Palestinian National Authority
Ministry of National Economy

FRAMEWORK FOR NATIONAL ECONOMIC DEVELOPMENT

Economic Relief, Recovery and Development Strategy
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I. INTRODUCTION

This framework is intended to lay out a vision and set of priorities which need to be achieved in order to reach economic development in Palestine. Stemming from this concept, the state of occupation which is now in force influences the strategic framework only in the sense that the process will move through different stages starting with relief, moving into recovery and ending with sustainable development in line with the progress of the peace process. Starting with the current situation, moving on to final status negotiations and ending with the independent Palestinian State as envisioned in the UN Security Council resolution 1397 (2002), the Arab League and the Arab summit resolution and the international community’s performance-based Road Map (RM) to a permanent two-state solution of the Israeli-Palestinian conflict that will create a viable Palestinian State.

This paper stresses the fact that changing the current devastating situation resulting from Israeli occupation is not only a Palestinian responsibility, but is also an Arab and international responsibility. Focus in all instances (whether political, financial or technical), therefore, should be on ending the occupation, not coping with it. Adopting coping strategies in isolation from a long-term developmental vision will only work towards prolonging the occupation. The international community in general and the Arab states in particular must assume their role and pressure Israel to comply with UN resolutions and the RM. Any attempt at coping with the current situation, no matter how grave, can only help Israel indirectly evade it’s responsibly as an occupying power towards the occupied. Therefore, unless the endgame is well defined and recognized, strategies, planning, assistance and vigilance can only be a process of feeding the vicious cycle through compensating the Palestinians for the losses incurred as a result of the Israeli occupation, thus perpetuating this occupation.

We are not attempting to leapfrog the current crises but to deal with it with an eye on development and its requirements. It should be clearly understood that the direct and indirect practices of the Israeli occupation are the main source of economic weaknesses and distortions including physical destruction of the productive capacity, the closure policies and the associated extremely high transaction costs... ; however, there is a need to rectify this situation with the international community and mainly the support of our Arab brethren.

It is important to state upfront that if the international resolutions and the RM respected and implemented and an elaborated Economic Road Map is designed the Palestinian National Authority’s position regarding the trade regime vis-à-vis Israel and the rest of the world will be in favor of either Free Trade Agreement or Most Favored Nation (MFN) arrangements.

It is therefore of the utmost importance to note that the framework operates from a clear understanding of the constraints created by the current political context,
nevertheless, aims to work at achieving maximum possible advantage by linking urgent relief to recovery to development objectives.

The PNA, therefore has undertaken a series of dialogue sessions, institutionalized discussions and other means of creating and building consensus between the public and the private sectors, aiming towards a strategic vision of national economic development. In this dialogue process, it has become obvious that the Palestinian domestic market is too small on its own to move the wheels of economic development in the future, and hence there is a need to develop external markets which would absorb the productive capacity of industry and services, and which would drive toward prosperity. At the same time, the predominance of the Israeli market in Palestinian external trade (goods and services) not only has a perverse economic effect but equally can undermine Palestinian sovereignty and viability over the longer term. Market diversification is at once a political and developmental prerequisite.

**Methodology**

The backward engineering approach was used in the formulation of the framework with the upcoming future independent Palestinian State as the core; end result, The vision and the numerous developmental stages leading up to it attempt to create building blocks that will in due time form the economic structure and its main components of the upcoming State. This paper attempts to link emergency relief objectives to recovery and long-term development objectives in order to strengthen the economic resilience and set it on the path of sustained recovery. It is important to stress that this paper is prepared to ensure that relief efforts are designed to contribute to long-term development objectives.

This paper in its drafting has capitalized on the efforts and experience of the past 10 years with its strengths and weaknesses including actions to reduce economic dependency on Israeli economy; conclusion of trade agreements with different trading partners, especially Arab neighbors, the enactment of the Agency Law ... Etc. Without the well known Israeli restrictions better results could have been achieved. The objectives, therefore, of this paper in its different stages stem from a deep understanding of the weaknesses and strengths of the economy and areas that might stimulate the growth engine. The priorities of the paper were set in accordance with the programs and projects that are underway and projected for the future; however, these priorities could be further scrutinized as the consultation and coordination process proceeds.

The Ministry of National Economy hopes that this paper will help in proceeding with the already started institutionalized discussions and other means of building consensus

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1 The PNA has signed preferential trade agreements with the European Union, EFTA, Canada and some Arab and Islamic countries. It has also reached preferential arrangements with the United States of America and is a member of the Arab Free Trade Area.
between the public and the private sectors and other stakeholders, aiming towards finalizing a unified strategic vision of national economic development in preparation for statehood.

The current ad-hoc process of relief and development neither takes into account the nature of the current stage nor the priorities of the Palestinian people now and in the future. Changing and shifting priorities and organizing relations with all players engaged in this process including the donor community should be based on that vision, strategies and unified action plan. Therefore, this framework will set the vision, objectives and priorities of economic development but will seek to influence the input of other stakeholders whose contribution impacts those objectives as follows:

**Outline**

**Section I** starts with the aforementioned introduction that captures the essence of the framework.

**Section II** spells out clearly that aims behind having the framework.

**Section III** explains clearly the underlying principles of the paper including basic assumptions.

**Section IV** presents the vision of the framework and its main objectives.

**Section V** explains the enabling objectives necessary to fulfill the framework goals.

**Section VI** gives a brief idea of the economy’s current state of affairs along with their implication on economic development prospects.

**Section VII** describes the weak and strong elements of the economy and the economic growth potentials in order to capitalize on the strengths enhance the weaknesses and maximize the sources of growth in order to achieve the aforementioned goals and priorities.

**Section VIII** sets out the general priorities and the detailed sectoral and sub-sectoral priorities for the different stages starting with the immediate, moving towards the medium and ending with the long term ones.

**Section IX** describes the different responsibilities of all key stakeholders involved in development process and the roles expected from them to ensure agreeing on a unified course of action first, implementation second, and monitoring and evaluation third.

**Section X** talks about financial and technical resources and sources of funds needed for the implementation of the framework goals at the different stages.

**The last section** sums up the paper by highlighting the main points and by stressing the importance of consultation and coordination amongst stakeholders to fulfill the
framework’s goals and its long term vision.

II. THE AIM OF THE FRAMEWORK

The proposed framework allows the PNA to identify conditions and actions necessary for realizing the overarching national economic development vision in an inclusive and participatory manner. The framework provides a general context for discussions and agreements on different and intertwined policy priorities and outcomes, potential policy conflicts, trade-offs and it points out to difficult choices entailed by economic modernization and social transformation that should be made in the future.

The framework aims to tackle four intertwined issues:

- Elaborating an economic and development vision to overcome the current crises, i.e. Israeli occupations and its practices while at the same time set the stage for economic recovery and sustained growth;
- Rectifying Palestinian economic dependency on Israel by addressing damages and distortions sustained;
- Providing a context for positive and forward thinking towards global and regional integration;
- Correcting deficiencies in the allocation and reallocation of donor funds in order to create a self-sustaining mechanism to allocate donor and domestic resources according to a socio-economic vision with quantifiable objectives.

III. FRAMEWORK’S UNDERLYING PRINCIPLES

There is a need to develop a reasonable degree of national consensus on three key elements which underpin the framework process: 1) inclusiveness; 2) working assumptions and; 3) application.

1) Inclusiveness

The framework aims to pursue intensive and participatory discussions among various stakeholders leading to the identification of the specific policy issues which must be addressed on the road to national economic development for all citizens of the future Palestinian State. The consultation process will explicitly seek to be as inclusive as possible and the outcome of these discussions will be reflected in the policy decisions.
2) Working Assumptions

The framework is based on the following working assumptions:

- Political stability is the most important factor for economic viability and growth;
- Economic and political transformations are mutually constitutive. Economic transformation should not be subjected to political transformation. On the contrary, positive economic transformation can induce positive political transformation;
- Economic security (i.e. relative strength and autonomy of the economy) is a vital foundation for statehood and therefore should be given higher priority and attention;
- Social transformation must parallel economic transformation in order to make the later sustainable. For this, it will require the Palestinian people to take an honest look at themselves and their society;
- In the future, there will be costs to the changes associated with economic transformation, which must be managed with great care and sensitivity given Palestine’s special case;
- The framework will be responsive and flexible to respond to the changing political and economic environment;
- Economic development is ultimately driven by the private sector, with government policies and institutions providing an enabling environment for its development through different means.

3) Application of the framework

The framework should evolve with time, dialogue and the advancement of understanding and knowledge of how the Palestinian economy functions;

The framework should form the basis of and should drive detailed strategic thinking in more specific, thematic, sectoral and institutional contexts;

The framework does not seek to provide a detailed set of specific policies and initiatives for immediate implementation. While these will be required for a coherent program of economic development, the framework is designed to provide a structure within which this more detailed long-term thinking and design of well directed and effective programs may take place.
IV. STRATEGIC VISION AND OBJECTIVES

Strategic Vision
The strategic vision of the PNA constitutes a first statement on the direction that social and economic development should take. It recognises the realities of the current situation and requirements for the short-, medium- and long-term in order to achieve economic development and growth. It is a vision of what kind of society Palestinians would like to see in Palestine in the next few years and the kind of economy which would allow Palestine to achieve its full development potential. This vision can be best articulated in a preliminary manner as follows:

“Achieving sustainable economic development, prosperity, social advancement and high quality of living by increasing the competitive capacity and productivity of Palestinian productive sectors, through growing integration in the global economy and the Multi-Lateral Trading System.”

Objectives
Having put forward the strategic vision, there is a need to specify objectives that will ensure the realization of that vision. Specifying these objectives will structure the framework process of dialogue and action among Palestinian actors, clarify the conditions necessary to achieve the objectives and highlight policy priorities. The objectives are:

- Ending Israeli occupation, and creating political stability that allows for economic activities to take place;
- Social integration and equity by ensuring that all social segments enjoy the same economic opportunities;
- International and regional integration through creating an outward-looking economy through increasing competitiveness and market diversification;
- The sustainability of economic development through the integration of economic, social and environmental considerations.

V. ENABLING CONDITIONS

For the objectives to be achieved there are a number of enabling conditions that must obtain. These conditions, if achieved in a complementary and synchronized manner, will facilitate the process of economic development. Some of these conditions are difficult to attain in the first, and maybe even the second stage, of economic
development due to Israeli policies; however, they are presented to guide the ongoing process of building a viable economy once an independent Palestinian state is declared. These enabling conditions are:

**Ending dependency on Israeli economy**

As already noted, decades of occupation and a one-sided integration of the Palestinian economy into that of Israel has distorted its structure and rendered it dependent. Thus, a primary condition for economic development is the reversal of this pattern though disengagement from the extreme dependence on the Israeli economy by creating a Palestinian economy capable of interacting at the regional and global levels. In order to reduce dependency the following measures are in order:

**Trade diversification:**

Minimize the dependence of Palestinian merchandise trade on the Israeli market (or Israeli re-exporters) by diversifying export markets and import sources and increasing the competitive capacity of the economy in general and the productive sectors in particular. Though Israel will, for good economic reasons alone, remain a major trading partner, its domination of Palestinian export markets and its pre-eminent position as source of imports has ultimately been to the detriment of Palestinian growth and development, bestowing few of the usual benefits expected from trade openness;

**Re-orientation of productive sectors:**

In order to become a viable part of the international trading system, and to establish strategic markets, productive sectors of the Palestinian economy must be restructured. Medium and long-term strategic alternatives to the current one-sided Palestinian-Israeli economic relationship must be based on the re-orientation of the Palestinian economy in the context of creating alternative export markets for Palestinian products and services. While this has implications with regard to industrial and technological upgrading (for exports to European and North American markets), re-orientation could also permit penetration of lower-standard markets in the region and Africa (e.g. Sudan) at existing levels of industrial production and standards;

**Strengthening domestic labor absorption:**

The dangers of the dependency of many Palestinians on the Israeli labour market have become quite apparent in the recent years. Therefore, labour-absorbing policies that bridge relief and development are essential. Strategic infrastructural projects, as well as agricultural development, are obvious ways of both generating employment and expanding the possibilities for economic development. It is also important to provide training programs for workers to enable them to compete in the local labour market with higher levels of skills than was required in the Israeli market.
Creating a stable and supportive macroeconomic environment

It is a working assumption of the framework process that a stable economic environment is the foundation for development. Stability includes the following elements:

**Sound public finances and stable monetary policy:**

While the adoption of Israeli currency and fiscal regime was deemed appropriate for the interim period, both of these features of the Israeli-Palestinian relation must be reconsidered. While an independent Palestinian currency would provide policy makers a macroeconomic adjustment tool, the basis of that currency and the phased transition to its introduction need to be carefully studied. Similarly, the imperatives for indirect tax harmonization during the interim period (primarily the customs union requirements) should be re-visited in the light of the broad macroeconomic policy and development strategy the PNA is elaborating for the state of Palestine. Along with direct taxes, the range and rates of indirect taxes (VAT, purchase tax and excises) should be brought more clearly in line with Palestinian economic realities and progressively reviewed and amended over time;

**Macroeconomic policies that fosters private sector development:**

At the macroeconomic level, strengthening the investment climate and creating stability requires continued efforts to rationalize public expenditures, particularly current fiscal spending and to streamline trade and customs procedures. In the area of enhancing access to finance, efforts should be focused on strengthening regulatory and supervisory oversight by the PMA, expanding the pool of assets to be used as collateral, boosting lenders’ property rights, enhancing credit information and gradually introducing new financial products. The PNA must provide greater assurances to investors regarding the transparency and predictability of the domestic regulatory environment. In this respect, adequate mechanisms are needed to ensure transparent bidding processes, adequate regulatory capacity and effective competition in the provision of infrastructure services including the power sector. The PNA can also help to promote the contestability of the domestic market by implementing an effective competition regime and ensuring fairness and transparency in procedures for government procurement.

**Legal environment:**

In the process of creating a predictable environment, it is imperative to address the legal and regulatory infrastructure by (i) simplifying existing regulations and licensing procedures; (ii) eliminating legal and regulatory vacuums; (iii) modernizing, harmonizing existing laws and regulations and providing national coverage with respect to company, commercial agency and intellectual property rights registration; (iv) creating and publishing standard forms and procedures in all operational areas; (v) introducing effective mechanisms for the enforcement of laws and regulations; and (vi) improving public-public and public-private coordination.
**Enabling physical, human and electronic infrastructure**

Comprehensive economic and social development requires an appropriate hard and soft infrastructure including:

**Transportation:**

To create a viable Palestinian trade system, it is imperative to develop a multi-modal transport system including (i) cargo and transport facilities on the land border points with Jordan, Egypt and Israel (Rafah, Al-Karamah and crossing points with Israel); (ii) airport and seaport facilities (cargo and refrigeration facilities) and interim cargo handling arrangements through neighboring Jordanian and Egyptian ports; (iii) transit trade agreements with all three countries bordering Palestine (Egypt, Israel, Jordan); and (iv) upgrading major trade access routes and trunk roads;

**Communication networks:**

In order to deploy information and communication technologies (ICT) for development, on the Human Resources level, Palestine must develop a critical mass of knowledge workers, technology users, and motivated entrepreneurs. Palestine should focus on educating and retaining a core of professionals with the technical capabilities to provide and maintain ICT infrastructure and related services, and to adapt new technologies for local requirements. Both tertiary education and corporate training are important components of ICT skill development. In particular, IT workers are needed throughout the economy to design, manufacture, operate, repair and maintain equipment and services;

On the Infrastructural level, there is an urgent need to develop enabling regulation to the ICT sector, which should only be done through the creation of an independent regulator, which coincides with the concept of partnership between the public and private sectors, and which opens the door for competition in the sector, thus increasing the efficiency while driving down the cost of services provided.

**Human infrastructure:**

With an ever increasing significance being attached to the generation and application of knowledge, lifelong learning and the capacity to adapt become of the utmost importance in driving economic change. This is especially true in both the fields of education and training, as well as in the approach to entrepreneurs and business innovation and product development.

**Advanced electronic infrastructure:**

The ability of enterprises to compete effectively in international markets is increasingly dependant on their capacity to take full advantage of the electronic communication system. ICT can contribute to fostering empowerment and participation and making government processes more efficient and transparent by encouraging communication...
and information-sharing among people and organizations, and within government. Using ICT, governments can improve the quality and responsiveness of the services they provide to their citizens as well as expand the reach and accessibility of services and public infrastructure. This is facilitated by e-government applications that provide services and information to citizens over the internet and other communication networks.

**Dynamic competitiveness in enterprises**

At the microeconomic level, the Palestinian private sector must develop its competitive abilities through:

**Increasing competitiveness and market diversification:**

The priority for economic development in Palestine is to promote sustainable economic growth. This entails the increasing integration of the Palestinian economy within the international and regional economy. If Palestinian enterprises are to survive and to prosper, they must become more competitive. In the global economy with few protective barriers, success depends on being competitive in Palestinian markets and in regional and international markets. Even the future prosperity of domestic enterprises with little direct international competition is intricately bound up with the success of those enterprises that do compete in global markets;

**Generating and mobilizing entrepreneurial ideas to access new markets:**

Examples include (i) development of service sector exports; (ii) encouragement of partnerships, particularly by the establishment of joint-ventures with overseas enterprises; (iii) exploiting e-commerce in international trade; (iv) continuous research in innovative ways of maintaining competitiveness;

**Creating new modes of production through mobility and/or fragmentation:**

Productive activities are now highly mobile. With shorter product life cycles, enterprises are less locked-in to countries or regions than they once were and can take advantage of different economic conditions across the globe within relatively short periods of time. Enterprises therefore have to see production as a series of steps—some ideally suited for being pursued within the Palestinian economy, others less so and therefore vulnerable to removal or to gradual decline as others compete more efficiently.

**Policies and programs to secure social objectives**

Broadening economic opportunities to all segments of the population is essential for reducing poverty and social deprivation. This requires, among other things:
Encouragement and facilitation to take full advantage of access to economic opportunities:

Promoting the participation of people living in rural areas, of women, those formerly employed in Israel, freed prisoners and detainees through public and private interventions to improve infrastructure, educational policies, support to rural small enterprises accompanied with providing social safety net, training and capacity-building assistance to home-based productive activities;

VI. THE PALESTINIAN ECONOMY: A SNAPSHOT

Elaborating a development vision and a process by which to realize it must be based on a realistic and factual assessment of the nature, weaknesses and strengths of the economy. The Palestinian economy is relatively small, historically interrelated to the larger Israeli economy via labour and commodity markets and, therefore, unusually vulnerable to external shocks. For the past 37 years, the Israeli policies have shaped the character of the Palestinian economy and produced a high degree of integration between it and the Israeli economy. Palestinians provided unskilled and semi-skilled labour for Israeli construction, agriculture, services and manufacturing. Income earned by Palestinians served to raise average incomes in the Palestinian areas as well as create a market for Israeli agricultural and non-durable goods.

Despite considerable growth in Palestinian incomes during the first 25 years of occupation, however, there was no long-term convergence of technical means or productivity between the West Bank/ Gaza Strip and Israeli economies. Nor was there development of the physical infrastructure and the social and business conditions necessary for autonomous growth and development. Rather, the historic relationship with Israel resulted in a Palestinian economic situation characterized by:

- Accumulation of structural distortions and imbalances arising from skewed integration with the Israeli economy under prolonged occupation (1967-1993);
- Incomplete and fragile economic gains during the interim period (1994-2000)2;

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2 It should be noted that the system of travel permits and movement restrictions imposed on Palestine with increasing severity in the 1990s had debilitating effects on Palestinian household incomes and posed difficult challenges to the PNA. By the year 2000, per capita income in the Occupied Palestinian Areas was estimated at about 10 percent below the pre-Oslo process level, despite considerable amounts of external assistance. Ulric Erickson von Allmen “Recent Developments in the Palestinian Economy,”
Physical destruction and income losses experienced since the outbreak the second Intifada (September 2000- ).

More recent evidence of vulnerability to external shocks can be gleaned in Table 1 which indicates that real GDP and GNI declined 16.4 percent and 21.4 percent respectively between 1999, the last full year before the emergence of the Intifada, and 2002, the last year for which preliminary official statistics have been produced.\(^3\) The decline was the direct outcome of severe movement restrictions on persons and vehicles.\(^4\) Income earned from Palestinian employment in Israel (the main part of "Net Compensation from Abroad") was particularly affected with average labour flows dropping by more than 60 percent between 1999 and 2002. The combined declines in domestic production and income earned from employment in Israel resulted in a tripling of the Palestinian poverty rate to about 60 percent since the onset of the second Intifada.\(^5\)

Table 1

Gross Domestic Product by Economic Activity in the PALESTINIAN AREA, 1999 and 2002\(^6\)

<table>
<thead>
<tr>
<th>Value Added by Activity</th>
<th>Value Added by Activity</th>
<th>Absolute Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


\(^3\) Preliminary official GDP and GNI estimates for 2003 have not been produced by PCBS and thus it is difficult to estimate the effects of the crisis on specific economic activities. However, PCBS labour force surveys indicate that the severe economic compression of 2002— with unemployment peaking at 45 percent of the labour force (using the broad definition of unemployment) in the third quarter— was followed by partial recovery in 2003. The World Bank has estimated aggregate income losses (GNI) during the first 27 months of the Intifada, e.g. September 2000—December 2002 at USD 5.2 billion entailing a per capita income decline of 46 percent. See World Bank *Twenty-Seven Months- Intifada, Closures and Palestinian Economic Crisis, An Assessment*, May 2003, pp. 7-8, 11-15, 31.

\(^4\) For reporting and analysis of these effects, see UNSCO “The Impact on the Palestinian Economy of the Confrontations, Border Closures and Mobility Restrictions,” various issues, 2000—2002 and World Bank *Twenty-Seven Months*, May 2003.

\(^5\) Ibid.

\(^6\) National income data are from PCBS *National Income Accounts*. All data are preliminary and subject to revision. Values are given in USD millions using constant 1997 prices.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Agriculture and Fishing</td>
<td>505.2</td>
<td>436.2</td>
<td>-13.65%</td>
</tr>
<tr>
<td>B. Mining, Manufacturing, Electricity and Water</td>
<td>966.8</td>
<td>602.6</td>
<td>-37.67%</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>35.7</td>
<td>30.6</td>
<td>-14.36%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>857.3</td>
<td>473.2</td>
<td>-44.80%</td>
</tr>
<tr>
<td>Electricity and water supply</td>
<td>73.8</td>
<td>98.8</td>
<td>33.93%</td>
</tr>
<tr>
<td>C. Construction</td>
<td>483.1</td>
<td>102.9</td>
<td>-78.70%</td>
</tr>
<tr>
<td>D. Wholesale and Retail Trade</td>
<td>612.0</td>
<td>380.3</td>
<td>-37.86%</td>
</tr>
<tr>
<td>E. Transport, Storage and Communications</td>
<td>306.8</td>
<td>417.5</td>
<td>36.10%</td>
</tr>
<tr>
<td>F. Financial Intermediation</td>
<td>169.6</td>
<td>147.3</td>
<td>-13.13%</td>
</tr>
<tr>
<td>G. Other Services</td>
<td>1,031.9</td>
<td>854.8</td>
<td>-17.16%</td>
</tr>
<tr>
<td>Real estate, renting and business services</td>
<td>465.5</td>
<td>343.1</td>
<td>-26.29%</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>39.4</td>
<td>33.4</td>
<td>-15.16%</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>83.9</td>
<td>25.8</td>
<td>-69.24%</td>
</tr>
<tr>
<td>Education</td>
<td>291.9</td>
<td>315.9</td>
<td>8.22%</td>
</tr>
<tr>
<td>Health and social work</td>
<td>151.2</td>
<td>136.6</td>
<td>-9.68%</td>
</tr>
<tr>
<td>H. Public Administration and Defense</td>
<td>493.5</td>
<td>553</td>
<td>12.05%</td>
</tr>
<tr>
<td>I. Households with Employed Persons</td>
<td>8.9</td>
<td>5.6</td>
<td>-36.91%</td>
</tr>
<tr>
<td>J. Public Owned Enterprises</td>
<td>156.6</td>
<td>153.3</td>
<td>-2.11%</td>
</tr>
<tr>
<td>Less: FISIM</td>
<td>-129.5</td>
<td>-109.6</td>
<td>-15.34%</td>
</tr>
<tr>
<td>Plus: Customs duties</td>
<td>208.6</td>
<td>184.2</td>
<td>-11.72%</td>
</tr>
<tr>
<td>Plus: VAT on imports, net</td>
<td>254.4</td>
<td>217.2</td>
<td>-14.63%</td>
</tr>
<tr>
<td>Gross Domestic Product (GDP)</td>
<td>5,067.9</td>
<td>3,945.3</td>
<td>-22.15%</td>
</tr>
<tr>
<td>Net Compensation from Abroad</td>
<td>917.8</td>
<td>353.5</td>
<td>-61.48%</td>
</tr>
<tr>
<td>Net Property Income from Abroad</td>
<td>41.4</td>
<td>59.7</td>
<td>44.20%</td>
</tr>
<tr>
<td>Gross National Income (GNI)</td>
<td>6,027.08</td>
<td>4,358.50</td>
<td>-27.68%</td>
</tr>
</tbody>
</table>

The general structure of the PALESTINIAN economy can be gleaned from the national income accounts for 2002, the last year for which official estimates are available. As indicated in Table 1, Gross Domestic Product (GDP)—or domestic value-added—was about USD 3.9 billion in that year. GDP was proportionally distributed between agriculture (A: 11 percent); transformative activities (B: 15 percent); construction (C: 2.5 percent); commerce (D: 9.5 percent); private, NGO and public services (E, F, G: 36 percent); and public administration and the value added of public sector enterprises (H, J: 18 percent). In addition to domestic value-added (GDP), Palestinians earned income from employment in Israel (an average of some
50,500 workers) of some USD 353 million in 2002. Combining GDP with income earned by workers in Israel and income earned by resident Palestinians from assets held abroad, Gross National Income or GNI was estimated at USD 4.3 billion.

In considering economic relief, recovery and development, it is important to take stock of the degree to which domestic production and income have been compressed. Thus, while GDP declined an estimated 22.1 percent, certain productive activities were more severely affected by the crisis. In particular, manufacturing, construction and tourism (hotels and restaurants) were disproportionately harmed while agriculture, transportation and services—both public and private—proved more resilient in the face of severe crisis. Looked at another way, private sector activity was more negatively affected than public sector service provision. These results have important implications for shorter, medium and longer-term economic prospects and policy.

**VII. STRENGTHS, WEAKNESSES & SOURCES OF GROWTH**

While it is important to clearly acknowledge the consequences of negative external factors on the Palestinian economy resulting from occupation and conflict, these should not obscure the “internal” factors necessary to realize economic transformation. The framework and subsequent dialogue and policy formulation should focus more on internal factors that hinder or enhance economic transformation as follows:

**Strengths**

Palestine has historical and religious significance which is extremely conducive to tourism. Therefore, proper management of the tourism sector and enhancement of the HR required for delivery of services involved in Tourism and the infrastructure necessary for it is developed. This could be a significant asset which would not only enhance the image of Palestine, but would also entail significant economic benefits that would target all realms of development identified as priorities.

The strategic geographic location of Palestine provides it with the unique opportunity of being a real bridge between the east and the west on two levels: 1) to bridge between the Mashreq and Maghreb of the Arab World, in which Palestine is longing to become an integral part. 2) to also bridge between Europe and the West and Western and Central Asia (the Islamic World and beyond). This can be achieved the implementation of the already existing economic cooperation and regional integration

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7 Palestinian employment in Israel, and in Israeli-controlled industrial zones and settlements, are based on data from PCBS Labour Force Survey, various issues.
The Favorable climatic conditions and varying temperature regions in Palestine can be of great importance in enhancing agricultural output as a result of the different seasons and off season production that could be exported to target markets. The variation in temperate zones has enhanced the potential for growing exotic fruits (strawberries, seedless grapes, avocado and papaya... . Etc.).

The Palestinian private sector has proven to be of extreme resilience in the face of the worst possible scenarios of political and economic destabilization. The private sector has absorbed much of the economic shock of the Israeli measures during the First and Second Intifada and its survival depended largely on its own resources and coping strategies. The private sector, if supported will play its natural role in the economy as the main engine of recovery and job creation, and to help reverse the spiraling growth of poverty.

Some natural resources which can be beneficial if value is added, especially natural gas which can be found off the coast of Gaza, varying types of stone and marble, as well the all important potential for natural minerals which can be found in the dead sea and others.

Somewhat developed communication networks which provides for creating a trade banking and services hub in Palestine for the region, and the world.

Expatriate knowledge, finances and their international and regional trade networking can be pivotal in building the economy of Palestine, especially when political stability is realized.

Educated and semi-skilled labor force is one of the major driving economic forces in gearing up to the creation of a services and human resource based knowledge economy.

**Weaknesses**

The implication of the volatile Political situation highlighted by the Israeli occupation and its devastating effects has dominated the socio-economic environment and distorted the potential natural development of the economy. This situation has had a severe distorting effect on the following areas:

- The policies of the occupation (ranging from land confiscation and construction of settlements to restrictions on licensing for industry and construction in general) has resulted in the distortion of the development of infrastructure such as water resources, roads and highways, as well as housing and business centers.

- Inconsistent and arbitrary market environment and conditions which in turn reduced potential for investment and development.
• Serious difficulties in access to funds, both equity and debt, to finance the industrial development and increase productive operations

• Negative international public perception and image resulting from consistent news exposure inferring violence and corruption

• Difficulties in penetrating international and regional markets with almost total dependence on the Israeli market

• Obsolete technology (average age of machinery and equipment is 10.5 years; lack of means to access the appropriate modern technology needed).

Irrational public expenditures and investments which are the result of the devastated economic situation, and short term remedies to social and economic problems due to the utilization of fiscal solutions to lack of economic development. These remedies (over employment in the public sector, investment in labor intensive programs with little post facto yield) have resulted in structural problems.

**Sources of Growth**

The critical elements in stimulating economic growth—and economic development in the broader sense—are the enhancement of 1) productivity of Palestinian enterprises; and 2) human capital efficiency.

These sources are mutually reinforcing and could be achieved through increasing both the quality and quantity of output per worker, through reducing costs and advancing workers' skills and knowledge. These two elements are the key sources of international competitive advantage and are therefore central to the framework, though not to the exclusion of other important sources of growth.

Physical productivity can be achieved in the following ways:

• Accelerating the rate of innovation and embodiment of technical advances in the production process. This in turn, depends on the level of investment in research and development activity within both the educational and enterprise communities; upon the incentives and capacities to apply new knowledge; and upon product and process innovation;

• Enhancing the quality of human capital derived from basic educational training or from pursuit of life-long learning opportunities, thereby contributing knowledge and expertise to the production and management processes and stimulating the processes of innovation and product development;

• Increasing the quantity and quality of physical capital investment, especially where such investment provides a vehicle for more rapid introduction of new technical approaches and, thus, augmented productivity;
- Using of limited resources in an efficient and effective way through modernizing and better management of interlinked activities in the delivery processes;

- Improving the environment in which new enterprise and entrepreneurship can flourish. The environment must facilitate a range of activities including the establishment of new enterprises, the establishment of productive bases by foreign investors, the expansion of small enterprises, collaboration and joint ventures between productive enterprises and centres of knowledge and research, and the development of the formal and informal networks that help to lower the costs of economic transactions;

- Facilitating physical, educational and electronic infrastructures that impact the channels identified above.

Human resources can be augmented by the following:

- Developing the thinking skills and aptitudes for life-long learning rather than exam- passing skills;

- Reflecting the needs of enterprise development at all levels of the educational system;

- Establishing the core skills—in addition to basic education—that children will need in later education and work, e.g. computing skills. These must be complemented by the development of the broad softer intellectual skills including problem-solving skills, creative thinking skills, and the capacity to learn;

- Applying ICT to transform the delivery of education and to accelerate the rate of improvement of standards in school education;

- Adopting new educational training to meet the needs of emerging productive sectors;

- Enhancing the levels of school attainment especially for girls;

- Restructuring of the post-school qualification system.

VIII. PRIORITIES

The framework for economic development identifies broad key priorities that should be elaborated and detailed along the different stages of development. These priorities
are general in nature but tackle the core of the priority list for the short-, medium- and long-term. These priorities were chosen after careful studying of the published studies by the different local and international organizations and agencies and after close consultation with the direct stakeholders.

It is understood that most of the constraints facing Palestinians require resolution through negotiation with GOI, but the PNA can address some of these issues on its own or with the assistance of international donor community. Therefore, the proposed priority areas are outlined to guide the thinking process in setting sectoral and sub-sectoral priorities throughout the three stages of short, medium and long term. These priorities are:

1. Rehabilitating the economy’s structural deficiencies;
2. Addressing strategic, sectoral and sub-sectoral issues;
3. Analyzing the effectiveness of public policies vis-à-vis stakeholders;
4. Offering an understanding of potential areas of economic growth.

It is always expected that the prospect of some mutual benefits and trade-offs between growth, efficiency objectives and distribution, equity objectives and equally between the short, medium and longer term objectives (Success in the attainment of any particular objective will have ramifications for the attainment of other objectives).

In light of the earlier discussion several sectoral and sub-sectoral priorities can be identified in different time horizons:

**Immediate & Short Term (Current Situation)**

I. Objectives of the immediate and short-term are along the lines of Stabilization and Recovery plan for 2004 as follows:

1. Contribution to the basic humanitarian and social needs in ways that promote long term economic growth;
2. Meeting of essential needs of underserved population;
3. Alleviation of impact of the damage caused to the public and private sector by Israeli measures;
4. Improvement of the efficiency of service delivery provided by the PNA through capacity building and reform;
5. Stabilization of the economy and paving the path for a private sector led recovery.

II. Criteria
Selecting priority sectors is based on:

1. Employment generation/preservation
2. Programs and projects that are underway in this regard
3. Sector strategic importance to export/withstand the Israeli measures/future contribution to economic growth

III. Relief Priorities:

1. Start the process of repairing the destruction incurred by Israelis on Palestinian productive sectors;
2. Reduce inequalities between rural and urban areas in terms of services and funds allocation.
3. Support main productive sectors that provide basic commodities and job opportunities as follows:

In the Agriculture sector, priority should be given to:

- Upgrading the MOA in key areas notably in policy formulation and analysis, planning and evaluation of relevant public sector investments, project implementation and monitoring, and providing it with the tools needed to initiate an integrated database and management information system to aid policy decisions.

- Creating effective system to mobilize rural saving and provide needed credit to farmers through centralizing the different roles of NGOs and private input suppliers at the different villages' level (Village Council).

- Improving the competitiveness of agriculture locally and regionally through optimal exploitation of non-major agricultural input including promoting institution structure and regulatory framework and proceeding with the legal system reforms, i.e. enforcement of existing laws in natural resources, revising the already enacted agriculture law, revising the draft on public health law...

- Investing in human and physical infrastructure necessary for rapid and significant rural development through training and capacity building.

- Enhancing backwards and forward linkages between the agricultural sector and the economy as a whole and the industrial sector in specific. Although the success of agricultural trade and marketing depends mainly on the availability of infrastructure and facilities, investment and establishment of food industries will increase the interdependence
between the industrial and agricultural sectors.

- Producing irrigated vegetable crops as it possesses a comparative advantage at least in the local market.

- Using advance production technologies extensively including plastic tunnels and drip irrigation that makes efficient use of scare resources and at the same time generates good income.

- Focusing on producing non-traditional crops such as strawberries, cut flowers and seedless table grapes are the most potential horticultural crops for export to EU and Israeli markets.

- Providing somewhat needed infrastructure such as rural roads and irrigation systems.

- Expanding the production of poultry products, dairy products and red meat.

- Investing in the production of feedstuffs to replace the Israeli ones.

**In the agro-industry sector, priority should be given to:**
- developing export development strategies to upgrade production in food industries

- Offering training in the areas of production, control and maintenance and adopting of international quality management.

**In the Industrial sector, priority should be given to**
- Producing products that connect industrial to agricultural sectors to make use of current resources, i.e. tomato;

- Proceeding with constructing local industries such as Aluminium;

- Supporting industrial SMEs, and

- Prioritizing local supplies for government procurements.

**In the Construction sector, priority should be given to:**
- assisting local contractors to enhance their capacities

- rehabilitating and repairing infrastructure through constructing housing projects for families with limited income
- Easing access to house-building soft loans as well as insurance guarantees
- Providing favourable environment for investment such as simplifying land registration, and application of land reform

Other Sectors
1. In the labour sector, priority should be given to assist labour-intensive industries, provide incentives to companies to hire more, offer special and emergency training.

2. In the education sector, priority should be given to support educational institutions through paying part of the student tuition, providing student loans, and schools rehabilitation.

3. In the services sector (banks, insurance, and transportation, priority should be given to enhance the legal environment such as monetary law, land reform and licensing, merger of small banks, provide long term financing for projects and other financing facilities.

4. In the health sector, priority should be given to hospitals and health facilities’ rehabilitation, attracting qualified doctors, improving the health facilities in rural areas, and provide health insurance.

5. In the pharmaceuticals sector, priority should be given to effective registration and licensing of local drugs, to issue regulations on imported drugs, and to help in accessing targeted Arab markets.

In the Furniture sector, priority should be given to:
- Invest in information sharing technologies like Computer Aided Design (CAD) and Electronic Data Interchange (EDI).
- Achieve adequate scale through cooperation and mergers.
- Establish and develop a design centre to serve the industry as a whole.
- Invest in product quality and manufacturing productivity
- Start joint ventures with regional and international companies.
- Establish an enforceable framework for a stable financial and credit system.
In the Stone and marble sector, priority should be given to:

- Provide systematic training programs to develop the necessary skills to supply the industry with skilled specialized labour,

- Focus on product development, product measurements, product testing, production management, international standards

- Provide facilities to improve performance such as dissemination of product information to local end users, engineer and contractors.

- Create an identity to the Palestinian stone.

- Diversify production through producing high quality, and a subset of decorative products such as tiles and arches.

- Target the highest quality customers (wealthy locals, expatriates and foreign consumers).

In the leather and shoes sector, priority should be given to:

- Invest in training process to increase the quality of leather.

- Invest in information sharing technologies such as Computer Aided Design (CAD) and Electronic Data Interchange (EDI).

- Achieve adequate scale through increased cooperation and mergers.

- Attempt for international quality standards and certification such as ISO 9000.

- Upgrade local brands to exports to Arab markets.

- Develop a design centre.

- Focus on specializing in producing specific market segment

- Facilitate education and technology transfer

- Facilitate access to credits

In the textile sector, priority should be given to:

- Invest in Computer Aided Design (CAD) and Electronic Data Interchange (EDI).

- Seek more equitable partnership with regional manufacturers
achieve adequate scale through increased cooperation and mergers

- Partner with regional companies who have moved into high tech niches

- Upgrade local brands for exports to Arab markets.

- Provide a degree program in textile and apparel design

**In the IT sector, priority should be given to:**

- Analyze the ITC market and lays out a strategic framework for sector and sub-sector development.

- Acquire new customer base and develop new products and solutions offering (software that controls the automation of the manufacturing roves in the stone and marble industry could not only help producers increase efficiency and cut cost but could also help the software firms gain access to new markets through its recognition as a strategic supplier to successful exporters).

- Raise standards in the area of marketing and sales as well as in business management practices through injecting professional marketing skills into ITC industry.

- Promote innovation as a value in education within companies and among industry partners whether driven by incubators or private initiatives.

- Develop market-driven product; create new technologies or even adaptation of skills to market opportunities through reviewing the scale of the industry, its network of alliances and its product offering.

- Encourage hardware, office automation suppliers, software developer, internet services, consulting and training.

- Focus on the factors for continued growth that are:

1. the ongoing expansion of internet and associated technologies such as wireless networks and high speed broadband technologies

2. the transformation of business models and the global adoption of e-business based exchanges

3. the privatization of government-owned infrastructure and the opening of markets to international investment.
Medium Term (Final - Status Negotiations)

I. Objectives of the medium term are:

1. Repairing structuring deficiencies
2. Developing Human Resources
3. Supporting Private Sector reforms
4. Coordinating health, education, social safety nets services at the public, private and civil society level
5. Diversifying production

II. Criteria

1. Job creation/ preservation
2. Productivity enhancement
3. Positive impact on ordinary people
4. Investment attraction

III. Recovery priorities are:

1. Improvement of the investment environment through continuing with the efforts aimed at:
   - Market economy and administrative reforms
   - Accountability, transparency and rule of law assurance
   - Regulations and laws modernization
   - Institutional building
   - Infrastructure upgrading

2. Human Resources advancement through proceeding with previous efforts aimed at:
   - Integration in regional and international markets
   - Investment in education- curriculum development, i.e. qualitative change in education in terms of its relations to public and private sector
   - Vocational training upgrading
3. Trade relations diversification

This priority should be tackled through diversifying export markets by using and capitalizing on current trade agreements with international and regional partners; improving marketing techniques, employing information on external markets, participating in exhibitions and fairs, encouraging foreign investment and participating in regional infrastructure projects.

4. Productive sectors support

In the Agriculture sector,

- Proceed with the rehabilitation and development of marketing structure and management through improving the infrastructure and marketing facilities (transportation, storage, packing, slaughterhouses, laboratories and so on);

- Create common trademarks for categories of Palestinian agricultural products through which they can be marketed locally, exported to Israel as well as to other markets;

- Develop a competent marketing system for agriculture products through harmonized and intensive action for accomplishing the targeted improvement in establishing market oriented production especially for high value horticultural crops (market information system/market intelligence service, research and training programs);

- Increase agricultural production through increasing irrigated land, supply of raw materials necessary for local production, investment in marketing, storages and cooling facilities, increasing animal production, providing animal feed, extending credits through Agricultural bank, and offering insurance against external forces;

- Encourage Palestinian growers to produce products that are not only complementary to the Israeli farming and food industry but to regional and international market needs in order to reduce the dependency on the Israeli economy;

- Increase agricultural production through using technology that sustains natural resources, while diversifying the agricultural production base and increasing exports in order to increase rural income and reduce the agricultural trade deficit;

- Reclaim new land for agricultural use, restore the efficiency of existing lands, increase the efficiency of water use and develop non-traditional
sources of water;

- Rehabilitate selected research stations, pesticide residue and soil and water analysis laboratories, public springs, rural roads, etc;

- Increase production of labour-intensive agricultural production systems such as horticulture, greenhouses and integrate farming systems;

- Tap new export markets for Palestinian fruits, vegetables and cut flowers, i.e. Expand export markets especially for the off-season products in areas like Eastern Europe;

- Create a horticulture products export institute that is responsible among other things on informing Palestinian producers and exporters with the European market quality standards and training practices as well as the logistical practices required to access these markets. In addition to packing, standard checking and grading for export. Moreover, help to build identity for the flowers in foreign markets through selling it under the branch name of a Palestinian company.

In the Industry sector, priority should be given to enhance IT sector, advance standards, move ahead with current industrial zones.

In the IT sector, priority should be given to:

- Develop software and Internet Service Providers (ISP)
- Coordinate within the industry to allow for broader product diversification.
- Provide access to and dissemination of market research and business intelligence.
- Move towards a business driven culture to succeed in local and international markets.
- Provide regional markets with data warehousing, human resources management and security provided that they are bundled, packaged, customized and supported appropriately within their installed advantage.
- Develop a larger market locally depends on industry-sponsored customer education and outreach.
- Consolidate strategic alliances based on specialization to gain critical mass, improve capabilities in both local and regional markets.
In the handicraft sector, priorities should be given to development of an identity and new design to attract larger markets through exploiting their unique specification including quality, authenticity, price, religious, historical and sentimental value, and use of advanced technologies to achieve wider distribution.

In the stone and marble sector, priority should be given to:

1. Human Resources development through:
   - Establish specialized vocational training centres to ensure that the Human Resources base keeps pace with changing market
   - Develop the mid-level technicians to bridge the gap between craftsmen and highly specialize.
   - Increase the involvement of engineering schools

2. Improve supporting services through:
   - improve marketing and distribution services
   - improve diffusion of information about technology, foreign markets that are relevant for importer and exporter.

**Long-term (Independent State)**

I. Objectives of the long term are the general outcome objectives of the framework outlined earlier as the fulfillment of those objectives will guarantee the vision’s materialization.

II. Criteria

   - Sustainability of production
   - Cluster competitiveness enhancement
   - Human resources advancement
   - Social equity promotion
   - Poverty reduction

III. Development priorities are:

   Along the development spectrum, priority will be given to:

   - education system strengthening to better equip students for the demands of the global economy—especially through promoting the
skills required for lifelong learning;

- Infrastructure advancement; (airport, port)

- Private Sector support through cluster competitiveness enhancement, enterprise culture & innovative thinking encouragement, advanced technology and e-commerce use, new market penetration and tourism fostering.

- Poverty reduction and improved health through focusing on providing equal opportunities for all, and building capacity to participate in economic activities.

- Productive sectors’ competitiveness enhancement as follows:

  In the Industry sector, priority will be given to export oriented products to regional and foreign market, exploit new technology, and attract skilled and educated human and financial investment.

  In the Agricultural sector, priority will be given to:

- Cultivate new products that yield more profits in international markets.

- Access foreign markets and open export horizon by developing Palestinian agricultural products in terms of quality, packaging, marketing and pricing methods

- Develop niche markets and obtain credits to encourage export.

- Adoption of new production and processing technologies (agro-industries) and more efficient use of water and land resources.

- Invest in ago industries, research, training courses

- Invest in land reclamation and irrigation policies that focus on producing products that needs less water are vital.

- Benefit from the different international agreements through robust cooperation is needed in terms of synchronizing production and marketing, standards and quality assurance to meet the requirements of those markets.

- Enhance the trade and marketing cooperation with neighbouring countries in terms of utilizing marketing infrastructure and facilities, technology transfer.

- Revise the trade agreements with trading partners in terms of: restriction imposed on imported inputs; restriction on livestock related...
to meat, poultry, and dairy products; restrictions on health and veterinary regulations.

- Establish a reliable information sharing mechanism on local and international prices (Israel and other countries) in order to spread timely and accurate information among producers and traders of agricultural products.

- Utilize the expected benefits from the Arab FTA in terms of importing cheap inputs and outputs.

In the Services sector (banks, insurance, transportation), priority will be given to further implementing the reforms of the financial sector including movable assets law, financial notification system to assure transparency, and activate the role of broker companies. In the Insurance sector, priority will be given to reform insurance law, activate the role of insurance controller, ensure transparency in procurements, and offer national treatment to foreign companies.

In the Construction sector, priority should be given to accelerate the rehabilitation of infrastructure, and the presence of legal environment.

IX. RESPONSIBILITIES & RESOURCES

After pointing out the objectives, priorities, there is a need to assign the stakeholders’ responsibilities, as well as the needed resources to achieve those priorities.

Responsibilities

It is understood that the role of the public sector is to pursue the implementation of the economic development vision through, among other things, reforming export and import policies, procurement, employment, expenditure, legal framework, restructuring, and ensure rule of law) and the role of the Private sector is to ensure internal coordination, harmony, and partnership with public sector and civil society, and finally the role of the civil society is to coordinate service provision, and funding with both public and private sector. The expected roles and responsibilities are as follows:

Ministry of National Economy’s Role

Global integration and the ever-increasing interdependence of economies have limited the policy-making autonomy of individual economies as they are forced to take greater consideration of events and policies in the broader world economy. This is especially true for the Palestinian economy. In addition to globalization, the dependency on the Israeli economy has exposed the fragile Palestinian economy to the winds of
globalization without any type of protection or transition during the liberalization of the Israeli economy in the 1990s. This exposure or these links to the Israeli economy were not geared to reflect the development needs and interests of the Palestinian economy. The overall role of the PNA represented in this context by the Ministry of National Economy (MoNE) is, therefore, to facilitate the transition of the Palestinian economy from such a dependent and vulnerable state to a more autonomous viable national economy capable of realizing its development potentials.

In taking the Framework forward, MoNE is engaging in dialogues with a wide range of key players since the realization of the vision would require a series of interdependent analysis and cross-sectoral interventions. In the context of the “Framework”, the role of MoNE is to define the priorities that shape detailed thinking and action in order to ensure that such policy discussions and formulation could take place in a clear context and focus and that the respective responsibilities of those involved are clearly understood and defined. It is through a common vision projected in this “Framework” that true institutional partnership between all relevant actors can take place and common understanding of the way forward can be forged.

**Private Sector Role**

**Civil Society Role**

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**X. NEEDED RESOURCES**

As a result of the financial constraints which befall the Palestinian National Authority, resources required for the achievement of the aforementioned objectives are necessarily required from the Arab brothers and donors at large in order to bring Palestine to a level playing field with all neighbouring countries and to realize the goal of economic development.

**XI. CONCLUSION**

It is evident that economic development policies remain inconsistent in several key areas and an enhanced knowledge and understanding of the key elements and mechanisms that drive progress towards the vision are required. This requires constant monitoring and evaluation to ensure effective policies and effective utilization of limited resources as prioritized in this framework. This requires a series of interdependent responses from stakeholders as well as complementary work and
partnership throughout the areas of economic activity to achieve the framework goals that are crucial for the process success.