



MAS Economic Conference 2016

Towards a New Vision for the Revival of the Palestinian Economy

Starting April, Palestine Economic Policy Research Institute (MAS) commenced a series of Symposia leading up to MAS Economic Conference 2016 under the theme: “Towards a New Vision for the Revival of the Palestinian Economy”. The Conference was convened on 31 Aug 2016 under the auspices of the Prime Minister with the participation of a large number of economic development partners from the public, private and civil sectors. The conference was concluded with a closing statement that comprises 15 recommendations for the government and other stakeholders in the private and civil sectors.

The conference’s vision is elaborated through discussions based on position papers prepared by MAS which were discussed at four private technical Symposia in April and May, attended by a large number of experts and officials from the various sectors, leading up to the public conference later in the year.



Conference Objectives

The Conference addressed the key and urgent issues inhibiting Palestinian economic development in light of the cessation of the Palestinian/Israeli peace process, the expansion of settlements in the occupied Palestinian territory, the vulnerability of the Palestinian economy to exogenous economic shocks, and the weakness of Palestinian public policy oversight over economic processes. Thus, the Conference will not assume away the effects of the current geo-political climate, but will instead



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focus on finding solutions for the urgent needs of the Palestinian economy in the short-term, whilst not jeopardizing the long-term prospects of the Palestinian economy and the Palestinian struggle for statehood.

In order to achieve this objective, the Conference preparations promoted a candid exchange of ideas between experts and policy makers, to identify the main challenges facing the Palestinian economy and a clearer vision toward facing the most urgent of them under the current conditions, the socio-economic policies needed for this purpose and the best mechanisms to facilitate their resolution.

Conference Sessions

First Plenary Session: “Confronting Economic and Social Challenges Facing Growth”



- Chair
 Rapporteur
 Panelists
- Mohammad Shtayyeh, Executive Chairman, Palestinian Economic Council for Development and Reconstruction (PECDAR)
- Samia Al-Botmeh, Assistant Professor of Economics, Birzeit University
- Ibrahim Al-Sha’er, Minister of Social Affairs
 - Samir Zraiq, Chairman of the Board, Palestinian Federation of Businessmen Associations and Palestinian Businessmen Union
 - Ola Awad, President, Palestinian Central Bureau of Statistics
 - Mazen Sinokrot, Chairman of the Board, Al-Quds Holding; former Minister of National Economy
 - Mohamed Nasr, Associate Professor of Economics, Birzeit University
 - Mousa Shakarneh, Head, Land and Water Surveys Department



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Second Plenary Session: “Developing the Business Environment and Economic Governance”



- Chair** Jawad Naji, Member of MAS Board; former Minister of National Economy
- Rapporteur** Abdul Fattah Abu-Shukor, Professor of Economics, An-Najah National University
- Panelists**
- Khalil Riziq, Chairman, Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA)
 - Abeer Odeh, Minister of National Economy
 - Mohammad Al-Barghouthi, Chairman, Association of Banks in Palestine
 - Nassar Nassar, CEO, Nassar Stone
 - Haytham Al-Zu’bi, Owner, Al-Zu’bi Law Firm

Third Plenary Session: “Developing the Productive Sectors”



- Chair** Samir Hulileh, Chairman of the Board, MAS
- Rapporteur** Nasr Abdulkarim, Associate Professor of Economics, Arab American University
- Panelists**
- Ibrahim Du’eiq, Member of Board, Palestinian Farmers’ Union; Chairman of the Board, Palm Union
 - Bassim Khoury, Member of Board, General Union of Palestinian Industries
 - Sami Abu-Dayyeh, CEO, Near East Tourist Agency (NET)
 - Sufian Sultan, Minister of Agriculture
 - Ali Shaath, Executive Chairman, General Authority of Industrial Estates and Industrial Free Zones



Fourth Plenary Session: “Developing the Infrastructure and Housing Sectors”



- Chair** Mohammad Mustafa, Chairman of the Board, Palestine Investment Fund (PIF)
- Rapporteur** Belal Fallah, Assistant Professor of Economics, Palestine Polytechnic University
- Panelists**
- Suleiman Al-Zuhairi, Deputy Minister of Telecommunications and Information Technology
 - Samih Tubeileh, Minister of Transport and Communications
 - Omar Kittaneh, President, Energy and Natural Resources Authority
 - Marwan Jum'a, Chairman, Palestinian Contractors Union
 - Nabil Abu Mu'eileq, former Chairman, Palestinian Contractors Union, Gaza

Closing Session



- Chair** • Nabeel Kassis, Director General, MAS
- Sessional Reports (Rapporteurs)** Samia Al-Botmeh, Abdul Fattah Abu-Shukor, Nasr Abdulkarim, Belal Falah
- Closing Remarks**
- Azzam Shawwa, Governor, Palestine Monetary Authority (PMA)
 - Ibrahim Barham, Secretary General, Private Sector Coordinating Council
- Session Chairs**



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- Mohammad Shtayyeh
- Jawad Naji
- Samir Hulileh
- Mohammad Mustafa

Presentation of Conference

Declaration:

Raja Khalidi, Conference Coordinator



The Palestinian Economy: The Road to a Better Future

By Dr. George Abed

The night before the Conference, Dr. George T. Abed, delivered a lecture under the above title, to read the paper he presented click [here](#)





Preparatory Symposium of the Conference

First Symposium (24 April 2016): Discussed a diagnostic position paper that outlines the main economic and social development challenges and the relevant policy framework in place.



Second Symposium (2 May 2016): Discussed a paper identifying perspective policy reforms to address unemployment, socio-economy inequality, poverty and standard of living in Palestine.



Third Symposium (16 May 2016): Discussed a paper examining the Palestinian business environment, the hindrances in the face of its integration in the regional and global markets and the perspective structural reforms to the legal, institutional and organizational apparatuses governing it.





Fourth Symposium (25 May 2016): Discussed a paper addressing the challenges underlying the diminishing growth in the Palestinian economy; especially those facing the productive sectors and related infrastructure.



Back ground Papers

Following are synopses of the position papers that were presented at the symposia:

Key Features of the Palestinian Economy: Challenges to Endurance and Existing Visions to Address Them

Mr. Raja Khalidi

This paper, prepared for the MAS Economic Conference 2016, examines the main features of the Palestinian economy and the most important macro-economic challenges it faces. The study aims to help identify the most appropriate socio-economic policies needed in a country that is still under occupation while the long-awaited political solution— that leads to an independent Palestinian state in the medium term— is becoming more elusive. The paper examines setbacks to economic performance which adversely impact the economy .

The first section summarizes key indicators of macroeconomic and sectoral performance as well as weaknesses and shortcomings that can be addressed or mitigated in the quest to build a more productive and effective economy in the medium term that provides the main components for community resilience in the coming phase. The second section reviews the existing frameworks of economic goals and public policies in areas that have the potential to develop the economy, protect social cohesion and support resilience. Many national plans since 1994 have incorporated different sets of goals and policies depending on the phase and its needs and assumptions. Though all plans aimed to include prudent goals and expectations, they were not always realistic or doable.





Socio-Economic Scene: Curbing Unemployment, Combating Poverty and Bridging Social Gaps

By Dr. Luay Shabaneh

This paper maps the social landscape in the occupied Palestinian territory in the wider economic context and explores practical methods beyond the theoretical framework and long-term visions. The effort is undertaken in a context of new international developments, particularly the adaption of the Sustainable Development Goals (SDGs). Three features of Palestinian economic performance are particularly evident. With regard to poverty and unemployment indicators, past meager achievements in macroeconomic performance were not enough to produce tangible social prosperity. The economic gains achieved so far have not led to social well-being of the population. Furthermore there is an inequality gap at all levels, which requires more equitable socioeconomic development efforts. The paper notes that during the Millennium Development Goals (MDGs) phase, the real progress generated from economic recovery was particularly evident in economic activities but not in social prosperity. However, there is still a potential to achieve development justice and incorporate this principle in the general framework of policies and plans. There is a pressing need to examine social sector governance and the relationship between the government and the private and civil sectors in addressing the challenges of unemployment, poverty and inequality gaps. The paper concludes with a set of recommendations regarding the most important policies and interventions presented in details.



Prospects and Potential for Enhancing the Palestinian Business and Trade Environment

By Dr. Mahmoud El-Jafari

Strengthening the business and trade environment in the occupied Palestinian territory depends on the ability of the public, private and civil sectors to leverage limited potentials to cope with the multiple challenges of creating a transparent, conducive-to-investment environment. These key challenges are:

1. Providing the requisite economic and social protection to strata that suffer poverty, unemployment and lack of resources; such strata must be integrated in the labor force and involved in production activities.





2. Creating the conditions that enable private and public investment, through supporting SMEs; providing financial incentives (such as tax exemptions); seeking technical expertise from countries importing Palestinian products; helping manufacturers to be more innovative by producing new products for new markets or improving existing products to meet export standards
3. Developing economic sectors: internal trade, manufacturing, agriculture and tourism through diversifying economic structures that can produce new goods for export and for import substitution is vital to enhancing the business environment in the occupied Palestinian territory.
4. Designing laws and regulations and developing procedures that stimulate investment and stabilize the markets. It is essential to build a judicial and legislative system that can motivate Palestinian investors. It is important to establish specialized courts for economic matters, and to reconsider the procedures in place in the land and real estate court.
5. Linking higher education output with labor market needs to lower the unemployment rate among university graduates (which exceeds 40 percent there is a need for diversifying investment in education and developing human capital, which will require a change in current educational policies in a way that enables students to acquire the skills that the labor market demands. To enhance the legal and investment climate in a way that improves domestic production, a set of tax policies should be put in place to stimulate SMEs in infrastructure, particularly in Areas B and C. The main interventions comprise the government's obligations towards amending tax laws, speeding up the payment of tax rebates, providing Blue tax exemption son fuel used for industrial purposes, and fighting dumping and smuggling, thus helping achieve greater equity and ensuring price stability and market efficiency in supplying raw and intermediate materials, as well as water and electricity services at low prices and in the quantities needed for production.

To meet these challenges, the paper addresses a number of goals: each goal is linked to a set of policies and tools that correspond to the intervention mechanisms necessary to achieve that specific goal.

An Agenda for Developing Productive Capacities

By Dr. Samir Abdullah

Over the past five decades, the Palestinian economy saw some short episodes of recovery; yet the predominant feature which repeatedly marked the economy's general development was recession. The economy has always been susceptible to changes in Israel's economic cycle as well as the hostile policies and practices of the occupier. Yet the current state of recession looks deeper and





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more overarching, which is likely to continue for a long time given the nature of the factors that produced it. This paper outlines possible actions/policies that can be taken in this miserable context to recover from the recession or, at least, to mitigate the impact of economic contraction on the population's welfare and resilience. The paper thus suggests policies and interventions that are practical, workable and capable of improving the main economic growth indicators quantitatively. The paper first diagnoses the pressing challenges that hinder the development of key economic sectors, and then defines the policies and practical interventions to meet these challenges. Particular focus is made on the shortage of the registered land for development, scarcity of potable water and water resources for other uses and unreliable electricity (especially in the Gaza Strip), which constitutes a drain on the PA treasury owing to unprofessional management of contracts with the Israeli supplier, poor distribution, high losses due to theft and depreciation of grids. In economic sectors: the industrial sector needs to be restructured to be able to manufacture high added value products; the construction and housing industry, needs to be developed; reform of the landlord and tenant law to encourage investment in building housing units for different income classes; develop the telecommunications and information technology industry. While the Palestinian financial banking and non-banking sector is in a good health but further improvements are possible, so that the sector will be able to function properly and provide effective financial brokerage services to support investment and manage risks wisely.

Links

[Background Papers](#)

[Final Report of Conference](#) (available in Arabic only)

[The decision of Prime Minister regarding MAS's Conference recommendations](#) (available in Arabic only)



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