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CAN FOREIGN AID WIN 'HEARTS AND MINDS?'
IMPACT OF USAID ON PALESTINIAN PUBLIC OPINION

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Introduction

Since the Oslo Accords were signed on the White House lawn in 1993, foreign aid has poured into the West Bank and Gaza Strip (WBG) at a tremendous rate. Between 1994 and 2012, USAID alone has contributed a total of \$3.5 billion in economic development in the Palestinian Territories. When this quantity of American assistance is combined with European, Arab, and Asian donations, foreign aid has comprised roughly 30 percent of Palestinian GDP for the past several years. WBG's small population (4.2 million) and tiny territory (6220 km²) has allowed this massive allotment of foreign aid to touch every major Palestinian community, developing infrastructure, businesses, and government.

Despite the sizeable US contributions of aid to the Palestinian Territories, Palestinians harbor overwhelmingly unfavorable views towards the US government. As of May 2011, one poll from the Pew Research Center showed that 80 percent of Palestinians held unfavorable views toward the US, while only 18% held positive ones. A different poll conducted in the same month from the Palestinian Center for Public Opinion showed that 63.4 percent of Palestinians believed that US and EU aid had contributed either "a great deal" or "a fair extent"

¹ United States. United States Agency for International Development. West Bank/Gaza. *About Us.* 2010. Web. http://www.usaid.gov/wbg/aboutUs.html.

² Jacob Avis and William Avis, "Palestinian Workers Rights." Palestinian Human Rights Monitoring Group, May 2010. Web. http://www.phrmg.org/Palestinian%20worker%20rights.pdf>.

³ "Fact Sheet: West Bank and Gaza." Government of Canada, Feb. 2012. Web.

http://www.canadainternational.gc.ca/west_bank_gaza-

cisjordanie_bande_de_gaza/bilateral_relations_bilaterales/fs-wbg-fd.aspx?lang=eng&view=d>.

[&]quot;4.2 Million Palestinians in West Bank, Gaza Strip." Maan News Agency, 12 July 2011. Web. http://www.maannews.net/eng/ViewDetails.aspx?ID=404341.

⁴ *Obama's Challenge in the Muslim World: Arab Spring Fails to Improve U.S. Image*. Rep. Pew Research Center: Global Attitudes Project, 17 May 2011. Web. http://www.pewglobal.org/files/2011/05/Pew-Global-Attitudes-Arab-Spring-FINAL-May-17-2011.pdf. 6.

to the welfare of the Palestinian people, but this general satisfaction with economic aid did not translate into parallel proportions of positive perceptions.⁵

Is there any meaningful relationship between amount spent on foreign aid and public opinion towards the donor in the West Bank? Looking at the above data alone, it would be difficult to conclude whether the relationship was causal, correlative, or nonexistent. To assess the type of relationship that exists between foreign aid and public opinion, its strength, and when it comes into effect, we examined extant literature on the subject, conducted phone and in-person interviews around the Washington, D.C. area, and traveled to the West Bank to see conditions on the ground and conduct additional interviews.

After gathering data in these ways, we determined that aid to the West Bank did not significantly impact public opinion towards the US, despite the large sum of assistance it has lent to this territory. American foreign policy, USAID's high degree of politicization, and a general lack of awareness of local projects combined to neutralize any significant effect that aid would have had on Palestinians' opinions toward the US as suggested by existing literature. Secondary aspects of aid that we investigated thoroughly, such as conditionality and branding, did not play a significant positive or negative role in shaping Palestinians' perceptions of donors, as they had in other places in the world.

By adding this research on the West Bank to the findings of other case studies, we were able to formulate a general theory that elucidates the relationship between foreign aid and public opinion in the recipient country towards donor nations. To boost public perceptions with aid, two base factors must first be met: general awareness and positive impact (low corruption and high quality). If these conditions are satisfied, the aid delivered then must be in a favorable

⁵ Dr. Nabil Kukali, "Palestinian Center For Public Opinion." Palestinian Center For Public Opinion, 12 Feb. 2012. Web. http://www.pcpo.org/polls.htm.

foreign policy context or have a low degree of politicization. If aid meets these requirements, then positive perceptions of the donor countries will rise to a significant extent.

Opinions of foreign publics are highly relevant to US foreign policy. Terrorist attacks like those of 9/11 demonstrate a dire need for increasing positive perceptions of the US abroad, particularly in the Muslim world where favorability levels are exceptionally low. Also, the recent revolutions in the Arab world indicate that public opinion will most likely have an increasing impact on the foreign policies of the Middle East, meaning that the US will have a greater stake in making sure that Arab publics view America favorably. It would be a drastic setback to US interests in the region if another Iranian-style regime built on anti-Americanism rises in the wake of these revolutions.

The Palestinian Territories' prominent role in regional geo-politics and American foreign policy led us to select the West Bank as our research subject. The Palestinian issue commands so much sympathy in the Arab world that, according to a 2009 Brookings poll, 76 percent of respondents in the region ranked it as one of their top three most-important issues, including their own education, health care, and tax policies. The priorities of Arab publics may change in the post-Arab Spring environment but the Israeli-Palestinian conflict will likely remain an important regional issue. In Egypt, for example, the leftist pan-Arab al-Karama party declared last year

⁶ Jennifer Steffensen, "The Journal Revisited: A Rocky Road for US Public Diplomacy." Georgetown Journal of International Affairs, 17 Jan. 2012. Web. http://journal.georgetown.edu/2012/01/17/the-journal-revisited-the-rocky-road-for-us-public-diplomacy/.

⁷Abubakar Siddique, "What Role Does Israeli-Palestinian Conflict Play In Mending U.S.-Muslim Ties?" *Radio Free Europe/Radio Liberty*. 3 June 2009. Web.

 $< http://www.rferl.org/content/What_Role_Does_IsraeliPalestinian_Conflict_Play_In_Mending_US_Ties_With_Muslim_World/1746233.html>.$

that cancelling the Camp David Accords is its top priority,⁸ and an April 2011 Pew Research poll showed that 54% of Egyptians are in favor of annulling the peace treaty with Israel.⁹ In April 2012, the leading Egyptian presidential candidate, Amr Moussa, said that the agreement is "dead and buried." Additionally, since WBG receives such large quantities of aid, we calculated that opinions on this topic would be readily findable, even in a short span of time.

Since Israeli security ranks highly on US foreign policy objectives, the US has a large stake in solving the Israeli-Palestinian conflict. A negotiated end to the conflict would likely allow Israeli citizens to enjoy a higher level of peace and security among its neighbors, while allowing Palestinians the freedom to determine their own future. To facilitate this peace process, the United States supplies the Palestinian Territories with considerable amounts of aid in order to build up the capacity of a future Palestinian state and to gain more leverage in negotiations.

The 2011 freeze of USAID funding to economic and developmental projects in WBG further highlighted the current relevance of the issue of foreign aid both in the Palestinian Territories and in the US. The withholding of \$187 million (34 percent of US assistance promised to the Palestinians) impacted nearly every part of Palestinian society – economic, political, and social sectors.¹¹ In the US, cutting foreign aid has gained considerable attention in

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⁸ "Report: Egypt's Al-Karama Party Wants to Cancel Peace Treaty with Israel." *Haaretz.* 16 Jan. 2011. Web. http://www.haaretz.com/news/diplomacy-defense/report-egypt-s-al-karama-party-wants-to-cancel-peace-treaty-with-israel-1.368011.

⁹ Egyptians Embrace Revolt Leaders, Religious Parties and Military, As Well. Rep. Pew Research Center, 25 Apr. 2011. Web. http://www.pewglobal.org/2011/04/25/chapter-4-relationship-with-the-united-states-and-israel/.

¹⁰ Zvi Bar'el, "Leading Candidate in Egypt Presidential Race Calls Israel Peace Accord 'dead and

Buried" *Haaretz*. 30 Apr. 2012. Web. http://www.haaretz.com/news/middle-east/leading-candidate-in-egypt-presidential-race-calls-israel-peace-accord-dead-and-buried-1.427323>.

¹¹ "Congress Frees \$40 Million for Palestinians." *CBSNews*. CBS Interactive, 28 Dec. 2011. Web. http://www.cbsnews.com/8301-250_162-57349489/congress-frees-\$40-million-for-palestinians/.

the current presidential campaign season. The fiscally conservative political climate has combined with popular misperceptions to put foreign aid foremost on the budgetary chopping block. According to an April 2011 poll, almost two-thirds of Americans thought foreign aid accounted for 10 percent of federal spending and one-fifth thought it accounted for 30 percent, while the actual amount is close to 1 percent. Whenever mentioned in three different Republican presidential primary debates, cutting aid has garnered enthusiastic applause. US policymakers like Sen. James Risch of Idaho echo these sentiments in comments like, "Frankly, I'm getting tired of it [foreign aid]...Americans are...shoveling money in there at people who just flat don't like us." Thus, aid's apparent lack of efficacy in changing recipients' perceptions fuels the already acute domestic frustrations with sending economic assistance overseas.

Research Approach

After considering our available research strategies, we decided to investigate this subject through a qualitative approach. Instead of creating quantitatively focused polls for which we had too limited time and money, we elected to gather anecdotal data through interviews with individuals of a variety of backgrounds. In the Washington, D.C. area, we surveyed the limited literature on this topic before conducting interviews with development experts, PLO officials, and relevant NGOs and holding phone interviews with similar individuals abroad.

¹² Amy Bingham, "GOP Candidates Take Aim at Foreign Aid." *ABC News*. 15 Nov. 2011. Web. http://abcnews.go.com/blogs/politics/2011/11/gop-candidates-take-aim-at-foreign-aid/>.

¹³ "Perry: All Countries Start at Zero Foreign Aid." *YouTube*. CBSNewsOnline, 12 Nov. 2011. Web. http://www.youtube.com/watch?v=dfICIytYAgU.

¹⁴ James M. Lindsay "Foreign Aid and Gratitude." Web log post. *Council on Foreign Relations*. 28 Sept. 2011. Web. http://blogs.cfr.org/lindsay/2011/09/28/foreign-aid-and-gratitude/>.

After completing this background research, we traveled to the West Bank for ten days. During this time, we visited USAID projects and conducted interviews with people such as Palestinian Authority officials, businesspeople, academics, university students, NGO staff, and USAID representatives. Overall, we conducted a total of 29 formal interviews in the West Bank and Washington, D.C. We also had dozens of shorter, more informal conversations with refugees, taxi drivers, shopkeepers, and random people on the street in urban and rural settings. Due to the security situation, we could not conduct research in Gaza, but we did include East Jerusalem into our itinerary of visiting Ramallah, Nablus, Birzeit, Bethlehem, Hebron, Taybeh, and Tel Aviv.

To qualify the results of this study, it must be acknowledged that the sample size lacked statistical robustness and randomness. Thus, the opinions we heard and projects we saw may have lacked greater representation in the broader population. Despite this fact, however, the reliability of the results seems firm in light of the diverse sectors of Palestinian society we covered and the frequent repetition of opinions and other information. At any rate, however, the lack of time and finances simply precluded creating a scientifically robust public opinion study.

The structure of the paper proceeds as follows. We begin with background research on case studies and other relevant past research, such as polling data, USAID statistics, and contemporary discourse surrounding the 2011 USAID freeze. We then turn to the results from our fieldwork, which we broke down into six sections covering the major dimensions of foreign aid. After comparing USAID to other donors in the West Bank and Gaza, we supply reasons why public opinion in the Arab and Muslims worlds should matter to the US and give recommendations of how to change perceptions in the West Bank. The paper concludes with an

analysis of our fieldwork and existing literature to determine under which conditions foreign aid "wins hearts and minds."

Background Research I: Relevant Theory and Case Studies

As briefly alluded to above, relatively little research has hitherto been conducted on the topic of opinion formulation in connection with foreign aid. Since 9/11 and the subsequent US-led wars in Afghanistan and Iraq, some scholars have begun to study this relationship, but their focus had primarily centered on security implications for obviously practical reasons. Thus, few scholars have formulated comprehensive theories relating to the circumstances in which hearts and minds are won by foreign aid.

There are a few explanations for the considerable dearth of scholarship on this topic. Firstly, it is inherently difficult to pinpoint drivers of public opinion in many contexts; the many factors that combine to create an opinion cannot be compartmentalized easily. Secondly, most professionals in the development field scorn the idea of "winning hearts and minds." They see this public diplomacy-minded focus on aid as inimical to the local ownership, and hence sustainability, of foreign-funded projects. Thirdly, the US government and other interested parties have only recently renewed their enthusiasm for mapping public opinion in other parts of the world. The attacks of 9/11 and the subsequent US-led wars in the Muslim world largely compelled this change. 16

The most comprehensive attempt to determine the primary drivers of Arab public opinion came from scholars Peter Furia and Russell Lucas in 2006. Using Zogby International Polling

¹⁵ Rajiv Chandrasekaran. Panel Discussion. Is Foreign Aid Worth the Cost? Woodrow Wilson International Center for Scholars, Washington, DC. 23 Jan. 2012. Web. http://www.wilsoncenter.org/event/foreign-aid-worth-the-cost.

¹⁶ United States. Congressional Research Service. Foreign Affairs, Defense, and Trade Division. *Indian Ocean Earthquake and Tsunami: Humanitarian Assistance and Relief Operations*. By Rhoda Margesson. The Library of Congress, 10 Feb. 2005. Web. http://www.fas.org/sgp/crs/row/RL32715.pdf>. 41.

data from 2002, Furia and Lucas tested six hypotheses distilled from various international relations theories such as realism, Marxism, and culturalism on 79 countries. After concluding that none of these theories adequately explained Arab opinion towards non-Arab countries, they proposed another hypothesis: "citizens of Country A will evaluate Country B on the basis of Country B's specific foreign policy actions (and especially their military actions) in regard to Country A." While the study went on to demonstrate the significant effect of certain foreign policy tropes such as Palestinian plight and Iraqi sanctions on Arab public opinion, it did not investigate whether this theory applies to foreign aid as well.¹⁸

Jishnu Das' case study of Pakistan proved particularly helpful in shaping our future research. Covering the aftermath of the 2005 earthquake, Das surveyed 28,000 families in 126 villages to test whether those located near the fault line had higher opinions of foreigners than those who received no assistance during the natural disaster. Overall, he found that four years after the earthquake, those who received help from foreign aid organizations had 70 percent favorability ratings of foreigners, whereas those who did not receive such help had only 30 percent favorability levels. These findings confirmed that it was theoretically possible to "win hearts and minds" through foreign aid, although the author added at the end of his paper the untested caveat that "it's easiest for Westerners to win hearts and minds only when that's not what they're explicitly setting out to do." Thus, according to this speculation, motivations behind extending the aid may affect its impact on public perceptions towards the donor country. ¹⁹

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¹⁷ Peter Furia and Russell Lucas, "Determinants of Arab Public Opinion on Foreign Relations." *International Studies Quarterly* 50 (2006): 585-605. *Duke University*. Web. http://www.duke.edu/~gelpi/furia.pdf>. 600.

¹⁸ Ibid. 600.

¹⁹ Jishnu Das, "The Black Hole of Pakistan." *Foreign Policy Magazine*. 7 Oct. 2010. Web. http://www.foreignpolicy.com/articles/2010/10/07/the-black-hole of-pakistan.

USAID's investigation of Indonesia echoed Das' results. After a tsunami devastated the country, killing over 130,000 people, USAID delivered much-needed humanitarian assistance to the beleaguered islands in 2004 and 2005. This exercise in disaster relief provided the development agency with a situation in which to apply its newly implemented branding strategy, which mandated that nearly everything donated by USAID bear its seal in some shape or form. The fruits of these efforts were that 79 percent of Indonesians reported that they held more positive views of the US after the relief effort – a highly significant effect. The results of this study add credibility to the assertion that emergency humanitarian assistance, an inherently less politicized type of foreign aid, can drastically affect public perceptions of donors.

Jon Alterman's book *Egypt and American Foreign Assistance*, 1952-1956: Hopes

Dashed introduced the researchers to other important aspects of aid: the "low" policies. While

Jishnu Das speculated how the broad motivations of sending aid can have a drastic impact on its

perceptions, Alterman asserted that the more technical and personal aspects of aid also mattered deeply. Examining Egypt's first years under Nasser, Alterman concluded that factors like branding, conditionality, and donor-recipient coordination played significant roles in the nascent relationship built on economic aid between the US and revolutionary Egypt. Egypt soon after its independence wanted to rid itself of the taint of foreign influence, and US development aid required a certain amount of conditionality that proved too onerous for Egyptian preferences.

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²⁰ United States. United States Agency for International Development. Office of Inspector General. *AUDIT OF USAID/INDONESIA'S TSUNAMI-RELATED HOUSING CONSTRUCTION ACTIVITIES IMPLEMENTED BY COOPERATIVE HOUSING FOUNDATION INTERNATIONAL*. 31 Jan. 2008. Web. http://www.usaid.gov/oig/public/fy08rpts/5-497-08-002-p.pdf.

²¹ United States. United States Agency for International Development. *USAID Branding*. 1 Oct. 2007. Web. http://www.usaid.gov/branding/>.

²² Jon B. Alterman, *Egypt and American Foreign Assistance*, *1952-1956: Hopes Dashed*. Houndmills, Basingstoke, Hampshire: Palgrave, 2002. Print. XVII-XVIII, 64.

While Egypt greatly appreciated the technical and material aid given to it, it was not willing to agree to American conditions in order to receive them.²³

The Council on Foreign Relations (CFR), a world-renowned think tank, contributed a hopeful, but ultimately inconclusive, study on foreign aid's relationship with public opinion.

After conducting focus groups in Muslim-majority countries like Morocco, Egypt and Indonesia in 2005, CFR found that most participants only had a vague idea of US-funded economic assistance to their countries. CFR posited that "the problem is one of perceptions more than entrenched attitudes" and that "new information can have corrective power" with regard to how individuals see the US.²⁴ The researchers hopefully concluded that Muslims in countries that receive substantial foreign aid will continue to "love us and hate us" for different reasons but that increased transparency of aid (including publicized information about projects and explanations for why America is providing aid) along with a more modest US tone "could push many Muslims past the tipping point to a positive view of America." ²⁵

Background Research II: Public Opinion and Foreign Aid Statistics

As we did not have the resources available to conduct public opinion polls in the Palestinian Territories ourselves, we surveyed the existing polling data to gain a general impression of Palestinian opinion towards the US and USAID. The findings were clear: Palestinians had overwhelmingly unfavorable views towards the US and a general lack of awareness of its development agency. According to the Pew Research Center, the US received

²³ Jon B. Alterman, *Egypt and American Foreign Assistance*, *1952-1956: Hopes Dashed*. Houndmills, Basingstoke, Hampshire: Palgrave, 2002. Print. XVII-XVIII, 64.

²⁴ Craig Charney and Nicole Yakatan, *A New Beginning: Strategies for a More Fruitful Dialogue with the Muslim World.* Rep. no. 7. Council on Foreign Relations, 2005. Web. http://i.cfr.org/content/publications/attachments/Anti-American_CSR.pdf>. 68.

²⁵ Ibid. 69, 73.

18 percent favorability ratings in the Palestinian Territories in May 2011, which shows improvement from two years prior (15 percent) and from 2003 (0 percent).²⁶ The slight increase in favorability probably resulted from the US support of the popular effort to oust Libyan strongman Muammar Qaddafi. ²⁷ In terms of America's development agency, a USAID-commissioned study found that from 2008-2010 a mere 39 percent of Palestinians were aware that the US was providing assistance. Also, out of the 1,199 people interviewed for this study, 55 percent believed that US motivations for providing foreign aid were primarily political, in contrast to the only 25 percent that thought that UN-funded projects were politically motivated.²⁸

One would expect a much higher awareness of USAID projects in WBG because of their generous funding and far reach into society. During the years of the above-mentioned study, USAID contributions to WBG averaged \$400 million annually, while Palestinian GDP totaled only \$8.124 billion in 2010.²⁹ This means that USAID money comprised roughly 6 percent of WBG's total income through 2010 – equivalent to half the amount of all Palestinian industry.³⁰ This aid oftentimes reached large segments of the population; water infrastructure alone has provided potable water to 1.7 million Palestinians (67 percent of the West Bank), according to the USAID website.³¹ USAID has developed many other sectors besides water infrastructure; see the chart below for the breakdown from 1994-2010 also taken from the mission's website.

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²⁶ Obama's Challenge in the Muslim World: Arab Spring Fails to Improve U.S. Image. 6.

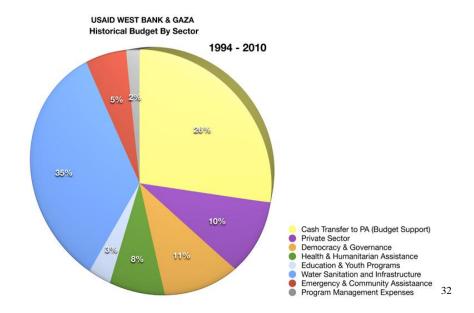
²⁷ Ibid. 6.

²⁸ USAID Baseline Survey: USAID/Public Awareness, Communication Strategy, and Community Outreach Project. Rep. Jerusalem Media and Communication Centre, Aug. 2009. Web. <pdf.usaid.gov/pdf_docs/PNADU910.pdf>. 9.

²⁹ Amira Hass, "The Real Cost of Israel's Occupation of the Palestinians." *Haaretz* [Tel Aviv] 16 Nov. 2011. *The Real Cost of Israel's Occupation of the Palestinians*. Web. http://www.haaretz.com/print-edition/features/the-real-cost-of-israel-s-occupation-of-the-palestinians-1.395839.

³⁰ "The World Factbook: Middle East: The West Bank." CIA, 11 Apr. 2012. Web. 3 May 2012. https://www.cia.gov/library/publications/the-world-factbook/geos/we.html.

³¹ United States Agency for International Development. *Middle East - West Bank/Gaza*. Web. http://www.usaid.gov/locations/middle east/countries/wbgaza/>.



Background Research III: History of USAID in the West Bank and Gaza Strip

US contributions to WBG have not always reached such high levels. Before the Oslo Accords were signed in 1994, USAID had only a small presence in the West Bank and Gaza. During this time, the United States gave only small quantities of development aid (\$7 million per year on average) because of suspicions concerning the PLO's perceived corruption and hostile intentions. After the Oslo agreement, American aid increased from \$7 million (in 1992) to \$57 million in 1994 and then continued to rise, eventually reaching \$181 million in 2002. After PA President Yasser Arafat died in November 2004 and the Second Intifada began to subside, Mahmoud Abbas won the PA presidency on a platform dedicated to peaceful negotiations in

³² United States. United States Agency for International Development. West Bank/Gaza. *About Us.* 2010. Web. http://www.usaid.gov/wbg/aboutUs.html.

³³ United States. Congressional Research Service. Foreign Affairs, Defense, and Trade Division. *United States Aid to the Palestinians*. By Clyde Mark. 4 Mar. 2005. Web. http://fpc.state.gov/documents/organization/45198.pdf>. 6.

³⁴ Ibid. 6.

January 2005, after which US bilateral aid to the PA increased dramatically from \$74.5 million in 2004 to \$230.4 million in 2005.³⁵

In January 2006, Hamas unexpectedly won in the Palestinian legislative elections, taking 74 seats while the ruling Fatah party only obtained 45 seats. The PA's two most important donors, the EU and the US, reacted by pulling their aid funding and cutting ties to the PA. These actions prompted a strong outcry from Palestinian society in favor of Western donors resuming funding. Ismail Haniyeh, Hamas' nominee for Prime Minister, called the cutoff a form of blackmail. The problem appeared to solve itself in the summer of 2007 when Hamas violently took control of the Gaza Strip and Fateh solidified its hold on the West Bank. As a result, the US resumed relations with the Fatah-controlled PA based in Ramallah and expanded economic assistance to WBG, which reached \$415 million in 2008 as compared to only \$70 million in 2007.

Several events have contributed to ongoing tensions between the US government and the Palestinians. The 2009 Gaza War, the US government's rejection of the Goldstone Report and the February 2011 US veto of the UN Security Council resolution against Israeli settlement building in East Jerusalem and the West Bank have caused tension to rise considerably between the Palestinians and the US. Following the US veto against the settlement resolution, Palestinian leaders began making statements about the mismatch between US actions and Palestinian interests and accusing the US of trying to unfairly influence their actions by leveraging foreign aid. PA Prime Minister Salam Fayyad announced that he would be prepared to give up US aid

³⁵ United States. Congressional Research Service. *U.S. Foreign Aid to the Palestinians*. By Jim Zanotti. 4 Apr. 2012. Web. <www.fas.org/sgp/crs/mideast/RS22967.pdf>. 9.

³⁶ John Kifner, "Hamas Chief Calls Aid Cutoff Blackmail." *New York Times Reprinted in the San Francisco Chronicle*. 9 Apr. 2006. Web. http://www.sfgate.com/cgibin/article.cgi?f=/c/a/2006/04/09/MNGQCI6FEP1.DTL.

³⁷ Zanotti, 9.

that was dependent on political conditions.³⁸ President Abbas stated that the PA's receiving of millions of US dollars "does not mean they dictate to us whatever they want."³⁹ In a symbolic act, 28 Palestinian Fatah local councils and municipalities in the Jerusalem district announced "a boycott of the American consulate, its diplomats, and the American institutions in Jerusalem." This embargo included American organizations receiving USAID funds. A representative of the Democratic Front for the Liberation of Palestine (DFLP) stated on PA TV that "The Palestinian people prefer to start a boycott against these American organizations, which provide so-called assistance, because we prefer liberty and dignity over bread dipped in humiliation and submission."⁴⁰

The prospect of a funding freeze reemerged in March 2011, when the PA threatened to ask the UN for recognition of Palestine as an independent state on the pre-1967 borders if peace negotiations with Israel failed to progress. In August 2011, both the US House of Representatives and the Senate threatened to suspend foreign aid to the PA if President Abbas went through with his petition for statehood and continued reconciliation talks with Hamas. During the week prior to the UN bid, the Palestinian Center for Policy and Survey Research conducted a poll and found that 83 percent of Palestinians supported going to the UN and that 64

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³⁸ Khaled Abu Toameh, "Palestinians to 'boycott US' over Security Council Veto." *The Jerusalem Post*. 23 Feb. 2011. Web. http://www.jpost.com/MiddleEast/Article.aspx?id=209546>.

³⁹ Itamar Marcus and Nan Jacques Zilberdik, "Abbas: \$460 Million in US Aid "does Not Mean They Dictate to Us Whatever They Want"." *Palestinian Media Watch*. 25 Feb. 2011. Web. http://palwatch.org/main.aspx?fi=157.

⁴⁰ Itamar Marcus and Nan Jacques Zilberdik, "28 PA Municipalities Boycott US Aid." *Palestinian Media Watch.* 1 Mar. 2011. Web. http://www.palwatch.org/main.aspx?fi=157&doc_id=4736.

⁴¹ Avi Issacharoff, "Abbas: Palestinians to Ask for UN Recognition If Peace Talks Fail." *Haaretz*. 31 Mar. 2011. Web. http://www.haaretz.com/print-edition/news/abbas-palestinians-to-ask-for-un-recognition-if-peace-talks-fail-1.353178.

⁴² Steve Jones, "US Congress Blocks Aid To Palestine." *About.com US Foreign Policy*. Web. http://usforeignpolicy.about.com/od/unitednations/a/Us-Congress-Blocks-Aid-To-Palestine.htm.

percent expected the US to stop its financial support.⁴³ Abbas proceeded with the petition on September 23, but it failed and the Congressional suspension of aid to the PA went into effect on October 3. The House Committee on Foreign Affairs withheld \$187 million in aid that had been promised to the Palestinians for development.⁴⁴ Committee Staffer Bradley Goehner explained that Chairman Ileana Ros-Lehtinen and other committee members chose to place an "informational hold" on the funding in light of PA attempts at reconciliation with Hamas and its activities at the UN.⁴⁵ The State Department and the White House immediately began to lobby Congress to forward the funds, viewing financial support as in the interest of the Palestinians, Americans and Israelis.⁴⁶ USAID projects included in the fiscal year 2011 budget were affected by the hold. Undaunted, the Palestinians pressed on to receive recognition from UNESCO in October. Due to pre-existing legislation, the US automatically cut off funds to UNESCO for doing so on November 1, 2011.⁴⁷

Palestinians reacted to the withholding of funds in much the same way that they did to the 2006 cutoff. PA spokesman, Ghassan Khatib said the funding freeze was a form of "collective punishment" to the Palestinian people.⁴⁸ NGOs that depend on USAID for funding were hit the

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⁴³ Palestinian Center for Policy and Survey Research. Survey Research Unit. *Palestinian Public Opinion Poll No (41)*. 15 Sept. 2011. Web. http://www.pcpsr.org/survey/polls/2011/p41efull.html#UN.

⁴⁴ Jackie Spinner, "Hard Times in Hebron." The American Task Force on Palestine, 27 Jan. 2012. Web. http://www.americantaskforce.org/daily_news_article/2012/01/27/1327640400_12.

⁴⁵ "U.S. Lawmakers Release \$88.6 Million in Aid to Palestinians." Haaretz, 24 Mar. 2012. Web. http://www.haaretz.com/news/diplomacy-defense/u-s-lawmakers-release-88-6-million-in-aid-to-palestinians-1.420446.

⁴⁶ Natasha Mozgovaya, "U.S. Congress Officially Confirms Blocking Palestinian Aid, Explains Reasoning." *Haaretz/Reuters*. 4 Oct. 2011. Web. http://www.haaretz.com/news/diplomacy-defense/u-s-congress-officially-confirms-blocking-palestinian-aid-explains-reasoning-1.387989>.

⁴⁷ Khaled Abu Toameh, "US Freezes UNESCO Funds for Recognizing Palestine." *The Jerusalem Post.* 1 Nov. 2011. Web. http://www.jpost.com/VideoArticles/Video/Article.aspx?id=243912.

⁴⁸ Sheera Frenkel, "Palestinians Feel Effects Of Frozen U.S. Aid." *National Public Radio*. 07 Oct. 2011. Web. http://www.npr.org/2011/10/07/141090967/palestinians-feel-effects-of-frozen-u-s-aid.

hardest. Hassan Abu Libdeh, the PA Minister of National Economy, said that two USAID projects in the health and education sectors worth \$55 million and \$26 million were immediately put on hold, resulting in the cut of 50 jobs during the first week of the freeze. At least 200 additional lay-offs-were expected in relation to those two projects alone. Libdeh said in a public statement:

"We feel very sorry about the decision by the American Congress, which we think came to sabotage our ability to establish a Palestinian state. This is a political measure that reflects a blind bias against the Palestinian interests and will not help the efforts of the US administration to resume negotiations. The decision is affecting all aspects of American support of the Palestinian people."

The day after the freeze was announced, a small crowd of Palestinian protesters blocked a convoy of vehicles transporting American consulate personnel in Ramallah, chanting "shame on you" and held up banners reading "No for the American funds", "Veto America", and "Obama, your vision is shortsighted." Others threw shoes at the vehicles. One protester told the Associated Press that they wanted to "send a message to America", saying "You cannot stand against our national aspirations and you cannot blackmail us with your money." Over the next several months, the US received bad press as many wire services and news agencies ran stories about projects affected by the freeze. The Christian charity organization, Bible Lands, published a press release in October 2011 titled "US Aid Freeze Is 'Punishing' Disabled Children in West

⁴⁹"Palestinians Economy Affected by U.S. Congress Aid Cut, PA Officials Say." *Haaretz/The Associated Press.* 3 Oct. 2011. Web. http://www.haaretz.com/news/diplomacy-defense/palestinians-economy-affected-by-u-s-congress-aid-cut-pa-officials-say-1.387961.

⁵⁰ Mohammed Daraghmeh, "Palestinians Accost US Delegation in West Bank." *Yahoo! News.* 04 Oct. 2011. Web. http://news.yahoo.com/palestinians-accost-us-delegation-west-bank-183910194.html.

⁵¹ Ibid.

⁵² Ibid.

Bank."⁵³ The withholding of funds for the Palestinian version of Sesame Street received the most attention. CNN ran an article titled "Kermit Kaput for Palestinian kids in 2012."⁵⁴

Congress eventually gave into pressure from the State Department and the White House. In December 2011, Congress released \$40 million of the \$187 leftover from the 2011 budget cycle due to pressure from the Obama administration. Shortly after we completed our field study, on March 23, Congress released another \$88.6 million in funds to the Palestinians. Representative Ros-Lehtinen, however, refused to release her informational hold on the remaining funds. In a rare display of executive-branch authority, Secretary of State Clinton overruled the congressional hold and forwarded the remainder of the 2011 funding package. However, the damage to Palestinian institutions and businesses and American credibility was already done. Daoud Kuttab, director general of the non-governmental Community Media Network in the Palestinian territories, reflected on the freeze and USAID's work. New schools were built, wells were dug, and judges were trained. All this positive change... is threatened to evaporate as the United States Congress decides to punish the Palestinian population for the acts of their political leadership.

General Palestinian Perceptions of Foreign Aid

⁵³ Bible Lands. *US AID FREEZE IS 'PUNISHING' DISABLED CHILDREN IN WEST BANK*. 20 Oct. 2011. Web. http://www.biblelands.org.uk/news/pr1.htm.

⁵⁴ Jill Dougherty, "Kermit Kaput for Palestinian Kids in 2012." Web log post. *CNN - Security Clearance*. 11 Jan. 2012. Web. http://security.blogs.cnn.com/2012/01/11/kermit-kaput-for-palestinian-kids-in-2012/.

⁵⁵ "Congress Frees \$40 Million for Palestinians." *CBSNews*. CBS Interactive, 28 Dec. 2011. Web. http://www.cbsnews.com/8301-250_162-57349489/congress-frees-\$40-million-for-palestinians/.

⁵⁶ "U.S. Lawmakers Release \$88.6 Million in Aid to Palestinians." Haaretz, 24 Mar. 2012.

⁵⁷ Sara Sorcher, "Clinton Overrules Republican Lawmaker's Hold on Palestinian Aid." *National Journal*. 11 Apr. 2012. Web. http://www.nationaljournal.com/nationalsecurity/clinton-overrules-republican-lawmaker-s-hold-on-palestinian-aid-20120411>.

⁵⁸ Jackie Spinner, "Hard Times in Hebron." *Foreign Policy*. 7 Jan. 2012.

Average people on the street possessed a mostly muddled conception of foreign aid in their country. When asked about who gave WBG economic assistance and on what scale, they could answer with a general understanding, namely that they knew that the US and EU donated many millions of dollars each year to build roads, schools, hospitals, etc. Average people overwhelmingly named the US as the largest donor. In reality, however, the US is the largest bilateral donor with contributions of about \$550 million while the EU collectively is the largest donor, sending approximately \$600 million annually to the WBG.⁵⁹ Thus, this mistake is not a major misconception.

One reason behind aid's failure to win Palestinian hearts and minds is their lack of awareness of USAID. Many of the Palestinians we encountered during the field study were unaware of USAID's work or only had the vaguest conception of US foreign assistance to WBG. However, it seems that USAID's branding policy and outreach strategies have made a significant impact, given that a 2004 USAID study revealed that only five percent of Palestinians were aware of USAID development projects in their communities.⁶⁰ A more recent survey conducted in 2009 (contracted by USAID) found that 39 percent of Palestinians were aware that the US was providing assistance in WBG.⁶¹

The Palestinians who were aware of USAID's work, however, frequently related to us that none of these projects actually benefited them. When asked about foreign-financed projects near their homes that would have impacted their lives, most urban residents were unable to name even one. Rural Palestinians occasionally could name specific parks or schools that had been

⁵⁹ Samir Abdullah, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

⁶⁰ United States Agency for International Development. *FRONTLINES: JULY-AUGUST 2005*. Aug. 2005. Web. http://www.usaid.gov/press/frontlines/fl_julaug05/>.

⁶¹ USAID Baseline Survey: USAID/Public Awareness, Communication Strategy, and Community Outreach Project. Rep. Jerusalem Media and Communication Centre, Aug. 2009. Web. <pdf.usaid.gov/pdf_docs/PNADU910.pdf>. 9.

built or refurbished by USAID but most were only aware of the roads built by USAID, not water projects or other infrastructure construction. Thus, while some Palestinians knew about USAID's work in the West Bank and Gaza generally, they often did not know enough to make them think that aid was tangibly helping them.

One project that seemingly every Palestinian knew of, however, was the refurbishing of the Wadi al-Nar road. This well-paved thoroughfare connecting Ramallah to Bethlehem earned the collective resentment of West Bank Palestinians for bypassing Jerusalem, which is inaccessible without special permits due to the Israeli separation barrier. The road was extremely dangerous before USAID finished the project (which is why the PA approved it) but in the perception of many Palestinians this road served to "normalize" the occupation by creating a more permanent alternative to the direct route through Jerusalem. ⁶² If the project that the most Palestinians know about is negatively perceived, then it is understandable that many people felt little gratitude towards the US.

Other Palestinians voiced more general skepticism that aid could win Palestinian hearts and minds. For example, former Minister of Planning, Dr. Samir Abdullah, said that even if Palestinians had been given \$10 billion (twenty times their current allotment), Palestinians would still regard the US as they presently do. ⁶³ For Palestinians, Dr. Abdullah said, political progress was paramount: their having a new school or road would not distract them from their frustration with the stalled peace process and the US role therein. ⁶⁴ Thus, even with popularly valued projects, foreign aid could not win hearts and minds without an amenable foreign policy accompanying the aid.

⁶² Senior US Official, Personal interview by Dan Brunner. 19 Mar. 2012.

⁶³ Samir Abdullah, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

⁶⁴ Ibid

Some other people disagreed with these more negative assessments. A former USAID official and current employee at a development NGO in WBG, asserted that "Sure! Efficient programs with national buy-in and lasting impact can definitely win people's hearts and minds." The mayor of Taybeh, a small Christian village outside of Ramallah, echoed this belief that foreign aid could change people's minds about donors. He said emphatically that aid affects image, because if one satisfies the needs of another, their hearts are won. 66

Mayor Daoud Khouri (a Palestinian-American who returned to the West Bank) was very familiar with foreign aid, as his town had benefitted from several projects over the past seven years. Drawing on his persuasive skills and the opportunities created by his hosting of the annual Oktoberfest in Taybeh, the mayor successfully solicited assistance from donors in the form of a park from Japan, six kilometers of roads and eleven classrooms from the US, a trash truck from Denmark, and many other projects for his small village.⁶⁷

Palestinians are beginning to buy into a narrative proliferated by the academics, intellectuals and activists who claim the US and other donors are purposefully perpetuating "normalizing" the occupation and relieving Israel of its responsibilities as an occupier. They cite international law (The Hague Convention 1907, Fourth Geneva Convention 1949, Universal Declaration of Human Rights 1948), which states that the occupier (Israel, in this case) is responsible for the population's safety and welfare. After the signing of the Oslo Accords, some Palestinians argue that Israel has succeeded in outsourcing the costs of the occupation to the international community, which has sent billions of dollars into WBG for development

⁶⁵ Nablus NGO Director. Personal interview by Dan Brunner. 14 Mar. 2012.

⁶⁶ Daoud Khoury, Personal interview by Dan Brunner. 17 Mar. 2012.

⁶⁷ Ibid

⁶⁸_"The Gaza Strip - Israel's Obligations under International Law." *B'Tselem*. 1 Jan. 2012. Web. http://www.btselem.org/gaza_strip/israels_obligations>.

projects and budgetary support. Dr. Samia Botmeh from the Center for Development Studies at Birzeit University went as far as to say in an interview in August 2011 that "Israel besieges us, puts us in cantons - in cages - and the international community is feeding us in these cages. It's anything but developmental and it's helping Israel's colonization, ethnic cleansing and dispossession."69

This narrative of aid merely financing the occupation threatens to undermine USAID's efforts. It is becoming more mainstream in Palestinian society, especially amongst academics, activists and even NGOs that receive USAID funding. In almost every interview we conducted, we heard similar versions of this narrative. Sami Awad from Holy Land Trust thought of US foreign policy in the Middle East and Central Asia as "we bomb you and feed you at the same time."⁷⁰ Birzeit University has already held two conferences on how the current aid paradigm is destructive. Scholars from reputable European and American universities such as the George Washington University, Harvard, Princeton, Ghent University and the University of Copenhagen have participated. 71 Sahar Othman, the Program Manager of the Sharek Youth Forum, which ironically runs extensive programs throughout the West Bank and Gaza with the help of USAID funding, told The Palestine Monitor, "The USA is the primary financier of the occupation." A Palestinian entrepreneur, Khaled Sabawi, said in a widely circulated documentary that donor aid

⁶⁹ Charlotte Silver, "Donors Help Keep Palestinians in Cages." *The Electronic Intifada*. 16 Aug. 2011. Web. http://electronicintifada.net/content/donors-help-keep-palestinians-cages/10283>.

⁷⁰ Sami Awad, Personal interview by Dan Brunner. 15 Mar. 2012.

^{71 &}quot;International Conference: Geographies of Aid Intervention in Palestine," Birzeit University Center for Development Studies. Universiteit Gent, Sept. 2010. Web. http://home.birzeit.edu/cds/program.pdf>.

⁷² Steffi Unsleber, "Destroying Belief in the Resistance? the USAID Funded Palestinian Youth Summit." 14 Sept. 2011. Web. http://www.palestinemonitor.org/?p=1884.

is "an opium for the Palestinian people because it keeps them sort of drugged as Israel continues to entrench its current occupation."⁷³

Each time the US threatens to cut off funding or withholds funds, regardless of the reason (Palestinian reconciliation, not returning to the negotiation table, attempting to gain independence through the UN, etc.), the narrative described above is validated. This trend goes against US interests since these groups call for renewed resistance against Israel. They more fundamentally reject the paradigm supported by the US for solving the conflict—negotiations between Palestinians and Israelis. For example, leftist youth group Hirak Shababi protested a USAID-funded youth summit on September 10, 2011 and released the following statement on Facebook:

USAID, through its development aid in support of "state-building" initiatives that circumvent the occupation instead of confronting it, plays an important part in consolidating the occupation's settlement and colonization plans and control over Palestinian resources. Its interfering with, and bypassing of, the popular struggle must be stopped immediately, starting with its manipulation of the Palestinian youth movement.⁷⁴

While this particular group is not wholly representative of the youth, the protest did receive local media coverage and the Palestinian partner that organized the event, the Sharek Youth Forum, did face criticism for taking USAID funds given the US stance on the Palestinian UN bid for independence.⁷⁵ The problem is that much larger and influential movements in Palestinian society are also demonizing USAID, undermining US efforts to win hearts and minds.

⁷³ Khaled Sabawi in *Donor Opium*. Dir. Mariam Shahin and George Azar. 2011. Rosa Luxemburg Foundation, 20 Dec. 2011. Web. http://www.youtube.com/watch?v=wVTYyRLMljc.

⁷⁴ Our Prisoners Dignity, and Filisteen Horra. "Public Invitation to Rejection of the Melting of Youth Awareness, Rejection of USAID Funds." *Facebook.com.* 10 Sept. 2011. Web. http://www.facebook.com/events/262483970438441/>.

⁷⁵ Sinan Hirbawi, Telephone interview by Garrett Nada. 29 Mar. 2012.

Two groups recognized as foreign terrorist organizations by the US Department of State, the Popular Front for the Liberation of Palestine (PFLP) and Hamas, have demonized USAID as a saboteur of the Palestinian resistance. ⁷⁶ In August 2011, the PFLP issued a paper railing against the acceptance of USAID funds by Palestinians after Al-Najah Univeristy hosted a USAID delegation. PFLP characterized USAID as "a new stake digging into our cause's coffin, a dagger in the back of Palestine."⁷⁷ The paper alleges that the US is "killing children Afghanistan, Iraq, Lebanon and Gaza" and opposing the Palestinian resistance. Therefore to accept USAID interference in WBG is "a waste of the blood of the martyrs." According to Dr. Samir Abdullah, the withholding of aid discredited President Abbas and provided "food for Hamas' media campaign."⁷⁹ This is ironic and counterproductive for US interests because USAID has been attempting to bolster Abbas and the PA since 2007 to promote a picture of success in the West Bank compared to Hamas-run Gaza. Another issue is that as Palestinians become hostile to US development efforts, they may associate the Fatah-dominated PA (which receives about \$200 million in direct budget assistance per year from the US) with the status-quo and throw their support to Hamas or other rejectionist groups, thus undermining the US primary policy goal to negotiate a settlement between the Israelis and Palestinians.

Conditionality of Funds

As the name implies, conditionality encompasses any stipulations that recipients must adhere to in order to receive aid. Among USAID's chief requirements are extensive auditing,

⁷⁶ United States. Department of State. Bureau of Counterterrorism. 27 Jan. 2012. Web. http://www.state.gov/j/ct/rls/other/des/123085.htm.

⁷⁷ The Popular Front for the Liberation of Palestine. *Statement on USAID at Al-Najah University*. Nablus, 2011. Print.

⁷⁸ Ibid.

⁷⁹ Samir Abdullah, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

Anti-Terrorism Certification (ATC) and branding. These conditions have helped cut down on corruption and ensure greater alignment with US foreign policy objectives worldwide. Out of these conditions, auditing requires the most work on the part of the recipient organization but we found that Palestinians did not have a problem with this. However, the ATC process and branding have caused some Palestinians to question USAID's interests, undercutting the possibility of winning hearts and minds.

The US is singled out for conditionality due to its Anti-Terror Certification process, which was introduced after September 11, 2001 and updated on October 5, 2007 in WBG. While USAID requires Anti-Terrorism Certification in every area it works in, some Palestinians feel they are being unfairly singled out. ⁸⁰ For example, Birzeit University and a number of other educational institutions have not signed the agreement for Anti-Terrorism Certification (ATC), since they find it demeaning to have put in writing that their institutions do not support terrorism. ⁸¹ The other issue is that many individuals are associated with groups like PFLP, which is a recognized political party in WBG but a recognized foreign terrorist organization according to the US Department of State. Since the introduction of the ATC, PNGO, an umbrella organization of 132 Palestinian development organizations, has boycotted USAID because of this stipulation. PNGO affiliates believe the ATC ignores the Palestinian right of resistance against the Israeli occupation "according to International Law", and it defines who is a terrorist among Palestinians without any legal basis. ⁸² Furthermore, PNGO believes that the ATC is

⁸⁰ "Fact Sheet: U.S. Aid Agency Clarifies Anti-Terrorism Certification Rules." US Department of State, 7 Mar. 2005. Web. http://usinfo.org/wf-archive/2005/050307/epf108.htm.

⁸¹ Guy Burton, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

⁸² "International Conditional Funding." *The Palestinian NGOs Network.* Web. http://www.pngo.net/news.asp?ni=83

intended to "create internal conflict among Palestinians" and that USAID's "unacceptable" conditions "interfere in internal politics." 83

For the majority of Palestinian NGOs, however, the ATC is not an important issue. As of 2011, 685 local organizations had been awarded USAID funds through sub-contracts and even more competed in the bidding process, whereas PNGO only represents 132 organizations that have taken a stand against the ATC.⁸⁴ The ATC has created an internal conflict to a certain extent. For example, Al-Quds University signed the ATC despite the initial controversy. According to Dr. Said Zeedani "the issue died down and the document became a non-issue, an American matter of formality." However, a former Al-Quds University student said in an interview that the university lost face and credibility in Palestinian society for signing the ATC.⁸⁶ Sami Awad from the Holy Land Trust said in an interview that the ATC did not pose a problem for his organization since it is non-violent anyway.⁸⁷

Branding of Projects

"Branding" is the general term used to encompass whatever means donors use to raise awareness of their funding and support of a given project. Typically with physical structures like hospitals, schools, and roads, a sign will be placed inside or outside the project to declare who financed this project. The official USAID logo used worldwide incorporates a graphic of a handshake and the tagline "From the American People", written in the local language. With radio

⁸³ "PNGO Continues to Advocate Boycott of USAID." *NGO Monitor*. 22 Jan. 2007. Web. http://www.ngo-monitor.org/digest_info.php?id=1276#5.

⁸⁴ United States Agency for International Development. *USAID Forward: West Bank/Gaza Progress*. 2011. Web. http://forward.usaid.gov/node/316.

⁸⁵ Said Zeedani, Personal interview by Garrett Nada. 13 Mar. 2012.

⁸⁶ Nawal, Personal interview by Garrett Nada. 15 Mar. 2012.

⁸⁷ Sami Awad, Personal interview by Dan Brunner. 15 Mar. 2012.

broadcasts, the name of the donor is announced at certain points during the program. Sponsored events open to the public or press, like Ramadan iftaars hosted by the US consulate, often require a backdrop peppered with the donor's logo.⁸⁸

In 2004, USAID introduced a new branding initiative to increase the visibility of its activities and projects. ⁸⁹ In early 2005, the policy was introduced in the West Bank and Gaza to make it more aggressive. ⁹⁰ Thick booklets of branding regulations were distributed to recipient organizations to ensure they declared USAID's contributions widely, openly and prominently. So detailed were these instructions that, for instance, USAID had a logo for each color scheme of its background. ⁹¹ Media vehicles utilized to spread awareness include billboards, radio spots, and newspaper and internet advertisements. USAID also uses "visibility items" such as printed materials, t-shirts, and other branded handouts depending on the specific event (such as a USAID greeting card attached to a rose for Mother's Day). ⁹²

For most Palestinians, branding was not a significant issue. Recipients like Taybeh's Mayor Daoud Khouri were typically eager to display the names of their donors as a sign of appreciation for their support. He added that he still felt ownership of the projects in his village because he and other Palestinians planned them out from beginning to end; the donors only supplied the money or equipment. Average people on the street did not seem to pay much attention to donor signs; when asked where we could find such signs, most people were unable to

⁸⁸ Ramallah NGO Director, Personal interview by Dan Brunner. 13 Mar. 2012

⁸⁹ United States Agency for International Development. *USAID Branding Initiative: Redefining the Image of America*. 2005. Web. http://pdf.usaid.gov/pdf_docs/PDACN483.pdf>.

⁹⁰ United States Agency for International Development. West Bank/Gaza. *USAID Branding Standards*. By Leonel Pizarro. 12 Jan. 2005. Web. http://www.usaid.gov/wbg/misc/USAID%20Branding%20Standards.pdf.

⁹¹ Sami Awad, Personal interview by Dan Brunner. 15 Mar. 2012.

⁹² United States Agency for International Development. *Annual Progress Report: Al Nasher Technical Services*. 2009. Web. http://pdf.usaid.gov/pdf docs/PDACR433.pdf.

⁹³ Daoud Khoury, Personal interview by Dan Brunner. 17 Mar. 2012

provide a concrete location. Some signs, however, have been the target of vandalism by Palestinians. One sign near Birzeit University had paint splattered on it, and another outside of a public park had "Veto!" (in reference to the US veto of the anti-settlement resolution at the UN in 2011) written on it in red marker.⁹⁴

Negative views on branding came primarily from the academic community. While acknowledging a donor's right to attach its name to a project, Palestinian pollster Dr. Khalil Shikaki asserted that branding of certain projects in the West Bank (water infrastructure and roads) was counterproductive, as US support carried negative connotations and was too closely associated with Israeli priorities in the area. GWU Professor Brinkerhoff voiced her concern that branding undermines a sense of local ownership of development, a view echoed by the CEO of a Palestinian NGO.⁹⁵

Quality of Development

In certain provinces of Afghanistan, research has shown that the millions of dollars in development and economic aid have failed to win hearts and minds partially because of the low quality of aid provided. Many Afghans complained to researchers that aid did not either meet the real needs of the community or foster long-term development. Instead of dams, factories, or electrical grids that provide the infrastructure necessary for growth, Afghans in the Faryab province received mostly temporary, "cash-for-work" programs that created low-quality roads, for instance. Rampant corruption also cut deeply into aid budgets, which prevented the money from reaching its intended benefactor. By not meeting residents' needs for these reasons, foreign

⁹⁴ High-Ranking Palestinian Authority Official, Personal interview by Garrett Nada. 15 Mar. 2012.

⁹⁵ Sami Awad, Personal interview by Dan Brunner. 15 Mar. 2012.

⁹⁶ Geert Gompelman, *Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan's Faryab Province*. Rep. Feinstein International Center: Tufts University, Jan. 2011. Web. http://www.eisf.eu/resources/library/WinningHearts-Faryab.pdf>.

governments have lost the opportunity to win the people's trust through the billions of dollars that were spent largely for that purpose.⁹⁷

In contrast to Afghanistan, the quality of aid delivered to WBG was generally high. The US financed infrastructure projects in the West Bank including road reconstruction, replacing water networks, and building classrooms, which foster long-term economic development. To determine which of these projects to fund, USAID consults the PA Ministry of Planning and selects projects that fit the Palestinian National Plan. Employment levels are boosted in WBG through US and EU direct budget support for the Palestinian Authority (PA), which alone employs about a quarter of the workforce.

Despite USAID's consultation with the Palestinian Authority to ensure funding for projects that address national interests, some Palestinian people voiced a preference for other projects to be funded in sectors that related to them personally. Regular citizens, like a hotel owner, wanted a large factory or hospital: something that would produce jobs and that a large swath of society could benefit from. Others, like an NGO employee, wanted less showy and more useful projects like funding for education programs, for example. Academics wanted aid to resist the occupation, for instance, by improving agriculture, which would help Palestinians stay on their land. A PA official, a resident of A-Ram village, and a few other people wanted

⁹⁷ United States. Senate Committee on Foreign Relations (112th Congress). *Evaluating U.S. Foreign Assistance to Afghanistan*. 8 June 2011. Web. http://foreign.senate.gov/download/?id=E8637185-8E67-4F87-81D1-119AE49A7D1C>. 2.

⁹⁸ Senior US Official, Personal interview by Dan Brunner. 19 Mar. 2012.

⁹⁹ Overview of the Palestinian Economy. Rep. The Palestine Economic Policy Research Institute, Apr. 2010. Web. http://www.pic-palestine.ps/userfiles/file/pdfs/invest_in_palestine_en.pdf>. 7.

¹⁰⁰ Nablus NGO Director, Personal interview by Dan Brunner. 14 Mar. 2012

¹⁰¹ Khalil Shikaki, Personal interview by Garrett Nada and Dan Brunner. 13 Mar. 2012.

more projects in Area C in order to alleviate the widespread poverty there. Thus, it seemed most Palestinians desired more projects that affected their area of interest and less in other areas.

According to a senior US government official, corruption levels for recipients are very low, largely because of frequent audits. USAID requires 100 percent of projects that it finances to go through a rigorous auditing process, ensuring accountability for each dollar spent. The EU also has strict regulations regarding its funds, going as far as requiring separate bank accounts for the funds it supplies. Misappropriation or embezzlement of funds can result in exclusion from future contracts and also criminal penalties - powerful disincentives against corruption. Corruption.

Manner of Distribution

The manner of aid distribution was not a key issue for most Palestinians. In general, there was a degree of suspicion associated with the amount of contracts awarded to local organizations, but these suspicions were not very substantiated. In reality, many smaller local NGOs receive sub-contracts from international NGOs like Chemonics and CHF. Only development experts voiced specific criticism about how USAID distributes funds. Alaa Tartir noted that Ramallah-based NGOs tend to win more contracts. Since Ramallah is the de-facto capital of the West Bank, it is natural that larger, more established NGOs would have their main offices there. A senior US government official said organizations that are capable of finishing a project and have the capacity to handle large sums and deliver results win contracts. Khalil

¹⁰² Senior US Official, Personal interview by Dan Brunner. 19 Mar. 2012.

¹⁰³ Senior US Official, Personal interview by Dan Brunner. 19 Mar. 2012.

¹⁰⁴ Sami Awad, Personal interview by Dan Brunner. 15 Mar. 2012.

¹⁰⁵ Senior US Official, Personal interview by Dan Brunner. 19 Mar. 2012.

¹⁰⁶ Alaa Tartir, Personal interview by Garrett Nada and Dan Brunner. 16 Feb. 2012.

¹⁰⁷ Senior US Official, Personal interview by Dan Brunner, 19 Mar. 2012.

Nakhle claims that the staffs of these NGOs make up "a new sociopolitical class" with "privileged critical connections" to aid funding leading back to the PA. Nakhle asserts that the PA elites have exclusive monopolies over political decisions and this position has "placed them, their sons and daughters, their families and cliques in unchallenged circles of lucrative employment and profitable monopolies." Although occasional accusations of corruption of this nature have surfaced, we found that the companies in question that won contracts were typically leaders in their fields, which could just as easily explain why they won the bids. 109

Contracts are awarded after "full and open" competitive bidding and "in strict accordance with US government contracting rules", according to former USAID Mission Director Howard Sumka. 110

One of the primary complaints of Palestinian development experts is that a significant amount of donor aid, anywhere from 30-50 percent on average according to some claims, ends up returning to the donor country due to the use of its own contractors. ¹¹¹ In this respect though, the US is not unique; the Japanese International Cooperation Agency (JICA) is also known for using its own expensive contractors and consultants. ¹¹² However, according to a high ranking PA official the US is different from other donors in that projects usually require that equipment and material must be bought from US sources (which are extremely expensive). He gave the

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¹⁰⁸ Khalil Nakhleh, *The Myth of Palestinian Development: Political Aid and Sustainable Deceit.* Jerusalem: PASSIA, 2004. Print. 193.

Adam Entous, "Firms Run by President Abbas's Sons Get US Contracts." *Reuters*. 22 Apr. 2009. Web. http://www.reuters.com/article/2009/04/22/idUSL9347117>.

¹¹⁰ Ibid

¹¹¹ Khalil Nakhle in *Donor Opium*. Dir. Mariam Shahin and George Azar. 2011. Rosa Luxemburg Foundation, 20 Dec. 2011. Web. http://www.youtube.com/watch?v=wVTYyRLMljc.

¹¹² Alaa Tartir, Sam Bahour, and Samer Abdelnour. "Defeating Dependency, Creating a Resistance Economy." *Al-Shabaka: The Palestinian Policy Network.* 14 Feb. 2012. Web. .

example of a school that cost about \$3 million to build that otherwise could have been built for closer to \$1 million. This relates to the issue of how much money is finally spent on programming at the grassroots level. Sam Bahour attests that up to one-third of a project's funds may be siphoned off due to corruption and incompetency if the PA is involved in implementation (some projects are taken care of by the ministries) and still more money will go towards the salaries and administration costs of the Palestinian implementers themselves. Despite such criticism, development experts, like most Palestinians, overwhelmingly see the politicization of US foreign assistance as the main problem.

Politicization of Aid

Nearly every Palestinian we interviewed took issue with the political dimension of the aid extended to WBG. There were various interpretations on what these political motivations were exactly, but accusations typically centered on sustaining the Israeli occupation or fostering US imperialism in the Middle East. While neither of these two popular interpretations is an accurate depiction of US intentions, Palestinians are correct to believe that foreign aid to WBG has been significantly politicized.

The account from which USAID money to WBG is drawn comes from the overtly political Economic Support Fund (ESF). To provide a historical example of ESF grantees, ESF has been the source of ongoing aid to Israel and Egypt since they signed the Camp David Accords. The official motivation of the USAID mission in WBG, according to a senior US official, is to build up Palestinian society and government to prepare for a final peace settlement

¹¹³ High-Ranking Palestinian Authority Official. Personal interview by Garrett Nada. 15 Mar. 2012.

¹¹⁴ Sam Bahour, Personal interview Garrett Nada and Dan Brunner. 11 Mar. 2012.

¹¹⁵ Senior US Official, Personal interview by Dan Brunner. 19 Mar. 2012.

with Israel after the signing of the Oslo Accords in 1994.¹¹⁶ Thus, with an overtly political goal coming from a political fund, aid to WBG is inherently political.

In the aftermath of Hamas' electoral victory in 2006, the US cut its aid to the Palestinians and later sent aid to the Fatah-dominated PA based in Ramallah to improve its image vis-à-vis Hamas-ruled Gaza. Thus, Palestinians recognized the US assistance was being used to support specific political outcomes. In October 2011, the degree to which this aid to WBG is politicized increased even further. Withholding economic assistance to infrastructure projects such as roads or educational programs such as Sesame Street left little room for doubt in the minds of Palestinians that aid was being used as political leverage. Development, along with defense and diplomacy, is a pillar of US foreign policy, and as such, it adheres to broader US foreign policy objectives. In late 2011, that objective was preventing Palestinian statehood through the UN, and development money was withheld overtly in support of that goal.

In WBG, there is an aid organization that enjoys a special status in Palestinian society because it is not perceived as being politicized, unlike USAID. UNWRA (United Nations Relief and Works Agency) has fed, housed, and clothed millions of Palestinians since their exodus from Israel in 1948. Since that time, it has strictly maintained its non-political identity to its benefit: the Palestinian people today cherish UNRWA. A 2009 survey showed 71 percent of Palestinians thought the UN's motivations in providing aid was humanitarian while only 45 percent believed the same of USAID. The survey was a bit misleading since USAID's mandate is for development, not exclusively humanitarian assistance. Nevertheless, according to Sam Bahour, while UNRWA has provided only the basic necessities for refugees, Palestinians hold UNRWA

¹¹⁶ Ibid.

¹¹⁷ USAID Baseline Survey: USAID/Public Awareness, Communication Strategy, and Community Outreach Project. 10.

in much higher esteem than USAID. ¹¹⁸ The irony here is that the US is the largest single funder of UNWRA¹¹⁹ but it receives no recognition for this amongst Palestinians.

The issue of political conditionality with regard to USAID is well known at all levels of Palestinian society. A Ramallah resident said that "people understand that the aid is given in a form of leverage, or soft power." Business entrepreneur Khaled Sabawi traces the exposure of conditionality to 2006, when Hamas won the parliamentary elections. For him, aid funds "are like what we call the golden handcuffs. You know donor aid is given to you but it has conditions that require you to react in a different way." Foreign Policy magazine interviewed a Hebron resident who said, "We really care about the money that comes from the outside. [But] it all depends on politics. We get it if we are 'good." Since aid is conditional on political behavior, many Palestinians question the sincerity of American efforts to help develop the West Bank and Gaza. Dr. Khalil Shikaki, head of the Palestinian Center for Policy and Survey Research, said the conditions placed on the aid create a "suspicion that American aid sustains a bad status quo" for Palestinians.

Congress sees the conditions it places on US foreign aid as a way to encourage the Palestinians to negotiate with the Israelis, but Palestinians interpret this strategy as coercive. Rep. Gary Ackerman (D-NY) believes that "We have to use whatever levels of influence we have to try to get the peace process going. They're not entitled to other people's money. We're not

¹¹⁸ Sam Bahour, Personal interview Garrett Nada and Dan Brunner. 11 Mar. 2012.

¹¹⁹ Frequently Asked Questions. The United Nations Relief and Works Agency for Palestine Refugees in the Near East. Web. http://www.unrwa.org/etemplate.php?id=87>.

¹²⁰ Palestinian in Ramallah, Personal Interview by Garrett Nada. 13 March. 2012.

¹²¹ Ibid.

¹²² Jackie Spinner, "Hard Times in Hebron." Foreign Policy. 7 Jan. 2012.

¹²³ Khalil Shikaki, Personal interview by Garrett Nada and Dan Brunner. 13 Mar. 2012.

punishing them. We're trying to encourage them." However, many Palestinians see this encouragement as "blackmail." One Palestinian said in an interview that the "credibility of the US to act as a peace broker is being undermined" by congressional behavior but the "audience is worldwide" and could have repercussions beyond the Palestinian territories. 125

Another reason why Palestinians are so enraged over the issue of political conditionality is a sense of entitlement. Congress does not believe Palestinians are entitled to US tax dollars, but many Palestinians disagree. Fatah spokesman Faiz Abu Aytah said in a statement on October 3, 2011:

There is a moral and human obligation which rests with some of the donor countries, including the American administration, since they are morally responsible for the human tragedy which has befallen the Palestinian people since the Nakba (i.e., "the Catastrophe," term used by Palestinians for the establishment of Israel) in 1948. 126

Ghaith al-Omari said that Palestinians feel their conflict is unique and that the international community owes them something, especially the US, since it is viewed as the only player who can influence the Israelis to change their policies. One young Palestinian woman said that Palestinians think the EU and US are allowing the status-quo to continue, therefore, "people see it as their responsibility to provide aid." Short of pushing Israel to change its policies, Palestinians expect the US to at least provide them with foreign aid.

We observed an irony while conducting the field study that is hinted at in the literature on US development in the Palestinian Territories. Sari Hanafi and Linda Tabar noted in their book

¹²⁴ Rebecca Collard, "Palestinians: US Aid Freeze For Statehood Bid Amounts to "Blackmail" *Voice of America*. 9 Oct. 2011. Web. http://www.voanews.com/english/news/middle-east/Palestinians-US-Aid-Freeze-Blackmail-131422718.html>.

¹²⁵ Palestinian in Ramallah, Personal Interview by Garrett Nada. 13 March. 2012.

¹²⁶ Itamar Marcus and Nan Jacques Zilberdik. "PA: US funding freeze is blackmail and collective punishment. *Palestinian Media Watch*. 5 Oct. 2011. Web. < http://www.palwatch.org/main.aspx?fi=157&doc_id=5728>.

¹²⁷ Ghaith Al-Omari, Personal interview by Garrett Nada and Dan Brunner. 17 Feb. 2012.

¹²⁸ Nawal, Personal interview by Garrett Nada. 15 Mar. 2012.

on the aid industry that many Palestinian NGOs "demonize" USAID in particular. Some of the NGO employees they interviewed in 2005 portrayed USAID as "the enemy of the Palestinian people", yet several of the same organizations actually applied for USAID funds. ¹²⁹ Sahar Othman, the Programs Manager from the Sharek Youth Forum, told the Palestine Monitor: "I wish we could do it without funding, without any [USAID] funding. That's our dream." The organization's founder Sufian Mshasha, said Sharek applies for and receives USAID funds because of a lack of other alternatives. According to her, "No funding to Palestine is innocent. There's always a political agenda behind it." ¹³⁰

Thus, despite the overt politicization of US foreign assistance, many Palestinians still apply for USAID grants. This fact suggests that at a certain point, overt politicization perhaps combined with conditionality will prompt more Palestinian groups to boycott USAID. For member organizations of PNGO, the ATC was a redline but despite US policies including the 2011 freeze, many organizations are still applying for USAID funds even as they criticize the US. As previously stated, as of 2011, 685 local organizations had been awarded USAID funds through sub-contracts and even more competed in the bidding process. ¹³¹ These numbers are not all that surprising given the economic situation in WBG, where per capita income is \$1,502 and 23.7 percent of the population is unemployed. ¹³² In an interview, pollster Khalil Shikaki explained this phenomenon: "People are angry with American policy. Despite this, they still

¹²⁹ Sari Hanafi and Linda Tabar. *The Emergence of a Palestinian Globalized Elite*. 248.

¹³⁰ Steffi Unsleber, "Destroying Belief in the Resistance? the USAID Funded Palestinian Youth Summit."

¹³¹ United States Agency for International Development. USAID Forward: West Bank/Gaza Progress

¹³² The United Kingdom. Foreign and Commonwealth Office. *The Occupied Palestinian Territories: Country Information*. 26 Mar. 2012. Web. http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/middle-east-north-africa/palestine-national-authority?profile=economy>.

want the money. It is a cost-benefit calculation."¹³³ Ghaith al-Omari, Executive Director of the American Task Force on Palestine, said in an interview that although the US is perceived as pro-Israel and "suspect," most are happy to receive USAID funding but "those who can afford it, do not take it." Al-Omari acknowledged there is a sense that European money is "cleaner" since European governments and publics are perceived as being more neutral. According to Guy Burton of Birzeit University, Palestinians are generally more willing to work with the EU but organizations that are progressive, such as the Rosa Luxemburg Foundation (a German institution associated with The Left party), are the most popular nowadays despite their limited capacity. ¹³⁵

Non-US Donors: A Comparison

As previously noted, the US gives more foreign aid to the Palestinians than any other single country. However, the EU as a whole is the largest provider, and other donors also give significant amounts of aid such as Japan, Germany, Spain, France, the United Kingdom, the Arab Gulf states and several Scandinavian countries. Despite the fact that the US has provided over \$3 billion in bilateral assistance to the Palestinians, we found during the field study and in the existing literature that the US bears the brunt of donor criticism. ¹³⁶

Arab donors are not viewed in the same category as other international donors. Their assistance is more like charity, and it does not typically fuel development. Businessman Sam Bahour said Arab aid usually goes towards mosques, humanitarian charities and things related to

¹³³ Khalil Shikaki, Personal interview by Garrett Nada and Dan Brunner. 13 Mar. 2012.

¹³⁴ Ghaith Al-Omari, Personal interview by Garrett Nada and Dan Brunner. 17 Feb. 2012.

¹³⁵ Guy Burton, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

¹³⁶ United States. United States Agency for International Development. West Bank/Gaza. *About Us.* 2010. Web. http://www.usaid.gov/wbg/aboutUs.html>.

education but that in the end, the Arab donors do not end up paying what they promised. ¹³⁷
However, Palestinians seem to view the Gulf states favorably since they believe Arabs give out of *tadhaman* (solidarity) and they tend to focus on direct budget support, which amounts to less interference in Palestinian affairs. ¹³⁸ Prior to the Congressional freeze on funds, Palestinian policymakers blamed the Arab states for failing to follow through on their commitments and cited the shortfall as a key cause behind the PA's financial crisis. Hanan Ashrawi, a member of the PLO, said that it is "moral imperative and responsibility" for the Arab states to fulfill their pledges to alleviate US and Israeli "pressures and blackmail." According to a 2011 World Bank report, Arab donors provided the Palestinians with \$462 million in aid in 2009 but only \$231 million in 2010. ¹⁴⁰ Despite the reluctance of the Arab states to pay up, many Palestinians are still placing their faith in them, especially given the events of the Arab Spring. Some Palestinians believe the PA should focus on renewing connections with Arab states in hopes of finding alternative funding to Western donors. ¹⁴¹

Overall, the European Union and its member states seem to be viewed in a much more positive light than the US. A mid-level PA official said that the EU is much more attentive to the needs of Area C and that it also makes more of an effort to keep in line with international law and considers settlements illegal, and therefore does not rehabilitate the same roads as USAID.¹⁴²

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¹³⁷ Sam Bahour, Personal interview Garrett Nada and Dan Brunner. 11 Mar. 2012.

¹³⁸ Alaa Tartir, Personal interview by Garrett Nada and Dan Brunner. 16 Feb. 2012.

¹³⁹Shane McGinley "Arab States 'have Moral Duty' to Aid Palestine." *Arabian Business*. 21 Aug. 2011. Web. http://m.arabianbusiness.com/arab-states-have-moral-duty--aid-palestine-416579.html.

¹⁴⁰ "Bitter Truth Shatters Palestinians' Dream." Hurriyet Daily News. 9 Dec. 2011. Web.

< http://www.hurriyetdailynews.com/default.aspx?pageid=438&n=arab-aid-for-palestinians-dries-up-world-bank-report-says-2011-09-12>.

¹⁴¹ Rebecca Collard, "Palestinians: US Aid Freeze For Statehood Bid Amounts to Blackmail."

¹⁴² Mid-Ranking Palestinian Authority Official, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

According to Sam Bahour, the US seems to be "blind to international law." However it is important to note that USAID never builds any new roads in support of the dual-road system in the West Bank. It only refurbishes pre-existing Palestinian ones (as in the case of Wadi al-Nar). The acting head of Birzeit University's Center for Development Studies, Guy Burton (a native of the UK), says the default position in many European capitals is usually support for the Palestinian cause, so Palestinians view the EU donors more favorably. Pollster, Khalil Shikaki, said that EU has slightly better political framing but that Palestinians have much more negative perceptions of the US. The EU did cut off aid after Hamas won the elections in 2006 but not after the UN independence bid, and some EU members have recognized Palestinian statehood in one form or another already. Therefore, the EU does not attract the same ire that the US does.

Palestinians also tend to view the EU as having less conditions (such as the American ATC) placed on funding. The EU rarely requires an Israeli partner for development projects like USAID does at times, so some Palestinian institutions and organizations are more comfortable applying for EU funds, such as Birzeit University. Additionally, the EU's conditions for applying for aid are not as strict as USAID's according to a staff member of a Ramallah based NGO. The EU does not have an equivalent anti-terror document that recipients need to sign for example. A high ranking PA official also noted that the EU and European donors are much

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¹⁴³ Sam Bahour, Personal interview Garrett Nada and Dan Brunner. 11 Mar. 2012.

¹⁴⁴ Howard Sumka, Personal interview by Garrett Nada and Dan Brunner. 13 April. 2012

¹⁴⁵ Guy Burton, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

¹⁴⁶ Khalil Shikaki, Personal interview by Garrett Nada and Dan Brunner. 13 Mar. 2012.

¹⁴⁷ Guy Burton, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

¹⁴⁸ Staff Member Ramallah-NGO, Personal interview by Garrett Nada and Dan Brunner. 13 Mar. 2012.

more likely to take part in joint implementation and even financing on projects, whereas USAID is less flexible due to different standards and regulations.¹⁴⁹

US Interests in Arab and Muslim Worlds

In the long term, if Palestinians look at the US more favorably, such sentiment could provide the US with more leverage in WBG than it currently wields. Ghaith al-Omari believes that the withholding of aid in 2011 did not undermine the role of the US in the peace process, but it did decrease American leverage with Palestinians. This is important not only in regard to making sure the PA security forces crack down on terror but also in ensuring that the US retains enough influence to broker a peace between Israel and the Palestinians. It is not entirely inconceivable to imagine negotiations being brokered by the US along with EU or another combination of partners if Palestinians no longer trust the US.

When Congress threatened to cut off aid to the PLO in 1995, Terje Larsen, the Norwegian diplomat who was then responsible for overseeing aid from the World Bank and the UN to the PLO, believed any cut in aid would be detrimental to the peace process: "You can't win the Palestinians' hearts and minds without their stomachs." Seventeen years later, USAID is doing much more than emergency food programs, which it focused on in the early years in WBG. USAID is now active in promoting economic growth, education and youth development, building infrastructure, supporting democracy and governance as well as providing health and

¹⁴⁹ High-Ranking Palestinian Authority Official, Personal interview by Garrett Nada. 15 Mar. 2012.

¹⁵⁰ Ghaith Al-Omari, Personal interview by Garrett Nada and Dan Brunner. 17 Feb. 2012.

¹⁵¹ Trudy Rubin, "Ending Aid to PLO Would Mean More Terror." *The Post and Courier*[Charleston] 20 July 1995: 7. Web.

< http://news.google.com/newspapers?nid=2482&dat=19950720&id=IF9SAAAAIBAJ&sjid=HzcNAAAAIBAJ&pg=1480,1199356>.

humanitarian assistance.¹⁵² In other words, USAID is so deeply involved in the daily lives of many Palestinians that Congress' decision to withhold aid in 2011 caused people to question whether the US is really acting in the interest of Palestinians.

The importance of the Palestinian issue in the minds of Arabs and Muslims is difficult to overstate. Thus, if Palestinians begin to view the US as acting more in their interests, there is great potential for improving the image of the US in the Muslim world. Alvaro de Soto, a former Peruvian diplomat and former UN special coordinator for the Middle East peace process, also believes US policy towards the Israeli-Palestinian conflict can play a important role in mending US ties with the Muslim world as a whole. He said in an interview with Radio Free Europe:

"The Israeli-Palestinian conflict has an extraordinary power to concentrate in the minds of Muslims worldwide the sense that the West is somehow not comprehending, and acting only with force and in a biased way against Arabs. Now this is a question of perception, true or not." ¹⁵³

Recommendations

The first step the US government could take in gradually improving its image among Palestinians would be to forbear cutting or freezing aid in response to political events, unless the US was prepared to downgrade its relationship with WBG for the long term. Freezing aid, as was done in 2006 and 2011, sends shockwaves through the Palestinian economy that endanger the US objective of building up a sustainable, independent Palestinian state. Cairo Arafat, Education and Research Director of the Palestinian "Sesame Street", put it this way: "it [the funding freeze] has really negative ramifications not only for Palestinians but for the American taxpayer that's already invested in these kinds of funds. You are pulling out the last 10 percent

¹⁵² United States. United States Agency for International Development. West Bank/Gaza. *About Us.* 2010. Web. http://www.usaid.gov/wbg/aboutUs.html.

¹⁵³ Abubakar Siddique. "What Role Does Israeli-Palestinian Conflict Play In Mending U.S.-Muslim Ties?"

which...undermines the 90 percent you have already invested." Moreover, cutting aid for political reasons obscures the humanitarian and developmental aspects of aid, which actually do help improve public perceptions of donors as seen in other case studies. With increased politicization, more Palestinians would boycott aid (as 28 municipalities did after the US vetoed a resolution against Israel settlements in 2011), which would further fuel negative perceptions of the US and hence undermine Palestinian potential for statehood.¹⁵⁴

One could object to this recommendation on grounds that the US should pull funding from entities who act directly against US interests, but this argument should have not applied to WBG during the recent UN bid. Firstly, the US had the power to veto the statehood resolution at the UN, meaning that withholding aid was unnecessary in preventing the bid's success. Also, significant polling was done before the UN bid showing that Palestinians would prefer to continue their bid even if the US cuts its aid, meaning that a US freeze or cut in aid would inevitably prove futile. 155

Secondly, USAID could advertise the PA's role in foreign-funded development throughout its public outreach and awareness campaigns. Most Palestinians on the streets and in academia thought that the US failed to consult with Palestinians in selecting which projects to fund, which is false. On its billboards, USAID broadcasts the PA's role in the project, but Palestinians are still unaware of the partnership existing between these two groups. In the past, campaigns raised awareness of USAID projects through TV and radio commercials, USAID should include information to the effect that these projects were in accordance with the

¹⁵⁴ Itamar Marcus and Nan Jacques Zilberdik. "28 PA Municipalities Boycott US Aid."

Palestinian Center for Policy and Survey Research. Survey Research Unit. *Palestinian Public Opinion Poll No (41)*. 15 Sept. 2011. Web. http://www.pcpsr.org/survey/polls/2011/p41efull.html#UN>.

Palestinian National Plan. More awareness that Palestinians asked for controversial projects like Wadi al-Nar road may blunt the vitriol directed at USAID.

A third recommendation is that the Obama administration and the State Department should put more pressure on the Israeli Civil Administration in the West Bank to open up Area C to development. This may seem difficult at first, however, since the 2008 publication of a World Bank report on restricted land access in WBG that contained a whole chapter on Area C, international pressure to expand development efforts in Area C has increased. ¹⁵⁶ In January 2012, the EU has released a brief harshly criticizing Israeli policy in the area, which makes up 62 percent of the West Bank's area but Palestinians make up only 5.8 percent of its population. 157 The area is especially important for Palestinians because it includes stone quarries, prime farming land and other natural resources. Since the goal of economic aid in WBG is to help create the conditions necessary for Palestinian statehood, the US could fund agricultural development and basic projects like wells or solar panels in the sparsely populated, marginalized parts of the West Bank where Palestinians face land expropriations and harassment by settlers. As Khalil Shikaki pointed out, any project associated with land has symbolic value for Palestinians, who connect the ability of farmers to stay on their land and maintain their livelihoods with the ability to resist the Israeli occupation. ¹⁵⁸ The US has already funded a small

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¹⁵⁶ The Economic Effects of Restricted Access to Land in the West Bank. Rep. The World Bank, 2008. Web. http://siteresources.worldbank.org/INTWESTBANKGAZAINARABIC/Resources/EconomicEffectsofRestrictedAccesstoLandintheWestBankOct.21.08.pdf.

¹⁵⁷ Elior Levy, "Europe to Pursue Area C Projects." *Ynet News.* 12 Jan. 2012. Web. http://www.ynetnews.com/articles/0,7340,L-4174682,00.html>.

¹⁵⁸ Shikaki, Khalil. Personal interview by Garrett Nada and Dan Brunner. 13 Mar. 2012.

amount of agricultural projects in part of the Jordan Valley that is designated Area C, so these efforts should be expanded. 159

Fourthly, the US should increase coordination with other donors to increase impact on the ground and prevent redundancy in funding the same types of projects in line with the principals of the 2008 Paris Declaration on Aid Effectiveness. ¹⁶⁰ Recommendations to improve aid effectiveness in WBG in particular were made at the 4th High Level Forum on Aid Effectiveness held in Korea on November 29, 2011. One recommendation was to increase donor coordination at the sector level towards a Program-based approach (PBA). ¹⁶¹ According to a high ranking PA official, other donors have been much more receptive to implementing PBAs and the Sector-Wide Approach (SWAp) but American legal restrictions, standards and procedures prevent USAID from participating. ¹⁶² Completely overhauling USAID standards for the WBG mission would be a daunting task since Congress would have to approve the changes but perhaps Congress could loosen restrictions on part of the funds in order to coordinate with the EU more often.

Lastly, the US and other donors should work with the PA to increase the transparency of the aid disbursement process and correct misconceptions about foreign assistance among the Palestinian public. Technically, anyone can view projects funded by donors through DARP, an online database published by the Ministry of Planning. However, the data is provided only in

¹⁵⁹ Photo Gallery: Economic Growth. 17 Sept. 2009. Web. http://www.usaid.gov/wbg/photogallery/index.html.

¹⁶⁰ The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. Rep. The Organisation for Economic Co-operation and Development, 2008. Web. http://www.oecd.org/dataoecd/11/41/34428351.pdf>. 3.

¹⁶¹ "Aid Effectiveness: Palestinian Territory." 4th High Level Forum on Aid Effectiveness, Dec. 2011. Web. http://www.aideffectiveness.org/busanhlf4/en/countries/middle-east/735.html.

¹⁶² High-Ranking Palestinian Authority Official, Personal interview by Garrett Nada. 15 Mar. 2012.

English and one must create a username to access the raw information. During our interviews, most Palestinians assumed that corruption within the PA prevented donor funds from reaching people at the grassroots. Therefore, the Ministry of Planning should create a donor directory on its website, where Palestinians could find links to EU, USAID and other donor websites where they could read about current and past projects. This added layer of transparency could help reassure that foreign aid is indeed benefitting the Palestinian people in a tangible way.

Conclusion: Can Aid Win Hearts and Minds?

Existing literature in this field suggests that opinions can be changed through aid in certain situations. Humanitarian crises, such as the Pakistani earthquake or the Indonesian tsunami, received heavy amounts of foreign aid to stave off starvation and to rebuild destroyed infrastructure. These countries showed a marked - sometimes two-fold - increase in favorable perceptions towards donors even years after these crises, demonstrating that humanitarian aid can have a significant and durable impact on public opinion.

Other cases evinced that non-humanitarian aid rarely wins hearts and minds. In Afghanistan, the billions of dollars every year donated to the country from NATO powers seemed only to cause problems. Aid simply became a means of corruption and disappointment. The remaining foreign money that did not end up embezzled in the Faryab province went to poorly managed and designed projects that mostly earned the outrage, not gratitude, of the people. In Iraq, similar results were found as the billions of dollars spent on reconstruction

¹⁶³ See the Ministry of Planning and Administrative Development's system: http://darp.pna.ps/login?targetUri=%2F

¹⁶⁴ Geert Gompelman, Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan's Faryab Province.

had no measurable impact on public opinion or security of the country. This same study concluded, however, that targeted CERP (Commander Emergency Response Program) funds could increase security in Iraq, but to what extent it changed people's hearts and minds for the long-term was left undetermined.

Why did most people in the West Bank report that aid had not impacted their lives? Even with the more extensive branding policy, most people were simply unaware of what projects were funded by foreign governments. USAID had focused its much of its effort on building water networks for large cities like Hebron, Nablus and Bethlehem, but when one turns on the faucet there, the people do not necessarily know who built the infrastructure. Things like underground water pipes cannot be branded.

Also, most Palestinians live in urban areas, where the effects of aid are most diffused. In cities, significant infrastructure already exists, restricting aid's influence to other, less visible manifestations. These effects include a more capital-infused economy or the funding of an individual start-up company, which are either too broad to brand or too obscure to notice. This frequent invisibility of aid prevents many opinions from changing towards donor countries, because the people often cannot see tangible benefits of the aid.

The largest barrier to the US winning hearts and minds in the Palestinian Territories, however, was the broader US foreign policy orientation. Even for the Palestinians who had seen the positive effects of aid, the more salient issue for them was the Israeli occupation and the perceived US support thereof. Instead of schools and roads, Palestinians were far more

¹⁶⁵ Eli Berman, Jacob N. Shapiro, and Joseph H. Felter. "Can Hearts and Minds Be Bought? The Economics of Counterinsurgency in Iraq." *Journal of Political Economy* 119.4 (2011): 766-819. *Stanford University*. 4 Oct. 2011. Web. http://fsi.stanford.edu/publications/23362>. ¹⁶⁶ Ibid.

interested in the US actions in the UN or in the US placing pressure on Israel to halt construction of settlements. As Dr. Abdullah of MAS put it, "Building a road doesn't make history. At the end of the day, what counts is Palestinian independence on the 1967 borders...You cannot buy the friendship of any Palestinian."¹⁶⁷ Thus, it seems that Furia and Lucas' theory that foreign policy actions would be the primary consideration of individuals when formulating their opinion of another country is true. Within this calculation, though, economic aid counts for less than political support for goals that the recipient country has.

Thus, after combining the results from our study on the West Bank with other case studies, we formulated the theory that foreign aid wins hearts and minds if three conditions are met: 1) general awareness, 2) positive impact (low corruption and high quality), and 3) low politicization of aid or favorable foreign policy context. We split up this last condition into two prongs in light if Jishnu Das', which demonstrated that low politicized aid (i.e. humanitarian) even in an unfavorable foreign policy context can drastically boost positive perceptions of foreigners. The second condition arose from case studies like the one covering Afghanistan's Faryab province in which low quality sapped aid's potential impact on public opinion. The first condition was simply logical; aid cannot win hearts and minds if people do not even know about it.

If it is the case that politicized economic aid cannot win hearts and minds, why should the US bother to brand its projects in the West Bank and other unfavorable environments? USAID

¹⁶⁷ Samir Abdullah, Personal interview by Garrett Nada and Dan Brunner. 12 Mar. 2012.

¹⁶⁸ Jishnu Das, "The Black Hole of Pakistan." *Foreign Policy Magazine*. 7 Oct. 2010. Web.

http://www.foreignpolicy.com/articles/2010/10/07/the_black_hole_of_pakistan.

¹⁶⁹ Geert Gompelman, Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan's Faryab Province. Rep. Feinstein International Center: Tufts University, Jan. 2011. Web. http://www.eisf.eu/resources/library/WinningHearts-Faryab.pdf>.

certainly expends significant effort and money to boost awareness levels of its development projects abroad. While this aid does not translate into higher opinions of the donor government in this case, survey results show that aid does boost positive perceptions of the donor people. According to USAID, 32% of Palestinians reported that they hold higher opinions of the American people directly because of the aid given in their name. Better perceptions of the American people are important because it makes them less of a target for terrorist activity, which is a real prospect in the Palestinian Territories. Since the Oslo Accords, 54 Americans – tourists and officials – have lost their lives to Palestinian terrorism. Thus, although this benefit does not redound to the American government, USAID should continue to brand its projects that improve the image of the American people and lessen the chances of their being targeted for terrorism.

More fundamentally, though, should the US stop funding development in the West Bank and Gaza where it does not help perceptions of the donor government? No, because aid is indeed satisfying its intended purpose: building up capacity of the Palestinian Authority. Winning hearts and minds is but a secondary objective of the United States in its development program. If the US wanted to improve its image in the West Bank dramatically, it would have to change its foreign policy orientation away from Israelis and toward Palestinians in terms of settlements, UN resolutions, and peace negotiations. If the US made this unlikely switch, the US would win more Palestinian hearts and minds than economic aid ever could.

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¹⁷⁰ USAID Baseline Survey: USAID/Public Awareness, Communication Strategy, and Community Outreach Project. Rep. Jerusalem Media and Communication Centre, Aug. 2009. Web. <pdf.usaid.gov/pdf_docs/PNADU910.pdf>. 17.

¹⁷¹ Stakelbeck, Erick. "American Victims of Palestinian Terror Seek Justice." Christian Broadcasting Network, 2 Feb. 2012. Web. 03 May 2012. http://www.cbn.com/cbnnews/us/2012/February/American-Victims-of-Palestinian-Terror-Seek-Justice/.

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