

Aid Me, Aid Me Not

By Sam Bahour

The Palestinian delegation delivered at the international conference in London on March 2. As was widely reported, the donor community pledged an additional \$1.2 billion of financial aid to support the current Palestinian government to stand up on its own two feet. For those supporting Palestine, it is generally agreed that this is a positive step forward. But how positive is it?

If one scans the local Palestinian newspapers these days, it would look like a bustling job market exists in Palestine, reflecting a booming free-market economy. But if you slow down to read the fine print, the story is quite different. Palestine's economy, more than ever before, is being ingrained into an institutional foreign aid recipient trench – a trench that is being dug mainly in the central West Bank area.

The bulk of job opportunities is being posted by respected international aid agencies and international non-governmental organizations as well as a few local firms that are donor-project dependent. However, the structure of foreign aid, which often comes in packages of projects that are short-term and intricately linked to the funding source's national consultancy resources or procurement sources, is creating an environment of employment instability and inability for Palestinian professionals to plan for the medium or long term.

The jobs being offered, although well-meaning (this is negotiable for some), are causing a labour market distortion that hinders proper Palestinian human and economic development. First, without jobs that offer a career path, the breadth of experience one gains may be notable (i.e. working in every sector under the sun), but the depth of experience will remain shallow given the never-ending short-term job hopping, coupled with the glass ceiling that exists for "locals." If you are female, that means you have a double glass ceiling to break through, one as a "working woman," within our own society and a second as a "local," inherent in the international aid industry. Nine times out of ten, you will be subordinate to foreign "experts" -- in his recent book titled, *The Myth of Palestinian Development*, Dr. Khalil Nakhleh calls these experts, "New Mercenaries."

Where are the private sector and the government in this array of donor agencies? Well, pretty much in the corner. The private sector is in a constant bind trying to match the exaggerated salaries and benefits of donor-funded projects. But as far as I can tell, private sector professionals don't rush to short-term projects that offer only short term benefits. Likewise, government employees prefer to accept lower salaries as long as they can be reassured that they will have their job tomorrow. In Palestine, job security is king. What does this leave? Mostly new graduates or, in many cases, mediocre staff to join these "strategic" intervention projects. For the donor, this is fine since new graduates or market seconds usually do not have developed opinions, which makes some donors' lives easier. For new graduates, a job that pays above market rates is something to write home about. Sadly, the only loser is the quality of the Palestinian development process and no one is truly speaking on its behalf. The past 10 years need to be critically evaluated and if it is found that the Ministry of Planning is failing in its centralized planning and donor aid coordination, maybe it is time to decentralize the planning function within each respective ministry.

A recent report speaks rather frankly to the issue of international aid. Two renowned organizations, Action Aid and Oxfam, have just released a report titled, *Millstone or Milestone*.^{*} The report states that,

1. "Less than half of aid gets spent in the poorest countries, and only 10% gets spent on basic services.

2. 40% of aid continues to be tied to overpriced goods and services from the donors' own countries.
3. 80 official agencies are responsible for 35,000 aid transactions a year that are imposing a massive administrative burden on some of the poorest countries.
4. Aid conditions continue to impose donor blueprints, such as trade liberalisation and privatization of essential services, with often devastating results for poor people."

The report goes on to say, "Byzantine donor procedures and conditions have distorted incentives and systems in aid-dependent countries and undermined local capacity, hindering with one hand what they have helped with the other."

Action Aid and Oxfam are urging donor agencies to act on the following three key recommendations to get aid to those in most need of it: 1) make aid accountable, 2) make aid effective, 3) reform the aid architecture. Living in one of the world's largest bottomless buckets of foreign aid, I couldn't agree more.

Lastly, a few disclaimers are in order here. First, I am by no means an expert on aid, so I only provide an "empirical opinion." Second, many international aid projects are critical to Palestinian sustainability and livelihood and should be commended. Nevertheless, many others need serious revamping. Third, private sector salary scales as well as government salary scales should also be critically evaluated. It could very well be that these two sectors are opportunistically undercutting salaries in return for providing job security.

Sam Bahour is a Palestinian businessman and ICT Consultant.

* The full report *Millstone or Milestone* is available at:
www.oxfam.org.uk/what_we_do/issues/debt_aid/aid_millstone.htm