



Why the \$21 Billion Failed to Achieve Sustainable Development?
**Cheap Occupation, Wasted Money, Political Guilt and
Wrong Policies**

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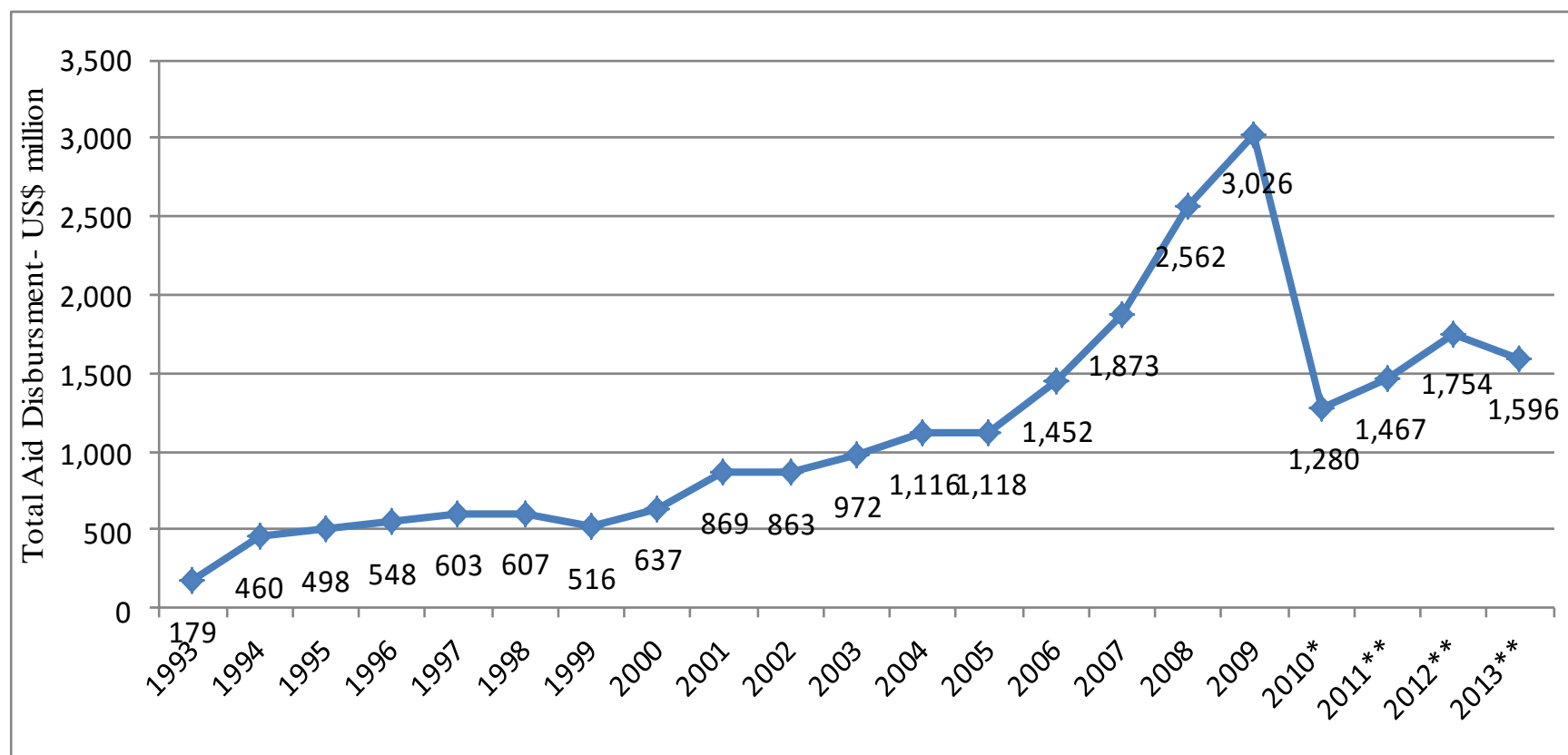
Presentation Outline



- Aid-development puzzle in the OPT.
- Problematizing the impact of international aid.
- Re-inventing international aid.
- Persistent Failure: World Bank policies in the OPT.
- Fayyadism: Neoliberalism for development and state-building.
- Proposing alternatives and rethinking frameworks.

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

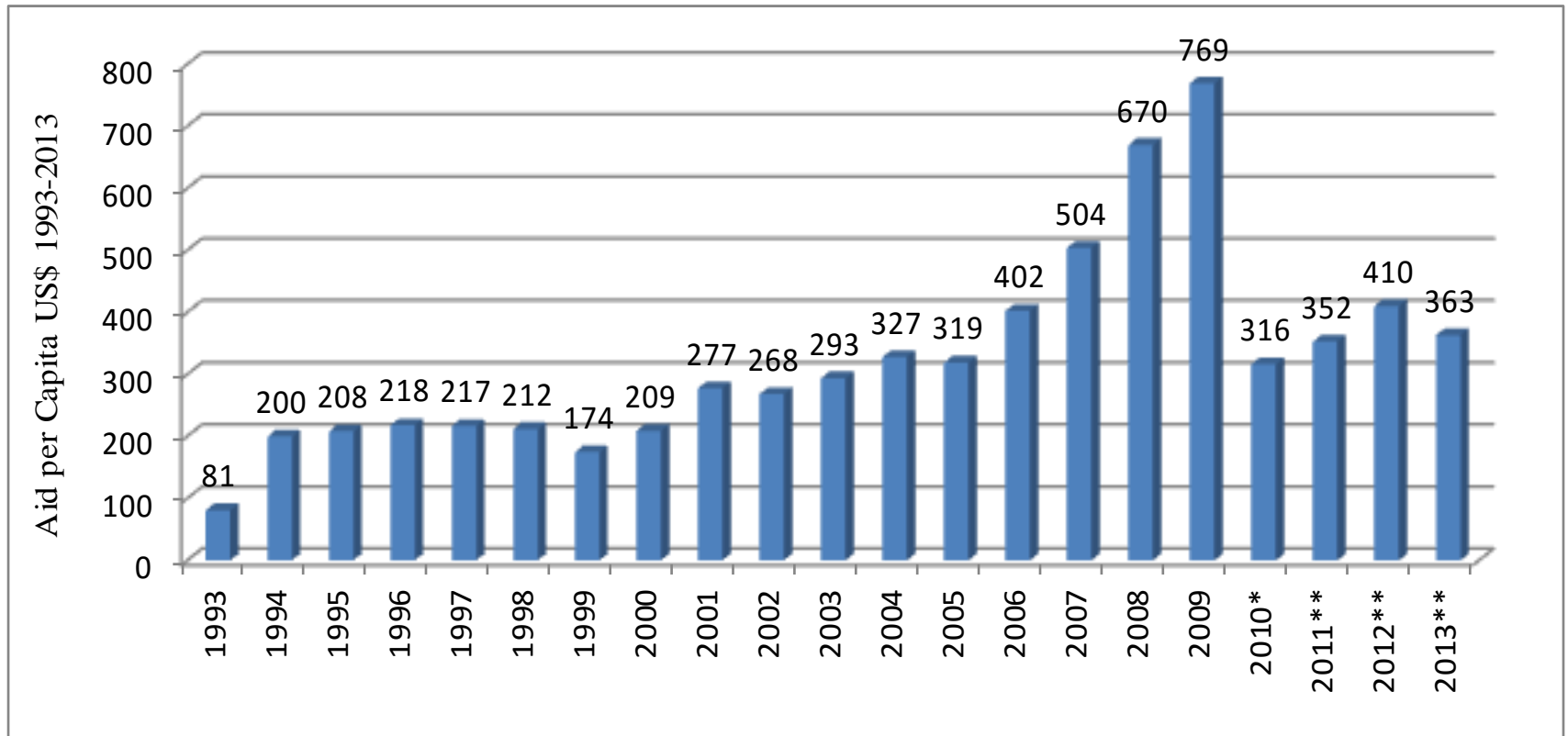
Total International Aid to Palestinian 1993-2013



Source: Compiled by Authors based on OECD/DAC, World Bank-WDI, and PAMS Databases, IMF (2011), World Bank (2011), NDP (2011), PNA (2011), PCBS (2011). Notes: (*): Estimated figure. (**): Amounts requested from donors by the PA according to the NDP.

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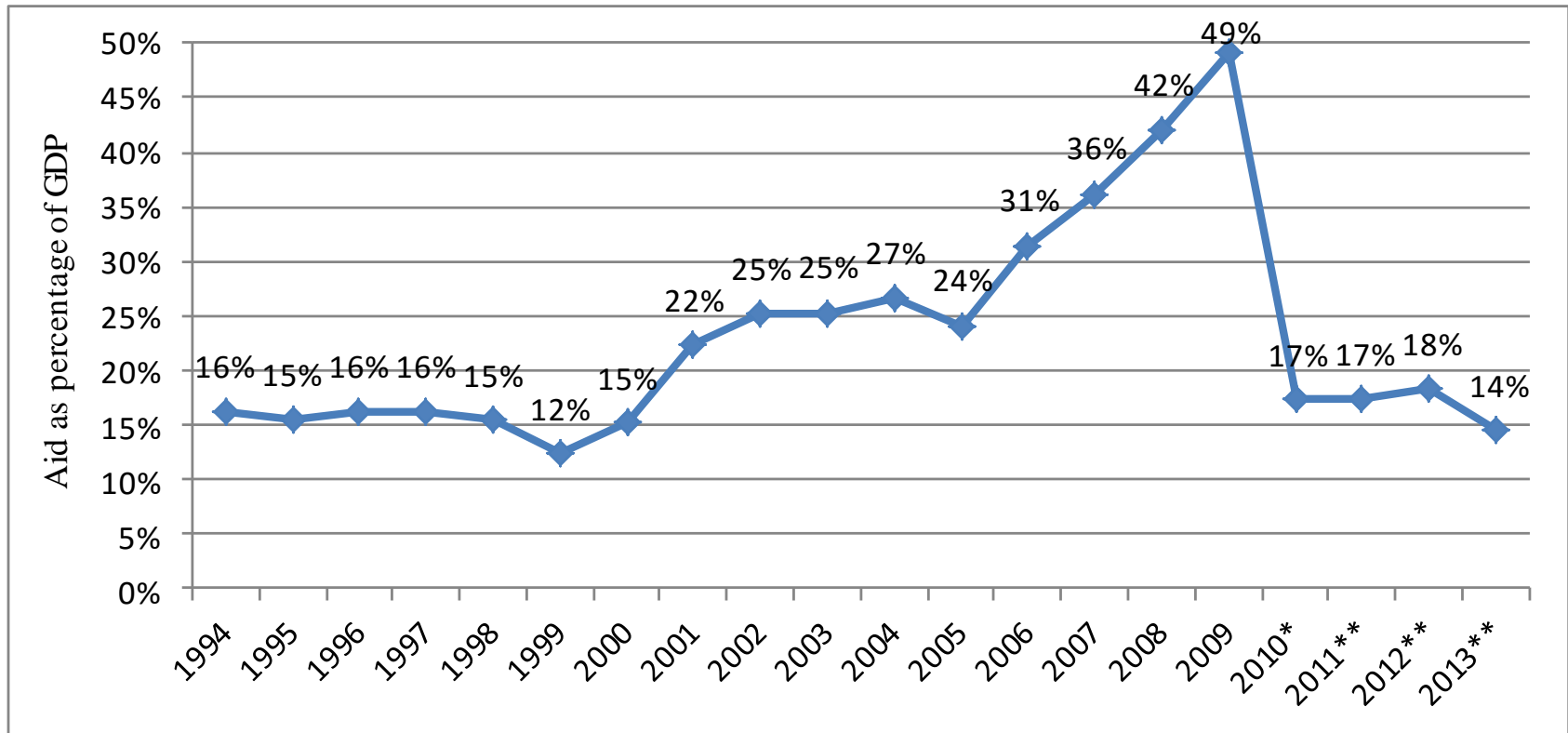
International Aid Per Capita in West Bank and Gaza 1993-2013



Source: Compiled by Authors based on OECD/DAC, World Bank-WDI, and PAMS Databases, IMF (2011), World Bank (2011), NDP (2011), PNA (2011), PCBS (2011). Notes: (*): Estimated figure. (**): Amounts requested from donors by the PA according to the NDP.

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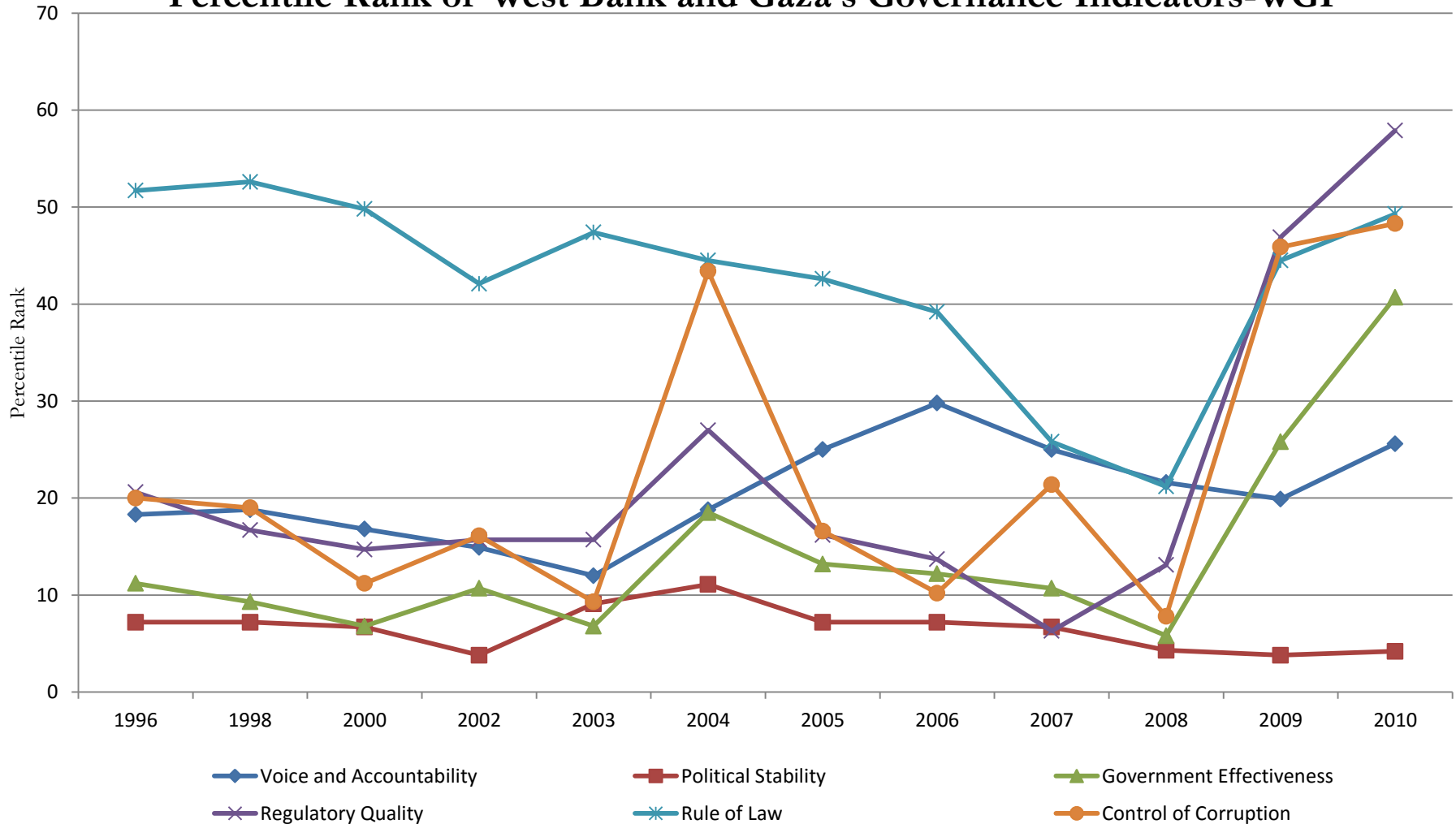
Aid as percentage of the West Bank and Gaza's GDP 1993-2013



Source: Compiled by Authors based on OECD/DAC, World Bank-WDI, and PAMS Databases, IMF (2011), World Bank (2011), NDP (2011), PNA (2011), PCBS (2011). Notes: (*): Estimated figure. (**): Amounts requested from donors by the PA according to the NDP.

Should the fact that the number of families that receive financial assistance increase from 30,000 to 90,000 make us happy and believe that aid did a miraculous job?

Percentile Rank of West Bank and Gaza's Governance Indicators-WGI



Source: Worldwide Governance Indicators Database, World Bank (2012)

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?

The socio-economic indicators reveal a gloomy picture:

- 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.

Why?? Partly because the aid industry’s actors forget that:

‘Receiving aid is not just like receiving an elephant but like making love to an elephant; there is no pleasure in it, you run the risk of being crushed and it takes years before you see the results. Aid is twice cursed: it curses him who gives and him who receives’ (Streeten 1976).

But more importantly because basic realities and facts were ignored!

- What does it mean for the aid industry that the total measurable cost of the Israeli occupation on the Palestinian economy was \$6.897 billion, a staggering 84.9% of the total Palestinian GDP in 2010?
- The imports produced in a third country and re-exported to the territories as if they were produced in Israel (indirect imports) cause losses of \$480 million per year -almost 25% of public revenues, 10% in lost gross domestic product and 30,000 jobs per year?
- 60% of the WB, classified as Area C, is completely off limits to Palestinian development, which remains masked by the glowingly talk of economic growth, impressive institution building, and a booming stock market?
- 30-45% of that aid return back directly or indirectly to the donor's countries or to the Israeli economy?
- Paris Declaration for Aid Effectiveness?
- The Israeli military occupation didn't vanish yet!



...So, How do I understand Development?

Development is a cumulative, complementary, economic, social and political **process** that fundamentally seeks to liberate human beings from **dependency** and **humiliation**. This process emancipates human beings by freeing them from poverty, inequality, fear and oppression, empowering them to cultivate their lands, and **expanding their options, capabilities and potentials** in order to ensure their **happiness**. Otherwise, it can lead to De-Development!

- Note: Reading Amartya Sen and Samir Amin is essential!

...So, How do I understand Development?

- Development is not a technical and numerical issue.
- Development \neq economic growth.
- Development includes addressing the political causes for poverty and unemployment, the structural deficiencies in the economy and the absence of human dignity and popular aspirations in planning.
- Development is a bottom up citizens-centric dialogical participatory process.
- Development can be a tool for resistance and liberation.

The dominant 'development' thinking is not necessarily right!



Synthesizing/Problematizing the so-far Impact of International Aid

- Aid as a gap filler and fire extinguisher solution for persistent crisis; as major pillar to guarantee the existence of the PA, and rescued the Palestinian society from deeper deteriorating conditions.
- This role of sustaining the status quo was an outcome for the diplomatic failure and political guilt; the inability to understand or acknowledge the de-development process; the unwillingness to address the main problem (the occupation); and the adoption of an irrelevant post-conflict conceptual framework.
- Two consensuses in the critical literature:
 - Aid sustain occupation
 - Aid will not work without addressing the fundamental barriers to development.

Re-Inventing Int'l Aid: Do No Harm, please!

- The masking of realities will continue and aid will continue to be wasted, filling gaps, sustain the occupation and invest in the creation of a papier-mâché Palestinian state.
- A future aid fatigue can be avoidable if the donors-PA adopt a different development paradigm that acknowledge the Palestinian rights.
- It is the time now to bring real accountability to the aid industry and only accept aid that do no harm.
- Otherwise, the current aid-development paradigm will remain not able to walk on the water, but doing an almost miraculous job of not drowning.
- The basic premise is simple: the role of aid in the development process is dependent in the first place on the adopted development paradigm and approach.
- Support development to support steadfastness: Not straight-forward equation!

Aid can contribute to the development in Palestine, but few preconditions and prerequisites need to exist:

- Understanding the development process as resistance, rights and freedom;
- Adopt a politicized version of Senian development model;
- Respect the self-determination and dignity in aid intervention paradigm;
- Move from the apolitical technical development models that definitely do harm toward a paradigm that acknowledges the colonial dominance and the asymmetry of power;
- Bring politics back in to the aid industry and stop using aid as a smoke screen for political failures;
- Support the resistance and steadfastness economy;
- Stop addressing the symptoms of the problem and move to address the root cause, the Israeli occupation.

‘Operationalizing’ these pre-conditions

- Defeat dependency toward creating a resistance economy.
- Understand development as means to realizing rights, freedoms, and self-determination.
- A genuine bottom-up participatory citizen-centric development model should be prioritized.
- Draw a vision for an economy that sits at the heart of the Palestinian struggle.
- Maybe, getting few ‘bad’ donors out of Palestine!
- The PA should not only demand accountability from donors but also tax their operations.
- Look for new national donors and new forms of aid.
- Move beyond Fayyadism to address its fragilities.

Re-think Neutrality and Remember Colonialism: The World Bank's policy prescriptions as a case

Arguments advanced by the World Bank: (selected)

- Growth is sustainable and aid-driven!
- Export-driven private sector led growth is the way forward.
- The economic growth will trickle down to the poor.
- “The PA should strive to build a business environment that is among the best in the world and not merely on par with its neighbours.”
- “The Palestinian economy can benefit from deeper integration with the Israeli economy.”
- “Strengthening of the Customs Union established by the Paris Protocol in 1994.”
- “Emulate Asian countries that have managed to sustain high levels of economic growth by adopting an outward orientation and integrating into world supply chains.”
- Deepen credit markets and expand leasing.

Re-think Neutrality and Remember Colonialism: The World Bank's policy prescriptions as a case

- **Strange assumptions:**

“while the Palestinian Authority (PA) has had considerable success in building the institutions of a future state, it has made less progress in developing a sustainable economic base”.

- The World Bank didn't learn from 20 years experiences and mistakes.
- Failed or refused to understand the Israeli policies towards the Palestinians.
- The word ‘occupation’ was mentioned 5 times in the terribly long and repetitive report.
- Distract the Palestinians from achieving their goal, ending the occupation and creatively finding ways to adapt to it.

Re-think Neutrality and Remember Colonialism: The World Bank's policy prescriptions as a case

- **More strange assumptions:**

One of the best business environments in the world! Really?

How? Under occupation?

Gaza Strip is under full Palestinian control! 30% inaccessible land including 17% buffer zone?

- **Defining Poverty?** Politically constructed poverty : poverty of disempowerment, not insufficiency.
- Custom Union = Asymmetric Containment
- The Bank is still stuck in Oslo Era.
- Don't forget, the World Bank is THE major actor in the aid industry: peace dividends approach.

Re-think Neutrality and Remember Colonialism: The World Bank's policy prescriptions as a case

- De-contextualized policy recommendations.
- Minimizing the meaning of the occupation and settler-colonialism.
- Keep in manoeuvring around the “conflict” and never address it.
- Entrenchment of asymmetric containment and dependency.
- OPT as a post-conflict context: ignoring reality!
- Irrelevant and ridiculous suggestions: OPT to emulate Asian Tigers and create one of the best business environments in the world.
- Deepening poverty and economy structural deficiencies: persistent de-development and failure.



‘Next year, the birth of a Palestinian state will be celebrated as a day of joy by the entire community of nations... The Palestinians want an independent and sovereign state, and they are not looking for a state of leftovers - a Mickey Mouse state... If for one reason or another, by August 2011 [the plan] will have failed, I believe we will have amassed such credit, in form of positive facts on the ground, that the reality is bound to force itself on the political process to produce the outcome... we will have begun a process of transformation from a concept, to a possibility, to a reality’. (April 2010)

‘We have reached a critical mass of change on the ground. It is the culmination of a lot of hard work. We have crossed the threshold of readiness for statehood... we are ready for statehood, on all of the occupied Palestinian Territory on 1967 borders with East Jerusalem as capital, embodying the values present in the Declaration of Independence’. (April 2011)

‘... We get closer to the Rendezvous with freedom... West Bank is already a state in all but name’. (August 2011)



What is Fayyadism and Why?



- State-building venture ‘focuses on establishing solid institutions, guided by good governance principles, respect for human rights, rule of law, and efficient and effective delivery of public services’
- It is a strategy and outcome
- It is a ‘home-grown’ phenomenon but externally sponsored
- West Bank First, and a state on 18% of Palestine
- Authoritarian approach but galvanized with modernity packages?!

Why?

- The surrounding environment and the socio-political structural changes, aid dependency, reflection of crisis, defeat, fragmentation, end Arafat era, and ‘international wisdom’.
- To reform and sustain the PA and rescue the ‘peace process’.



Main 'Pillars' of Fayyadism



- Exclusive Peaceful Popular Resistance
- Building Legitimacy through Achievements and Provision of Public Goods and Services
- Monopoly of Force and Rule of Law
- Neo-liberal Economic Agenda
- Building Functioning and Transparent PA Institutions
- Adapt with the Existence of Occupation (Development under Occupation)
- Make the Palestinian Cause Apolitical as Possible
- Security First, Economic Development 'Peace' Second, Real Democracy Last



The Fayyadism's Fragility



- Unsustainable economic growth- Jobless, aid driven, de-industrialize, non-Jerusalemite-Gazan, and anti-poor growth.
- Absence of democracy and check and balances institutions
- Absence of rights, sovereignty and fundamental pillars of neoliberalism
- Almost fully dependent on donors community's money and advice and Israeli mercy
- Persistent financial crisis of the Palestinian Authority
- Threatened by intra Palestinian politics, WB-GS reconciliation and possible 'revolutions'
- Weak or unreliable private sector
- Dependency 'filling pockets' and exclusion principles

Beyond Fayyadism: Addressing its Fragilities

- Create the preconditions for neo-liberalism first, if you want to pursue it.
- Question the notion of development under occupation
- Develop an alternative development paradigm based on development as rights, freedom and people's will
- Conduct SSR, but preserve resistance and liberalize the land before the economy
- Build local legitimacy first as a bridge to the international one
- Democratic and check and balances institutions are prerequisite for democracy
- Phantom authority can't create a real state!

Proposing alternatives and rethinking frameworks

Just three ideas to consider:

- Promoting self-reliance in basic foods and reversing the decline of the agricultural sector;
- Supporting cooperatives and local economic enterprises;
- Assisting sectors such as information technology that could break through the barriers Israel has erected around the Palestinian economy.

BUT ALSO:

- Remember how we defined development: it is a right and can be a tool for resistance.
- Maybe it is better to believe the development, not aid, is a right.

Proposing alternatives and rethinking frameworks

BUT ALSO:

- Aid is a curse, minimize its harm!
- Let the facts on the ground be the starting point for analysis, while thinking and strategizing for the future.
- Remember the preconditions for effective aid.
- Stop addressing the symptoms of the problem and go to the core.
- Legitimacy, accountability and participation are key for success.
- Dignity and justice is the core of development thinking.
- Finally, if Palestinians don't ensure dignity in their development, no one will.



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...Thank you...
...Q&A...