to the PA, especially to the enlarged security forces is definitely one of the reasons for the protests.

Economic reasons were often given as the basis for the protests. A prominent government aid instrumentalist (I1 – Government Aid Agency) supported the idea
that economics and politics may both have played a role, related to the aforementioned reduction in overall funding to the PA from 2010 to 2013:

Protests against the PA have largely been against the backdrop of the crisis in the PA’s finances. The Government of Israel’s withholding of clearance revenues was a major factor. The decline in donor funding has been another factor, at a time of domestic economic difficulties in donor countries, and increasing calls on donor funds in the region linked to the Syria crisis and other events in the region. So you could say there was some indirect link [to the Arab uprisings]. But the wider backdrop remains frustrations over the lack of political progress in the peace process.

Referring to the different points of origin for the oPt protests, one instrumentalist (I9 – INGO) felt the Palestinian protests focused on limited issues that do not really challenge the central political problem, the occupation:

PA finances and hunger-striking prisoners were the issues that galvanized large protests [which] illustrates the timidity and limited horizons of Palestinian politics. While both are vital for individuals and in national life, there are reasons political activity crystallized around them. They excite little dissent or rancour (beyond that directed at Fayyad).

That donor went on to suggest that secondary issues have traction precisely because it is only there that the major Palestinian factions allow mobilization to make ordinary Palestinians feel empowered to demand change, but that once protests threaten to exceed the boundaries the leadership set, they get reined back in: ‘Those are tactical actions with limited goals, not bids for a strategic readjustment internally or vis-à-vis Israel’. One Critic (C3 – Private Sector) provided a similar explanation:

I actually think the recent protests against the PA have more to do with internal politics, namely Fatah trying to topple the Fayyad government in order to take his place in the West Bank. There is nothing here to do with better managing of donor aid and interventions, but more like how to get more of the pie, or should I say crumbs.

The possibility of government-backed protests contrasts sharply with the initial anti-government protests of the Arab uprisings.

The protests may have been petering out by mid-2013, with one critic (C7 – PNGO) validating the possibility that they are limited in nature while suggesting that, in addition to not challenging the occupation, they do not challenge the main economic problems. C7 felt that the youth movement may have been energized by the Arab uprisings and acknowledged upsurges in protest. However, C7 notes that those protests were intermittent, not unified, and believed that there is a great deal of complacency over economic issues. C7 surmises that ‘The Arab Spring seems to have shown how
entrenched the neo-liberal economic development agenda of Israel/PA has truly become’. Another Critic (C13 – Researcher) felt that while the Arab uprisings made the general population realize that they can do things and demonstrate, people in Palestine have seen many times that different forms of protests against Israel, or settlements, or the PA, has not changed much. For this reason C13 does not know if it is possible to link the protests to the Arab uprisings.

Although we conducted semi-structured interviews that do not require ‘yes’ or ‘no’ answers to specific questions, many interviewees offered direct answers. Of the instrumentalists and critics interviewed, the 11 that felt there was no link between the Palestinian protests and Arab uprisings comprised three instrumentalists and eight critics. The nine that felt there was a link comprised two instrumentalists and seven critics. This revealed a fairly even split, though it must be warned this was done without elaborating the degree to which they felt there was or was not a connection, which, as we saw with C7 and C13, may be a limited connection. Even so, the interviewees generally felt the protests were not on a scale that seriously challenges the central economic and political issues, or how donors interact with Palestinians.

Aid Industry in the oPt: Transfixed on the Same Old Rules

There was a prevailing feeling among interviewees that little had changed in the way aid was given after 2011. For example, a major donor-instrumentalist (I1 – Government Aid Agency) noted that they made no specific change other than to re-emphasize the regional importance of resolving the Israeli–Palestinian conflict and the relevance of their approach to Palestinian state building. A Critic (C8 – PNGO) noted that few major donors added new programmes to their operations and often entrenched existing ones, while any new programmes were directly linked to concepts of peace and normalization that are intrinsic to the existing peace dividends approach.

Some interviewees felt donors in Europe were aware of the failure of aid, yet remained transfixed on old programmes. One Critic (C3 – Private Sector) said:

I did note the Europeans are becoming much more aware of the failure of the political paradigm that they have built their entire intervention around, a two state solution [Witney, 2013]. That noted, they remain transfixed on following the US’s cue while all the while continuing to foot the bill of sustained occupation.

One of the reasons for a lack of change may be a dearth of innovation or unwillingness to change, which has been noted by many researchers as characteristic of aid over the past 20 years and is consistent with the instrumentalist approach to development. A Critic (C13 – Researcher) said:

The Arab Spring has not changed anything for Palestine, on any level. Politically it has not, and in terms therefore of what aid does and does not do,
and can and cannot do, has not changed one iota since 1993 or 1994. Basically the donors are stuck in the rut of pretending to hope that somehow by improving the economic conditions, peace will somehow miraculously happen.

Another Critic (C16 – Researcher) noted that:

Since Oslo, donor operations and priorities have been strictly associated with the Oslo framework. To date changes in operations and priorities remain subject to the same paradigm and I cannot really perceive any serious changes in the way donors relate to the Palestinian political cause, economy and society.

A Critic (C1 – IGO) working at a prominent research agency stated that:

The basic dynamic between PA–Donors relations was established 10 years ago: Budget Support. In one sentence, Fayyad policies equal running to the wall of reality. Democracy and governance programmes will flourish even better than before: they are the donor-darling subjects, so this should not be surprising if it is happening or will happen.

Interestingly, C1 went on to state that Palestinians do not need these good governance projects, but rather efficient public institutions, suggesting that the donor good governance project is not producing anything institutionally useful.

A number of critics did feel that there was a rebalancing of priorities, with donors shifting funds out of the oPt to other countries caught up in the Arab uprisings, particularly Egypt, Libya, Syria and Tunisia. For example, an aid provider in the West Bank (C4 – PNGO), said: ‘Well, they [donors] got really interested in Egypt. Everybody went there (meaning they left here) or became less important than their colleagues covering Egypt. Everyone wanted to give money because it was hot and exciting’. However, these claims were not corroborated by donors and often based on hearsay without evidence, a potential fallacy noted by many critics themselves. Some donors and critics did suggest that any change in funding levels might be linked to the financial crisis in Europe. A number of critics (e.g. C19 – PNGO) also noted that even if donors had moved funding elsewhere in the Middle East, or were hit by the financial crisis, donors also seemed to be hesitating, taking a ‘wait and see’ approach to gauge the impact of the Arab uprisings on Palestinians.

Meanwhile, an interviewee (I6 – IFI) working at an important donor institution noted that even if there is no change to Palestinian aid, it does provide a model for intervention elsewhere in the Arab world:

Basically Palestine teaches lessons to the region and provides expertise. In the aftermath of the Arab spring it is questionable how much change had happened in Palestine. For us, we are part of regional strategy, and I can tell you that we are well advanced in terms of our projects and policies here in
Palestine than the rest of the Arab world. We have civil society engagement and also [the] inclusion of social protection programmes. So we can export the last two decades’ models to the new Arab world and Palestine is teaching lessons in this regards, since we are doing this here for so many years. But there is no paradigm shift of course. Maybe the lists of demands from the government had changed after the Arab Spring, however the PA has not changed its plan mainly due to financial problems.

So while many donors admit aid has failed and critics often consider its impact an unmitigated disaster, this donor considers the Investment in Peace model to be a successful model that can be exported to other Arab Spring countries, illustrating the diffusion of common patterns of aid in the Mediterranean basin.

For the rare interviewee who felt change had taken place, a critic (C6 – Youth Movement) said it was becoming more negative. This standpoint may make sense, because so many critics in the interviews and literature feel that aid is being used to keep the Palestinians quiet while sustaining the occupation:

I think donors realize even more the power of economics in suppressing people’s desires to revolt and ask for change. For example, the Arab Spring increased the urgency by donor countries (and Israel) to come to the rescue of the Palestinian Authority in September 2012 when economic protests began against austerity measures imposed by Fayyad’s government.

This may be because, as one critic (C9 – PNGO) concluded:

The overall framework has not changed and the operations after the Arab spring remain within the European understanding to the nature of the region that is based on keeping the same regional balances on one hand, while on the other hand assuring stability and preserving the interests of Israel.

Of those interviewees who answered directly whether or not they felt aid had changed after 2011, those who felt donor operations or priorities had not changed numbered an overwhelming 21: six instrumentalists and 15 critics. Only four felt there was a change: one instrumentalist and three critics. Of those four, it is important to note that one critic (C15 – Researcher) felt the changes were only minor, while another (C10 – Researcher) felt there was a withdrawal of funding and change for the worse.

Meanwhile, five instrumentalists did not notice a change in the way Palestinian partners work with them since the Arab uprisings, while none noted a change. Of the critics interviewed, nine offered the view that they did not perceive a change in the way international donors work with Palestinian organizations, while just three perceived a change. There seems to be little evidence that there was change in the way aid and Palestinians interact with one another after 2011, and the interviewees create an overwhelming impression of continuity in the oPt aid model.
Aid Patterns in the Aftermath of the Arab Uprisings

To conclude each interview we asked the interviewees what they think are the keys to effective aid in the oPt following the Arab uprisings. So while the aim of this article is not to speculate on ways Palestinian aid can be reformed to make it more effective, some of the responses provided by the interviewees shed further light on the aid process in the oPt. This is especially important bearing in mind the general consensus of interviewees that aid has not changed in response to the uprisings, and that the Palestinian protests are probably linked to long-standing socio-political and economic factors tied to their unresolved conflict with Israel. These factors accrue value when taking into consideration the importance of the Palestinian issue in Middle East relations, geo-political stability, US and EU management of conflict in the region, that the oPt represents the largest and deepest penetration of long-standing Western aid in an Arab country and how this experience might affect Western policy makers designing policy for the region.

Instrumentalists and critics hold fundamentally different views on how aid should be given in the oPt, linked more to historical processes for which the Arab uprisings may or may not be relevant. Instrumentalists sustain a very bureaucratized and securitized institutional approach, which the critics argue should be openly resisted in favour of indigenous leadership and self-determination. Thus the impression conveyed by instrumentalist donors was to ‘stay the course’ – that the original policy model is sound and should simply be applied with renewed vigour. Critics, on the other hand, believe that aid is reinforcing the occupation, the colonization of Palestinian land and ultimately the destruction of Palestinian society. This process is enabled by a donor-backed PA which operates without legislative or open accountability in the oPt.

Instrumentalist policy recommendations appear not to have evolved since the start of Oslo aid in 1993, or at all following the Arab uprisings (Tartir & Wildeman, 2013). They display the same normative values organized into the same processes for intervention. One Instrumentalist (I1 – Government Aid Agency) said the ‘key for effective aid is to focus on state building with an emphasis on effective, transparent and accountable governance and human rights’. For another instrumentalist (I10 – INGO) these policy prescriptions included ‘identifying the most vulnerable groups, effective co-ordination with all stakeholders, participatory planning, accountability mechanisms, and unfettered humanitarian access’. Another prominent instrumentalist (I14 – IFI) said: ‘the key issues for effective aid are: predictability, clear priorities and ownership’.

Critics focused on the need to dramatically reform aid to strive toward Palestinian self-determination. As part of that process of liberation, that aid needs to be structured in a way to challenge the forces that sustain the status quo, such as an authoritarian PA and the Israeli military occupation. A Critic (C9 – PNGO) made it clear that aid needs to challenge Israel, support democracy and not sustain a repressive PA. In complete contradiction to instrumentalists, most critics have little faith in the PA because it is dependent on donors and a failed Oslo paradigm. Some critics (e.g. C8 – PNGO) call for the abolition of the PA and Oslo altogether,
considering them to be part of the problem rather than the solution. A participant in the protests that hit the oPt in 2011 (C6 – Youth Movement) was unequivocal that the occupation needs to be challenged: ‘Any effective aid model needs to challenge Israel’s control over the resources and borders’.

Critics further demonstrate a deep-held cynicism about the aid process, disclosing a belief that donors have hidden aims, which constitute the real reason for aid being given. One Critic (C6 – Youth Movement) argued that aid is just another tool of colonization:

In my view international aid as it is applied in the West Bank and Gaza is just one of many tools used to colonize what remains of Palestine and subdue the Palestinian population under occupation. This is not only true when talking about aid from Western countries, but to some extent the aid given by Qatar to Gaza serves a similar purpose.

Building on these suspicions, critics (e.g. C7 – PNGO) consider donors complicit in the occupation: ‘Most conscious, young Palestinians, activists, etc. see the international community as completely complicit in the occupation’. One Critic (C8 – PNGO) felt that aid is used to weaken Palestinian civil society and non-violent resistance to the occupation. Another Critic (C14 – Researcher) points out that donors provide aid for interests that contradict the spirit of the peace process: ‘Donors undeniably have vested interest[s] in the region, whether it is the strategic relationship with authoritarian regimes in the Middle East, their co-operation with Israel, or the lucrative relationship with oil rich gulf countries’. A Critic (C11 – Researcher) went so far as to express a feeling that donor reports cannot be trusted because they do not reveal their real intentions, while musing that aid may actually be quite effective for cynical reasons because it keeps the Palestinians under control.

Overall these points about effective aid are remarkably consistent with the viewpoints held by instrumentalists and critics elsewhere in the development literature. The instrumentalist approach to aid intervention in Palestine retains a very centralized and bureaucratic model that is based on liberal economic principles used to ‘modernize’ a ‘less developed’ society. Instrumentalists are famous for their unwillingness, or perhaps inability, to change, as per their response to the Arab uprisings. This could reflect some form of institutional path dependency, bureaucratic sluggishness or gaps in the co-ordination between various bodies.

Critics, on the other hand, attribute this lack of change to the hidden intentions of donors. Those donors, far from being neutral observers, are effectively using aid to keep the Palestinians quiet during on-going Israeli colonization of their land. That aid is aimed less at the elimination of poverty than the expansion of PA power used to dominate oPt Palestinians while simultaneously depoliticizing the Palestinian struggle. James Ferguson observed a very similar process in Lesotho in the 1970s in the *Anti-Politics Machine*, where he suspected World Bank/IFI transformation of the agricultural sector, and other aid intervention, was simply a point of entry for an intervention that included the expansion and entrenchment of a
donor-backed state’s power (Ferguson, 1994). From either perspective, there is no argument about why instrumentalist donors are slow to react to the Arab uprisings, because for the instrumentalists aid is working just fine. For critics aid is working, but for all the wrong reasons. Either way, inertia exists because there is no need to change, meaning there is no sluggishness and no gap in co-ordination.

**Conclusion: Business as Usual**

Taken in the context of the Arab uprisings that began in 2011, protests in the oPt have been muted by comparison. They even remained relatively muted in the wake of Gaza’s bombardment in Summer 2014. While opposition to foreign aid, the Oslo Accord and the World Bank economic model moved tentatively beyond elite circles to the Palestinian street, it is not immediately apparent why this has happened or if there is any link to the uprisings. Many interviewees noted that the oPt exists under unique conditions for the region, and that Palestinian protestors were responding to long-standing problems linked to the occupation. Those protests may or may not have been encouraged by the broader regional uprisings. If anything, a stalled political process and economic difficulties spurred the protests, while the interviews with the critics provide some insight into the dynamics behind the protestors’ way of reasoning. Meanwhile, instrumentalist donors seem unfazed by the protests and have, as our interviews indicated, not changed their approach following the Arab uprisings, indicative of faith in the path laid out well before 2011. There was not even an increase in the amount of aid spent in the oPt after 2011, which may indicate that donors were not concerned that the Palestinian protests would grow and pose a threat to regional stability. Donors instead seem content to stick with the same *Investment in Peace* aid model they have followed since 1993. The absence of a clear connection between the Arab uprisings and Palestinian protests only further decouples any notion that the uprisings affected donor funding patterns.

The most notable shift may be a slight rebalancing of contributors to the existing aid model with Arab donors stepping in to support it, such as Qatari investment in Gaza noted by one critic (C16 – Researcher) (Ephron, 2012). Otherwise, United States Secretary of State John Kerry’s economic peace initiative (Greenwood, 2013) exhibited remarkable continuity with the long-standing American policy of funding a ‘peace dividend’ to buy Palestinians into a peace process. The 2013 Kerry investment plan (Palestinian Economic Initiative) means to increase oPt GDP by 50 per cent over three years, and crucially to pacify the conflict (Tartir, 2014). It parallels the ‘breaking the impasse’ initiative where 200–300 Palestinian and Israeli businessmen gathered to work together and put pressure on their respective governments, ‘kick-starting’ a new wave of economic normalization – a process of normalization that critics argue is part of the problem. And while the Kerry plan aims to enhance the economic situation, Kerry made it clear that ‘the proposal would depend on progress on a peace deal between the Palestinians and Israel’, emphasizing the conditional nature of aid linked to the Oslo peace paradigm and rejecting any radical departure (Breaking the Impasse, 2013; Kerry, 2013).
Meanwhile an argument has emerged, set forth by some critics, that oPt aid may be having unintended, unwritten benefits for donors. From a national interest and security perspective, aid may be working because it is pacifying the Palestinians and promoting regional security – particularly where it has had the deepest penetration in the West Bank. Whether or not the aid model is sustaining development and peace then becomes irrelevant, and instrumentalist policy only obscures the real dynamics behind Palestinian aid. Whether those critics are right or wrong, it is possible to conclude with confidence that the model and the normative values of donor aid in the oPt appear set to remain unchanged despite minor variations discussed above, and regardless of aid’s failure to sustain peace or development.

Decoupling aside, it is the very resilience of the Palestinian aid model and the scale of that intervention which marks out its importance in the story about Middle East regional aid. At the same time, the oPt has acted as a ‘laboratory’ where donors have been able to test a model which not only seems secure but successful enough that a major donor instrumentalist (I6 – IFI) would consider exporting the post-Oslo Palestinian aid model to other Arab states in the wake of the 2011 uprisings. Even rich Gulf Arab donors are showing interest in what that model has to offer, as evidenced by the recent Qatari investment in Gaza. Rather than massive Arab uprisings being exported to the oPt and changing the approach of donors there, it is past Palestinian aid recipes focused on security priorities and neoliberal solutions which may be exported out of the oPt and around the Mediterranean. Thus the inclusion of Palestine, a polity generally considered inactive in the 2011 uprisings, helps us rethink patterns of aid for the whole region.

It is not clear if Palestinian attitudes about aid have been affected by the wholesale destruction of Gaza in the summer of 2014 and as the Arab uprisings turned inexorably violent. This may be better gauged in the wake of whatever aid package is devised by international donors, which as of writing this article is expected in mid-October 2014 in Cairo. However, historical evidence suggests that donors will stray little, if at all, from the instrumentalist ‘peace dividend’ model built on the foundation of the long moribund Oslo peace framework. This may be described as an unwillingness to change and a determination to fail.

Notes

1. The following World Bank report only rarely mentions the role of Israel in destabilizing the Palestinian economy and completely ignores the critical role the occupation plays to that effect. Rather, it often blames politics as an exogenous factor separate from aid, sabotaging an otherwise ‘sound’ World Bank-led aid model: Government of Japan and World Bank. (2000) Aid Effectiveness in the West Bank and Gaza.

2. The researchers were affiliated with various Palestinian and international research institutions or centres.

3. Note that we used the term Arab ‘Spring’ in the interviews, in lieu of ‘uprising’. One interviewee (C15 – Researcher) objected to the use of the phrase Arab Spring: ‘Overall, I don’t think that the use of phrase Arab Spring is appropriate; it decontextualizes what is happening in relation to the history and it is a very depoliticizing term. The mainstream media repackaged what these revolutions are about: they are popular uprisings/intifadas’.
4. Other than the protest against the Paris Protocol, there had been protests organized by the youth movements against USAID and their role in brainwashing Palestinian youth: https://www.facebook.com/media/set/?set=oa.159277987491886&type=1. During Obama’s visit to the oPt in 2013 many slogans were against USAID: http://on.fb.me/1beCCaq. In September 2012, the European Union Coordinating Office for Palestinian Police Support (EUPOL COPPS) offices were closed by the youth: http://bit.ly/1beCJCK. A protest was organized in June 2013 in front of the Japan International Co-operation Agency (JICA) in support of normalization activities: http://bit.ly/1beCTu5. A few protests were organized against The International Committee of the Red Cross: http://on.fb.me/1kWhmFI, and one of the messages was ‘the prisoners need a decision, not financial assistance’: http://on.fb.me/JJeIYA.

5. Fourinstrumentalists and three critics did not provide a direct answer.

6. Indeed many INGOs or donors, notably from Spain, Italy and Greece, closed their offices in the oPt.

7. Twocritics and one donor did not provide a direct answer.

8. One critic (C11 – Researcher) said: ‘Western aid is being very effective, don’t you think? It is keeping the Palestinians relatively acquiescent, and ensuring Israel’s security. I consider it misguided to regard the goal of Western aid as being to build a viable Palestinian state and economy. I no longer believe what is written in donor reports as in essence actions speak louder than words, and the actions are about ensuring Palestinian acquiescence and Israeli security’.

9. One criticism of the instrumentalists is that they habitually confirm self-fulfilling prophecies about the viability of the programmes they have designed. In the case of Palestinian aid based on the normative values laid out in the Oslo aid model, support for programmes is renewed based less on results than the values and norms the intervention supports, such as good governance and free markets (Mosse, 2005: 3–4).

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