COMMENTARY | ECONOMICS

Donor Perceptions of Palestine: Limits to Aid Effectiveness

By: Jeremy Wildeman · June, 2019

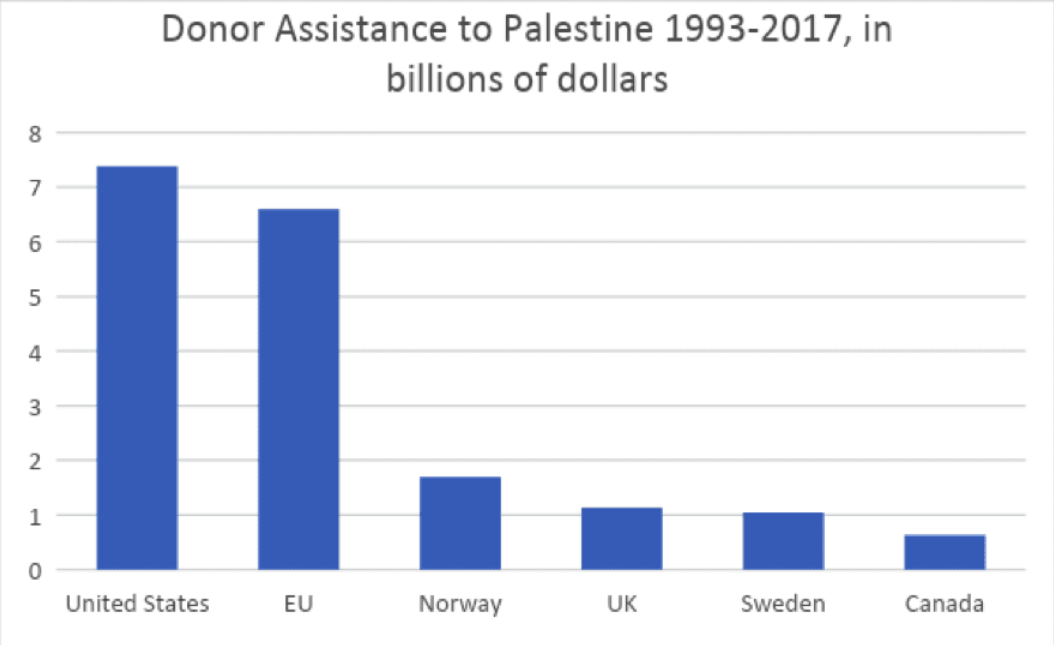
Overview

Funds from Western donors have comprised the majority of the more than $36.2 billion in development assistance spent on the Palestinian economy from 1993 to 2017. This spending, done in support of the Oslo peace process under US political leadership and World Bank technical guidance, has largely been disbursed for Palestinian institution building and economic growth, as well as for humanitarian assistance. During this period the Occupied Palestinian Territory (OPT) has been characterized by periods of extreme violence, such as the Second Intifada and repeated Israeli conflict with and large-scale assaults on the Gaza Strip, as well as by systemic, structural violence. This includes the rapid colonization of the West Bank with Israeli settlements inhabited by settlers who routinely carry out violent acts against Palestinians without constraint. That violence, paired with land seizures and economic impediments, makes life intolerable for ordinary Palestinians and has driven many of them from their homes. As a result, Area C, which comprises 61% of the land in the West Bank, now has a majority population of Israeli settlers while being effectively restricted from Palestinian development, rendering impossible the Oslo peace process goal of establishing a Palestinian state on the lands conquered in 1967.

Meanwhile, Palestinians are not allowed to select their own leaders and the OPT

economy is a mess: suffocated in East Jerusalem, captured in the West Bank, and blockaded in Gaza. It has been structurally hollowed out and de-developed, while Palestinian labor is exploited for the benefit of Israeli, rather than Palestinian, state building. Further, the Palestinian economy is dominated by Israel to such an extent that a 2015 study estimated that 72% of OPT aid money ends up in the Israeli economy.Palestinians also endure chronic exposure to humiliation, a common tactic of war linked to adverse effects on mental health. They face deepening water-related, electricity-related, infrastructural, and environmental crises. By 2017, over 40% of 4.8 million OPT Palestinians were in need of humanitarian assistance and protection. The economy and productive base of the Gaza Strip have been eviscerated, and the tiny territory reduced to a humanitarian case of profound aid dependency. Conditions are so dystopian that the UN has warned that Gaza could become uninhabitable by 2020.Thus, if the aim of Western donor spending has been meant to inculcate development and regional peace, the result has been contrary to those aims. To further our understanding of what went wrong, this commentary assesses and compares Western donor perceptions of Palestine/the OPT through their own analysis to comprehend how donors appear to have contributed to the crisis faced by Palestinians during the so-called peace process. It ultimately argues that Palestinian sovereignty over aid processes and institutions is the best option. The commentary is based on a larger study published with Aid Watch Palestine that examined the perceptions of nine donors – Canada, the EU, Germany, the IMF, Norway, Sweden, the United Kingdom, the United States, and the World Bank – for the period 2010-2016.[1] The study assessed 80 donor reports through a quantitative keyword and qualitative document analysis, which was complemented by interviews with officials who help shape policy.[2]The study's particular aim was to better understand how Western donors perceive the Oslo peace process, Palestinian development, Israeli military rule, the ongoing colonization of Palestinian land, and the violence resulting from these processes. It approached

the donor narratives with the principles of"aid effectiveness," "fragile and conflicted states," and "do no harm" in mind – fundamental aid principles urgingdonors to provide assistance in a neutral manner and to construct aid policy based on strong analysis of a conflict situation's context. Indeed, strong analysis of a fragile and conflicted state is fundamental to a donor not doing harm through its aid intervention. Yet strong analysis is not often characteristic of Western donor reporting on the OPT, and is particularly lacking among powerful donors based in North America.[3]



Source: OECD

Analysis of Donor Reports: Occupation, Rights, and Security

The lack of strong analysis among Western donors can be seen in the way they frame or neglect key processes undermining the peace process and Palestinian human rights, namely the occupation and settler colonization. To assess how donors articulate and approach these processes, the study included a consideration of relevant keywords from their reporting.

Keywords: Colony, Colonies, Colonial, Colonization, Occupied, Occupation, Settlements, and Settlers

Canada, the US, the IMF, the World Bank

Canada did notrefer to colonization, occupation, settlers, or settlements in 1,000 pages of statistical reports from 1998 to 2016 and reports to Parliament from 2008 to 2016. Likewise, in 160 pages of US Government Accountability Office (GAO) reports from 2010 to 2015, some keywords are almost never mentioned : Colonization is never mentioned, occupation is mentioned once (in the name of a cited Palestinian Authority report), occupied is mentioned six times, settlers are mentioned once, and settlements four times.Although from 2010 to 2017 the IMF referenced settlements 31 times in 587 pages from 16 reports to the Ad Hoc Liaison Committee (AHLC) biannual gatherings, where donors determine Palestinian development assistance, this averages to slightly less than two mentions per report. This rarity is striking considering that settlements are key obstacles to Palestinian development. The terms colonization, occupation, and settlers are almost never mentioned in IMF reporting, with occupied only appearing in a footnote referencing an UNRWA report with the word in the title, and occupation appearing once as a (now discredited) IMF belief that the OPT economy benefited from the Israeli occupation from 1967 to the early 1990s.The World Bank is arguably the paramount intellectual driver of Palestinian aid assistance and institution building. It generally uses more context accurate terminology than Canada, the US, and the IMF, including often recognizing that Palestinians are living under occupation and that Israeli settlements undermine the state-building process.

In 739 pages in 19 reports from 2009 to 2017, written largely for the AHLC meetings, the World Bank even mentioned colonization once, albeit by citing the title of a 2012 report by the Palestine Economic Policy Research Institute (MAS), "The Economic Base of Israel's Colonial Settlements in the West Bank." The Bank mentioned the words settler 19 times and settlements 68 times. Still, only five of 19 World Bank reports actually use the word settler, and references to settlements

are found in just half the reports. In the largest of the World Bank reports reviewed, a 239-page assessment of the Bank's work in the OPT from 2001 to 2009, settlers are mentioned three times and settlements two times. Further, the Bank acknowledged the presence of settlers and settlements less frequently over the period 2009-2017, despite their constant and rapid growth. The Bank rarely referred to an occupation or occupied territory, and these references were often due to a report title or institution with occupation or occupied in its name. References to the occupation disappeared completely from the Bank's reporting after 2012.

Outside the occasional World Bank report, from reading these four donors' reporting one might forget the occupation and settlements are issues of importance, or that they even exist.

The EU, Norway, Sweden, the UK

The North American donor results contrast with donors in Europe, which were more likely to use context-accurate descriptions. Although Norway rarely mentioned settlers and settlements – only 15 times across 236 pages of reporting from 2013 to 2017 – it did reference occupation 116 times and occupied 27 times. While the EU referenced settlers only eight times in 199 pages of 2014-2015 reporting, settlements are referenced 57 times, occupation 72 times, and occupied 163 times. Swedenexhibited particularly strong reporting across 183 pages from 2012 to 2015, with references to settlers eight times, settlements 33 times, occupation 53 times, and occupied 41 times. Unlike its former colonies and cultural cousins in North America, in 32 pages of reporting from 2011 to 2015, the UK referenced settlers 12 times, settlements 17 times, occupation seven times, and occupied 11 times. It is therefore less possible to forget the broader context when reviewing these donors' reporting.

Keyword: Rights

Canada, the US, the IMF, the World Bank

The US did not mention Palestinian economic rights in the Government Accountability Office (GAO) reports and, of the 10 instances where human rights were mentioned, four were concerned with Israeli human rights. Canada likewise did not reference Palestinian economic rights and only referenced human rights vaguely on three occasions. The IMF brought up human rights once and economic rights nine times. The World Bank again showed more nuance with 18 references to human rights and nine to economic rights. Still, this is a relatively small number of references for a conflict defined by extreme violence and human rights abuses, and one in which the peacebuilding model has long been linked with economic growth.

The EU, Norway, Sweden, the UK

In contrast, Norway referenced human rights 214 times and the EU 400 times in fewer pages of reporting than Canada, the US, the IMF, and the World Bank combined. Meanwhile, the EU referenced economic rights 30 times, but Norway just once. The UK again diverged from North America by referring to human rights on 49 occasions, including many references to refugee rights. The UK did not reference economic rights. Sweden displayed a deep concern for the human rights situation in the OPT with 511 references, while mentioning economic rights just once. Sweden was also an outlier among donors by also showing support for advocacy work to support Palestinian rights.

Keywords: Security and Terrorism

Canada, the US, the IMF, the World Bank

Canada and the US were preoccupied with providing security for Israel from Palestinian violence, but not Palestinians from Israeli violence, effectively inverting

the relationship of occupier and occupied. US reporting showed a fixation on terrorism at 165 references and security with 259 references. A few uses specifically referenced security for Israel, at two times, or US national security, at nine times. The vast majority of 245 uses were broad and did not name a specific group of people. Still, they were clearly concerned with reducing violence carried out by Palestinians, as terrorism is described almost exclusively as a Palestinian act. The three instances where security is mentioned for Palestinians referred to food security, not Palestinian security from violence.

Canadian reporting referenced security 27 times. The reports rarely mentioned who benefits from this security, though the tone suggests that it centers on stopping Palestinian violence. Similar to the US, the four specific references to Palestinian security do not propose protecting Palestinians from violence, but providing them with food security.

The IMF was concerned with terrorism at 27 uses. The concept of security is generally a priority throughout IMF reporting on Palestinian development. Palestinian security from violence is specifically mentioned two times, fewer than the eight times Israeli security is mentioned. While it is not clear who specifically benefits from security in 74 other references, the IMF's tone is similar to that of Canada and the US, with a concern about containing Palestinian, but not Israeli, violence.

The World Bank tended to focus on the Palestinian economy and the security situation. In this area the World Bank again shows more nuance than Canada, the US, and the IMF, as it discusses Palestinian security from violence in 17 instances. However, the Bank is prone to ambiguity regarding who benefits from security in 53 references and is more than twice as likely to reference Israeli security concerns, at 41 uses.

The EU, Norway, Sweden, the UK

European donors generally perceive security differently in their reporting than those based in North America. While Norway acknowledged Israeli security on three occasions, it stressed the need for Palestinian security from violence 37 times. Meanwhile, in the 48 instances in which security was mentioned without clearly referencing one group, Norway gave the impression that security from violence does not apply to a single group, but to all peoples. Norway also described how the Palestinian Authority's (PA) political legitimacy is undermined by its inability to provide security to its citizens. The EU referred to security for Palestinians 44 times and only referenced terrorism twice. Its reporting displayed a concern for security for Palestinians from violence, including abuses by PA security forces, which countries like the US, UK, and Canada have invested significant resources into training. Although the EU does not reference security for a specific national or ethnic group in 61 instances, its focus on human security suggests no bias in favor of any one group. The EU reports also considered in detail how Israeli security policies undermine the Palestinian economy and state-building processes, and thus the Oslo peace process as well.

The UK only mentioned terrorism three times while referring to security. In 37 out of 39 security references, it does not identify a specific group. The British reporting included a willingness to call into question Israeli security practices, such as, in one instance, critiquing Israel's policies that damage "the economy and living standards of ordinary people in Gaza without achieving [its] security objectives." UK critiques of Israeli policies also included Israel's frequent use of administrative detention to jail Palestinians without charge.

Sweden mentioned terrorism just nine times, security for Israel 28 times, security for the Palestinians 18 times, and security more broadly seven times. Its discussion is not a reflex accusation against Palestinians: Of the nine times terrorism was used, seven refer to how Israeli security measures against Palestinians may increase occurrences of terrorism; one refers to the misuse of the term by far-right

Israeli politicians; and one noted that Israeli politicians use the word "to look tough" during elections. Moreover, Sweden referred seven times to Israeli abuses of Palestinians, including torture, interrogation, the use of human shields, collective punishment, security for settlements, and house demolitions.

A Spectrum of Perspectives

The keywords are but one element of the analysis in the larger study, acting as a useful guide that points to important political and analytical conceptions held by the donors. The overall assessment of donor documentation demonstrates a spectrum of perspectives, reflecting variations in how Western donors respect the principles of aid effectiveness and adopt strong analysis in their official reporting. Canada, the US, and the IMF are the more regressive donors, likely to do harm in the OPT by relying on weak and partisan analysis, leading to misguided policies that undermine Palestinian development and regional peace. By contrast, Sweden, Norway, and the EU exhibit stronger contextual analysis and concern for aid principles. Somewhere in the middle lie the World Bank and the UK. A rearrangement in the hierarchy of donors, providing those in the EU with a greater leadership roleover the North America-based ones, might benefit Palestinians and prospects for peace. Still, even if EU analysis has at times been more direct in problematizing issues, concrete action has not necessarily followed. As the European Commission noted in 2014, "Notwithstanding ardent declaratory policies, massive financial support, dialogue and [the] deployment of other instruments, EU cooperation has had little demonstrable impact on the main obstacles for achieving the two-state solution."Hence the optimal solution may not be a remaking of the hierarchy of leadership among Western donors, but seeking leadership from the non-Western world. Yet in the end, nothing can compare to simply respecting true Palestinian ownership of and leadership over their own aid process, and sovereignty over their institutions. One can only imagine how different a Palestinian-led development model would look compared

to the one developed by Western donors and the World Bank.If aid is to be made accountable to the needs of Palestinians, more research is required on donors and their interventions. Such research must be undertaken – as the study on which this commentary is based – by independent researchers separate from donors. The research provides donors with the opportunity to reflect on the way they frame aid to Palestinians and how their approach has real, and often negative, repercussions on the ground. Equally, donor analysis should be more transparent and easily available to Palestinians. Only with such increased transparency and pressure can donors be persuaded to do no harm, or at least less harm, if not actually improve Palestinian people's lives.

1. The full study on which this commentary is based can be found on the Aid Watch Palestine website in English and Arabic.
2. It should be noted that while the World Bank and IMF are not donors per se,they exert significant influence on the aid process, including through analytical reports on Palestinian development and the OPT economy, which help set the donor aid agenda. Both institutions help craft PA development plans, such as the Palestinian Reform and Development Plan, and advise donors at their biannual Ad Hoc Liaison Committee (AHLC) gatherings, where donors determine Palestinian development assistance. Moreover, the Bank directly manages billions of dollars in aid and is further understood to have set the legal framework for Palestinian economic activity and Palestine's economic relations with Israel. Some aspects of this framework have been written into Palestinian law, such as a PA Basic Law Article 21, which states that "the economic system in Palestine shall be based on the principles of a free market economy."
3. Aid reports are neither neutral nor transparent representations of organizational routines, decision-making processes, or professional diagnoses. They are by nature political and are designed for specific aims,

such as justifying a policy or making an argument for financing. It is worth noting that policymakers' analysis of the context of the OPT, even among more regressive donors, can be stronger than what is offered in official reporting. This is apparent in some of the interviews highlighted in the longer study, and is also this author's observation following years of discussions with policymakers.

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