Marginalizing Palestinian Development: Lessons against peace

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ABSTRACT Continuing the discussion from Development 48.3 Helga Tawil Souri argues that since 1993 American development projects in the Palestinian territories have focused on ‘peace-building’. Tawil Souri underlines that peace-oriented American funding has not strengthened the Palestinian economy but marginalized indigenous civic institutions, resulting in further impoverishment of Palestinians and the continuation of a political conflict invoked as a reason for global terrorism. The failures of American development projects in the Palestinian Territories have resulted in further justifying violence against the US.

KEYWORDS Palestinian Territories; USAID; Hamas; global terrorism; civil society

The Palestinian connection

On the morning of September 11, 2001, right after the Twin Towers were struck but before they collapsed, Fox News claimed that the attacks were carried out by a Palestinian group – the Popular Front for the Liberation of Palestine. The false accusation was glossed over as Osama bin Laden took centre stage as the perpetrator. Although no Palestinians were involved in the attacks, a connection would remain in the collective memory as bin Laden and many Islamists often invoke the Palestinian ‘problem’ as justification for Jihad (holy war) against the West. Meanwhile, as it is suggested by the World Bank director for the Palestinian Territories, ‘while economic growth and prosperity do not of themselves guarantee peace, it is clear that steep economic decline helps foster an environment in which violent doctrines can resonate’ (World Bank, 2004b; http://www.worldbank.org, accessed 6 January 2005). Much the way Palestine is seen as a stake in a religious conflict and its liberation as the goal of a universal Jihad for the Islamists, its stabilization is invoked as a first step towards regional, and global, peace. As such, it seems, and is assumed by American politicians, that solving the Palestinian ‘problem’ would not only secure regional peace but would help pacify global terrorism emanating from Islamic groups.

It should come as no surprise then, that western, and particularly American, aid in the Palestinian Territories is guided by broader strategic goals: not that of Palestinian economic development, but as part of a larger peace-building, or terrorism-fighting,
project. Yet, although American development projects are plentiful in the territories, they have not resulted in successful state-, nation- or peace-building, but have marginalized indigenous civic institutions and further impoverished the Palestinian population by maintaining Israeli economic dominance over Palestinian life, and thus fuelled justification for terrorism. American policies of development have not only failed in the Palestinian arena, but have indirectly implicated the US in its own security threats.

**Economic subservience**

The Palestinian economy has been subservient to that of Israel for decades. The economic reality of the West Bank and Gaza has been summed up as one of de-development, defined as a structural relationship between a stronger and weaker economy, which has not only distorted the development process but has undermined it entirely (Roy, 1999, 2001). Given the dire economic conditions, it has been up to Palestinian and foreign non-governmental organizations (NGOs) to provide many of the services that the lack of state followed by the defunct proto-state could not provide. NGOs have been the backbone of Palestinian development, with indigenous ones often symbolizing a major part of the political struggle as the civil society denied to Palestinians (Barghouti, 1994; Brown, 2003). By the early 1990s, local and foreign NGOs provided more than half of primary health care services and hospital care, almost all of disability care, and about a third of educational services, including almost all kindergartens and day-care centres (Sullivan, 1996: 94).

The decade that saw the collapse of the Soviet Union and the promise of a Palestinian state brought with it radical changes in the territories. The end of the Cold War and American ‘victory’ led to reconsiderations of basic political and economic strategy among Palestinian leaders to assume that any political autonomy they might eventually achieve would succeed only with a river of foreign investment and its know-how. Over three billion dollars of aid were pledged between 1993 and 2000, approximately a third of it disbursed by USAID, the US principal assistance agency. It was hoped by Palestinians that aid during the peace years would strengthen the development of an institutional infrastructure critical to the development process, and redress the issues that precluded indigenous economic growth such as dispossession of key economic resources and the conditioned economic growth of employment opportunities in the Israeli market.

Since 1993 the dynamics of American assistance in the territories have been defined by the broader dynamics of the peace process. American donors and NGOs were so enthused with the promise of peace-building that they underestimated the political and economic difficulties that lay ahead, namely Israeli closures of the territories and the institutional growing pains of the Palestinian Authority (PA) (Brynen, 1996). Peace, as delineated in the Oslo Accords (in 1993 and 1995) and the Paris Economic Protocol (in 1995) ignored issues of Palestinian economic, political or territorial sovereignty, and left Palestinians unable to have a role in their own economic future or initiate and direct a development strategy of their own making. From the beginning development projects chose to ignore the reality of the Palestinian situation and chose not to negotiate political and economic problems. For example, none of the USAID projects chose to challenge a basic stipulation of the Paris Protocol, that the Palestinian ‘self-rule’ areas are not allowed to ‘de-link’ themselves from the Israeli economy, meaning that economic independence from Israel and sustainable economic growth were precluded from the outset. What ‘peace funding’ has resulted in is the marginalization of indigenous institutions and grass roots organizations due to the favouring of aid projects that would bolster American corporate, strategic and ideological presence in the territories.

**Misguided US aid**

After the 1993 peace agreements, the White House and State Department pressed for high-visibility USAID projects with shorter implementation time in order to demonstrate the tangible effects of the peace process to Palestinians. Large aid projects were scrapped in favour for ‘peace-building’. New
emphasis was placed on immediate job creation in small-scale programmes such as establishing micro-loan networks, technology incubators, Internet youth centres and professional training – to name only a few. Such programmes have an explicitly stated purpose of furthering America’s foreign policy interests in ‘expanding free markets’ (USAID, 2005; http://www.usaid.gov/wbg/, accessed 12 February 2005) by producing future economic partners and markets for US-based corporations. While these individual projects may provide short-term success, they have not helped ensure sustainable economic development in the territories.

USAID projects have also been at the forefront of the development trends of the 1990s, defined by catch-phrases such as ‘bridging the digital divide’ and ‘strengthening civil society’ through information technology (IT). As such, USAID programmes are misguided by such trends. For example, in order to ‘revitalize the private sector’ (which barely exists) USAID has provided funding since 2003 for a technology incubator. The incubator’s mission is to design, develop, implement and promote initiatives that will grow the IT sector by providing assistance (not necessarily financial) for entrepreneurs who have ‘innovative products … with strong regional and/or international market potential’ (USAID, 2005). Given that the Territories’ internal and external borders are controlled by Israel, and the importing and exporting goods and services are highly limited, one is to wonder how any business with a regional or international potential is to thrive, and who would potentially gain from such a project. Other USAID programmes in technology have focused on the young, such as funding rural IT centres, where the younger generation can be dazzled by computers and the Internet. While giving children access to the Internet may bridge the digital gap, it does not dismantle the borders created by the Israeli military that prevent most children in rural areas to physically access these Internet centres.

Since 2000, USAID has provided US$27 million in education and training programmes, such as providing internships, professional training and graduate scholarships in the US. Regardless of the ethno-centric assumption that professional training can only be achieved in the US, sending Palestinians abroad to become better managers, educators, media professionals, or whatever the case may be, presumes that they have jobs to go back to. Similarly, the setting up of micro-loans is all but useless among a population that has reached staggering poverty and unemployment rates. Micro-loans, technology incubators, IT centres and professional training abroad do not help Palestinians economically.

USAID programmes need to be understood in terms of what they do not support. For example, one sector that could generate growth and a sustainable economy – as opposed to creating an IT center or a technology incubator – is agriculture. However, farming and agriculture require ownership of, if not at least access to land – a move that Israel opposes. Since American aid projects are shaped by the confines of political alliances, USAID projects must coordinate their efforts with the Israeli government. Consequently, projects the Israeli government deems politically unacceptable never materialize – even if they might meet the objectives of development. As such American aid does not challenge the economic (and political) status quo.

Israel’s role and interests have always been prominent in American assistance to Palestinians, and have been formalized in the Oslo agreements and actively mediated by and through the US government. As far as the US aid programme is concerned, American and Israeli interests are officially synonymous. In practical effect, this means there is no longer any interest on the part of any US government agency in challenging Israeli policy’ (Roy, 1996: 74). By refusing to challenge Israel on issues of closures or borders for example, USAID maintains and institutionalizes the structural imbalances that have historically characterized Israel’s economic relationship with the territories, undermining the economic growth and development it is there to encourage. Instead of creating needed structural linkages, USAID projects work around those that have been imposed, thus alleviating rather than redressing the damaging effects of Israeli policies.

USAID programmes cannot be described as development oriented, but de-emphasizing a devel-
opmental perspective. Despite particular project successes, American economic aid has not helped Palestinian reduce their ties to Israel or increase their independence of action. Moreover, in the interest of political expediency ‘whole sectors of activity have been ruled out and with them, the kind of integrated approach to economic change upon which sustainable growth rests’ (Roy, 1996: 76).

**Marginalizing indigenous institutions**

Peace-funding initially resulted in a strong tendency among donors to fund mainstream Fatah and PA institutions over institutional bodies affiliated with the political opposition and the non-aligned movement, and to overlook organizations that had been helping Palestinians sustain themselves, such as those under the umbrella of the General Union of Palestinian Charitable Societies ranging from women’s groups to workers’ unions. The Palestinian civic institutions that would survive the 1990s were those that could court international rather than domestic constituencies, so that the professionalized and increasingly westernized NGOs obtained most of the funding.

Given the dire economic and social conditions, the majority of Palestinians must look to institutions for their basic needs. It is calculated that without assistance programmes the 16 per cent of the population that is not able to afford basic subsistence would jump to 35 per cent (World Bank, 2004b). Most aid in the form of food, shelter or education has come either from UNRWA or Hamas (PASSIA, 2004). All other forms of assistance are not as crucial to the basic sustenance of life, but it is to them that the majority of foreign (and American) aid is directed (PASSIA, 2004; World Bank, 2004a).

Regardless of Islamic entities’ political intentions, the economic climate in the Territories has helped promote the Islamic role of ‘alternative provider’ to become that much more significant. The most popular provider of assistance, especially in the Gaza Strip, has been Hamas, the Islamic group considered a terrorist organization by the US and Israel. Palestinians use these services not because they necessarily – at least initially – support Hamas, but because they need the services provided by Hamas. The problem lies in the fact that the majority of people are disenfranchised and have no political or economic power, access, or future. Groups like Hamas emerge and gain popularity not because people are opposed to fundamental change, but because they were unable to obtain it. Since the second Intifada especially, Palestinians do not have very many economic choices: either they work with/for the PA – which has already reached the limit of patronage employment it can support before donors withdraw funding or goes bankrupt – or they must turn to organizations such as Hamas. Supporting an Islamic group, which is a feasible means of receiving income and/or services, makes one likely to be imprisoned or bombed. To be associated with neither the PA or opposition groups raises suspicion of collaboration from both directions. Alternative – or oppositional – institutions such as those led by groups like Hamas and Islamic Jihad have had to go underground in order to survive. The grassroots institutions represented by the General Union of Palestinian Charitable Societies, who have had a long history in the formation and maintenance of Palestinian civil society, are shriveling up.

Peace funding patterns have resulted in disempowering local movements. New hierarchies have emerged where grassroots and oppositional movements are no longer funded. New realities are formed where ‘development’ takes on an imitative aspect of the West. Thus, western NGOs and USAID contribute to the status quo. As such, they do not engage with Palestinian society nor respond to Palestinian society’s needs, but construct and dictate new needs. Moreover, the marginalization that results creates animosity and tension between the grassroots movements and westernized or western NGOs, as well as between the latter and Palestinian society. The lack of collaboration already present in the territories among development projects (Robinson, 1997; Brown, 2003) is compounded by a competitive relationship between institutions vying for international funding. The result is the disempowering of local movements and of the already fragile institutions that make up Palestinian civil society. By
fragmenting a civil society, these constraints have played an important part in precluding the possibility for desperately needed structural economic reform and democratic state-building. Under the present circumstances, it is difficult to envision a process of reconstruction or reassertion, be it political, social or economic.

These problems have to be seen in conjunction with Israeli government intervention in programme activities, the absence of a PA development plan, and Palestinians’ exclusion from defining and ‘owning’ aid priorities. USAID programmes limit popular Palestinian involvement and participation. While certainly some elite Palestinian groups and individuals do participate in the decision-making process, the majority of the Palestinian population is entirely left out over any discussion and/or practice of development projects. Palestinian individuals and institutions do not take part in any of the projects’ decision-making, whether in location, funding or hiring. The comparative lack of Palestinian involvement in project decision-making is a function of the highly political nature of policy-making, on the level of both specific projects and in the development sector.

**Conclusion**

Funding towards peace is problematic. First, it not only assumes that peace is possible, but that the various parties involved in the conflict (the Palestinians, Israel and the US, among others) wish to change their *modus operandi* to one defined by peace. Second, it fails to realize that the peace process itself inhibited the conditions for economic growth and resulted in broad segments of Palestinians suffering under rapidly diminishing employment opportunities, growing poverty and political marginalization. The ‘peace process’ has not created political and economic conditions geared towards either peace or development, but towards continued Israeli economic and political dominance over Palestinian life. Donors seldom challenged this uneven relationship, but instead implemented assistance programmes to mitigate its effects. This funding pattern has meant a decline in support to those very institutions that have established the most needed assistance programmes in the territories – such as Hamas and those represented by the General Union of Palestinian Charitable Societies.

This pattern raises serious questions about assistance and development. With political affiliation as a key criterion of assistance, development is subordinated as a means of promoting a specific kind of political order, precluding both development and democratic practice. Second, if opposition groups are excluded from the funding calculus, then a significant segment of the Palestinian population is cut off from the development process, pushing opposition groups into a corner and forcing them to seek assistance from nations like Iran and Syria. This feeds into a vicious cycle because of hardline policies against Islamic groups and nations – by Israel, by foreign donors and nations, and with respect to Islamic groups within the Territories, by the PA.

Since the second Intifada, Palestine became a rallying cause that could unify Muslims. As Kepel explains, ‘the deadly downward spiral in Palestine provided the opportunity that the masterminds of September 11 had been waiting for’ (Kepel, 2004: 2). Owing to the centrality of Palestine as a *jihadist*-rallying cause, peace-funding has increased since 9/11, with USAID pledging more US$500 million between September 2001 and the end of 2004 (USAID, 2005). Yet assistance projects targeted towards peace have resulted in the further marginalization of indigenous groups, increased the levels of economic and social poverty and undermined sustainable growth by sustaining Israeli dominance over Palestinian life. Development under US tutelage has created more problems: creating further inequalities, undermining any promise of peace, fuelling (local and global) Muslim anger and consequently justification for violence against the West in the name of the Palestinian people. Looking at current USAID projects in Afghanistan and Iraq, it is surprising to see the US continuing on with policies that stifle indigenous civic institutions, promote unequal economic relationships, and sow the seeds of more violence. Neither in the Palestinian Territories, nor in the rest of the Middle East, is US assistance helping local or global peace flourish, but is handing Islamists more fuel for global terror.
Notes

1 According to the World Bank, by the end of 2003, half of the Palestinian population was living below the poverty line, and 16 per cent could not afford basic necessities for subsistence. Unemployment for the West Bank and Gaza Strip combined was around 30 per cent (World Bank, 2004a).

2 It was only after 2002 – when both George W. Bush and Ariel Sharon were in power in the US and Israel respectively, and in the aftermath of 9/11 events – that the PA and Arafat were represented as a non-partner for peace, which resulted into assistance programmes veering away from funding PA and/or Fatah projects.

3 The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was set-up in 1950 to provide assistance for Palestinian refugees, whose number in the Territories alone exceeded 1.5 million by the end of 2004.

4 A discussion of why and how the US, Israel and certain players in Palestine are against peace falls beyond the scope of this paper. See Wright 1999, and Bouillon, 2004 for a preliminary discussion.

References

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