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‘Recovery Dividends’: An Emergency Basic Income for Palestine

The Palestine Economic Policy Research Institute (MAS) regularly publishes applied and scientific studies, in addition to brief research papers, as part of an annual series of roundtable sessions on important economic topics of interest to the public and decision-makers. The policy briefs outline the key recommendations of selected scholastic activities, in order to disseminate this information and maximize the benefits derived from this series of sessions.

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'Recovery Dividends': An Emergency Basic Income for Palestine

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1. Background: Why Universal Basic Income for Palestine?

Gaza is enduring an unparalleled calamity, with ceaseless destruction devastating its economy and leaving 2.2 million in dire straits—homeless, traumatized, and at the brink of disease and starvation. Still, in the West Bank, decades-long economic encirclement and subjugation have intensified the Occupier’s grip on the economy, with over 200,000 commuting labourers subject to exploitative conditions and haphazard movement restrictions, a reality of over 850,000 illegal settlers,¹ and decades-long insecurity, instability, and injustice for Palestinians; all aggravated by the Palestinian Authority’s economic debilitation.²

While the challenges of Palestine’s future may be overwhelming, they call for a comprehensive vision. This extends from the immediate responses to the war’s aftermath to the potential for a political breakthrough.³ Gaza’s recovery calls for a new approach to aid, informed by other recovery efforts, to avoid the pitfalls of disorganized aid and the critical need for local participation in its distribution.⁴ This is the context in which it is proposed that there an Emergency Basic Income (EBI)⁵ would be an innovative mechanism to support economic recovery and individual sustenance in post-crisis regions, beginning in Gaza Strip. The EBI would provide all eligible residents with a stable, unconditional monthly payment, calculated to approximate the cost of a basic subsistence goods and services basket. This would infuse the local economy, stimulate demand, enhance economic activity and foster local production. Empowering individuals financially would catalyze a bottom-up economic revival, unlike inefficient misaligned top-down aid interventions.

The success of EBI in this context hinges on its thoughtful design and implementation, attuned to Palestine’s unique socio-political and economic context of Palestine, with the ultimate goal melding the easing immediate suffering with long-term recovery and aligning with ambitions for peace and self-determination. A pilot phase is essential to evaluate the EBI’s socio-economic impacts thoroughly.⁶ This approach necessitates a phased, region-specific deployment, informed by pilot outcomes and tailored to each area’s economic landscape and capacity. Central to this strategy is a collaborative governance framework, merging local authority efforts with community engagement to enhance the EBI’s legitimacy and effectiveness, laying a robust policy foundation to transform Palestine’s socio-economic environment.

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1. <https://www.ohchr.org/en/news/2023/03/human-rights-council-hears-current-israeli-plan-double-settler-population-occupied>
 2. B.Ashraf, ‘How Smotrich’s West Bank plan actualises a second Nakba’, *The New Arab*, 22 March 2023. <https://www.newarab.com/analysis/how-smotrichs-west-bank-plan-actualises-second-nakba>
 3. M.Indyk, «The Strange Resurrection of the Two-State Solution.» *Foreign Affairs*, 20 February 2024, <https://www.foreignaffairs.com/israel/palestine-strange-resurrection-two-state-solution-indyk>. Accessed 14 March 2024.
 4. D. Bashur, ‘Basic Income for development and peacebuilding in post-conflict settings’, in M. Torry (ed.), *The Palgrave International Handbook of Basic Income* (London, Palgrave-McMillan, 2023), ch.10, p.204.
 5. G.Standing, *Basic Income: And how we can make it happen* (London, Pelican Books, 2017).
 6. G.Standing, ‘Basic income pilots: Uses, limitations and design principles’, *Basic Income Studies*, Vol.16, No.1, 2021, pp.75-99.

2. Challenges

An EBI in Palestine, particularly in Gaza, is as much about immediate aid as fostering human dignity, autonomy, and economic empowerment, restoring the agency for individuals in adversity-ridden contexts. Furthermore, adaptation of the EBI framework necessitates acknowledgement of the disparities distinguishing the Palestinian post-war, post-famine situation from other basic income schemes. Clearly in Gaza, the situation is marked by profound economic adversities and institutional breakdowns, unlike where basic income schemes have been previously applied.

Deployment of an EBI in Palestine also necessitates a strategy attuned to the divergent realities of Gaza Strip and the West Bank, leveraging established donor agency systems for efficient beneficiary identification and minimizing misuse. The scheme must navigate post-conflict complexities, including integration of displaced individuals, employing flexible solutions for verification and fund distribution.

Determining appropriate EBI levels in Gaza and the West Bank is a process that is predicated on meticulous economic analysis, considering the region's unique challenges, such as conflict-induced inflation and escalated living costs. Furthermore, addressing the funding of Gaza's EBI poses substantial challenges against a backdrop of previous funding inadequacies and potential donor skepticism. A preliminary estimate of the cost of a 12 month EBI program in Gaza Strip, calculated according to pre-war income levels, would be around \$3.5 billion, an amount slightly more than Gaza Strip annual Gross Domestic Product), and for both the West Bank and Gaza Strip at over \$8 billion.⁷

While a pilot can identify operational needs and collect data pivotal for EBI's rollout in Gaza, choosing areas for piloting poses challenges. Gaza's adversities—extreme infrastructure damage, economic breakdown, and uncertain political landscape—complicates finding areas that authentically embody these challenges.

Adding to the complexity of the deployment of the EBI within Gaza is the influence of Israeli engagement. Clearly, Israeli occupation would affect, indeed render impossible, the EBI's deployment, efficacy, and alignment developmental objectives. Deliberations must address Israel's financial obligations, suggesting reparations commensurate with the damage caused by its war.

3. Policy Recommendations/Plausible Interventions

Principles

1. **Palestinian-led Development and Empowerment:** The advancement of recovery and development strategies such as EBI must be authentically formulated, directed, and executed under the auspices of an overall Palestinian vision and national aspirations.

7. This is based on a suggested EBI of \$150 for every adult and \$100 for every child, a population of five million, with 60% adults, plus a 20% supplement for the 2% registered as having severe disabilities.

2. **Transparent, Accountable, and Inclusive Development:** Foster a development framework that is transparent, accountable, and incorporates public choice, particularly in EBI's allocations, to amplify program legitimacy and community engagement.
3. **EBI as Contributor to Economic Regeneration:** The EBI must be an integrative element of Palestine's economic revitalization, not a mere relief tool. There should be a gradual shift from immediate aid to resprouting productive capacities, infrastructure and industry. For example, an EBI might work in tandem with other reconstruction policies such as subsidies and tax-free zones in Gaza to reduce living costs and stimulate local commerce.
4. **Strategic, Phased EBI Deployment:** EBI should follow a phased approach benefitting from international successful recovery models in war-ravaged areas to sequence economic recovery — from basic needs fulfillment to comprehensive economic initiatives.

Financing

5. **EBI Financing Strategy:** Develop a robust financing framework for EBI that could potentially leverage Gaza's natural assets, such as potential gas reserves, ensuring sustainable and diversified revenue streams. This might entail establishing a resource-endowment fund to channel revenue from natural resources into community development and EBI funding.
6. **Strategic International Engagement and Funding:** Engaging international donors and key global networks, including the UN and the Palestinian diaspora, in the development, deployment and financing of the EBI. A new version of the "Liberation Tax" that Arab states applied before 1990 to Palestinians working in their markets to fund the PLO could be considered.
7. **Strategic EBI Integration with Extant Aid Mechanisms:** Leverage existing aid infrastructure and expertise, such as UNRWA, to facilitate EBI implementation. This approach ensures EBI benefits from established logistical frameworks and distribution channels, enhancing efficiency and impact.

Piloting and Design

8. **Targeted EBI Pilot Initiatives:** Selecting target area(s) for deploying an EBI pilot project should capitalize on insights from existing aid operations to gauge the program's practicality and impact. These pilots should provide critical data on EBI's effectiveness and validate the approach for broader application, ensuring informed and adaptive implementation.
9. **Pilot Scheme:** Jenin Refugee Camp, and potentially Jenin City, stands out for a trial targeting 10,000 residents⁸ over four months at an estimated cost of \$5 million. This could be done with local municipal and UNRWA cooperation.
10. **Precision in EBI Determination:** Develop a precise and appropriate "basic needs" methodology for setting EBI amounts, reflecting the local economic context, including inflation rates and import dependency.

8. https://www.unrwa.org/sites/default/files/unrwa_west_bank-jenin_camp_profile.pdf

Governance

11. **Transparent Governance and Accountability:** Establish a governance framework for the EBI program that prioritizes transparency and accountability, possibly in partnership with local authorities and international organizations. The programme should not be managed by Palestinian central government. An independent oversight body should administer the EBI funds, conducting regular audits and ensuring public disclosure to cultivate trust and facilitate program refinement.
12. **Strengthening Local Institutional Capacity:** Enhance local institutional infrastructure to support efficient EBI distribution, emphasizing the development of robust, transparent, and locally attuned administrative processes. This capacity-building should leverage existing aid frameworks and insights, ensuring that EBI implementation is grounded in contextual understanding and proven practices.
13. **Rigorous Monitoring and Impact Evaluation:** Implement a comprehensive monitoring and evaluation system to assess the EBI's effectiveness and guide its evolution. This should integrate feedback loops for adaptability and undertake longitudinal studies to contribute valuable insights into basic income's role in post-conflict recovery and development.

