



M A S  
**Palestine Economic Policy  
Research Institute (MAS)**



**مؤتمر ماس الاقتصادي 2016**  
MAS ECONOMIC CONFERENCE

# **MAS Economic Conference 2016**

## **Closing Statement**

**31 Aug 2016**

MAS Economic Conference 2016 was convened in response to the need to tackle the challenges which the Palestinian economy has confronted over the last two decades and which have deteriorated in the last three years with a worrisome impact on the levels of poverty, unemployment, and inequality. The contribution of the productive sectors – in particular agriculture, manufacturing, and tourism – regressed further, and the already small market shrunk even more because of the political divide as well as the siege of Gaza and the isolation of Jerusalem. This happened, while the Israeli economy continued to dominate the Palestinian one, international donors' support took a downturn, and public expenditure on development plummeted. In the mean time, Israel's colonial settlement enterprise continued unabated as the political process remained stalled. In spite of the serious efforts and attempts by successive Palestinian governments to confront these challenges through improving revenues and easing fiscal pressures, the prospects for growth are still fraught with political and economic risks, and the economy still needs to strengthen its sources of resilience, such as food security, energy generation, and water resources in addition to infrastructure. The basic question becomes how to manage the economy and support the stability needed for investment in a country struggling to be rid of a foreign colonial occupation.

Over the last few months, we engaged in extensive preparations for the MAS Economic Conference 2016. We met and discussed these challenges with various economic experts, business associations' representatives, and policy-makers who participated with us in multiple symposia and focus groups. Taking the Conference major focus into consideration – namely, identifying the conceivable policies and interventions that can stand up to the socio-economic challenges that weigh heavily on the citizens and threaten the social fabric and steadfastness in the face of the Israeli occupation and its colonial settlement – this statement highlights the priority policies and interventions that could and should be implemented to ignite the Palestinian economy in the short to medium term to meet those challenges, without losing sight of other conceivable interventions incorporated in the documents of the Conference. In defining the main goals of the Conference, we have built on an approach for the development of the economy – an approach based on an assessment of the unique Palestinian context and on recent studies on the reasons for the successes and the failures of the development efforts in other economies.

The key assumptions of our approach are:

1. As it stands in the Palestinian context, the interventions needed for comprehensive economic reforms in a developing country – albeit theoretically possible – are beyond the available resources.
2. Some necessary reforms may not be possible under the current political context.
3. Since carrying out comprehensive reforms that eliminate all distortions is the only guaranteed means of improving welfare – an unrealistic prospect in the Palestinian case – there is a need to pursue a diagnostic approach that identifies the most binding constraints that restrict the development of the economy and take the actions necessary to neutralize such constraints in the short to medium term.

We have also collectively identified the priority policies and interventions that apply to all the occupied Palestinian territories, namely:

1. Tapping the legal and technical margins available in the Paris Protocol on Economic Relations to make the most of the existing trade regime, particularly: producing accurate estimates of the needs of the Palestinian market; encouraging direct imports; making use of trade agreements concluded with third countries; strengthening cooperation among importers; building a consolidated shipping system in order to reduce the costs of shipping and import; setting up bonded warehouses; and connecting companies and industrial zones to the computerized customs system.
2. Increasing the area of registered land through enhancing the legal framework in order to facilitate registration, land settlement, and parcellation; and protecting Palestinian absentees' property while encouraging them to return to and invest in their homeland.

3. Narrowing the social gaps through an inter-ministerial systematic action so as to: fight poverty and develop education, health care, and employment services; implement the Minimum Wage Law; narrow the economic and developmental gaps between regions through decentralized regional planning and local development together with building the necessary administrative capacity; foster socioeconomic resilience, especially in Jerusalem; and create a coordinating body for the Jerusalem institutions as a reference for the City's socio-economic planning and special programs.
4. Introducing reforms into compulsory education curricula; diversifying investment in post-compulsory and secondary education; encouraging and expanding technical and vocational education and training; promoting collaborative training programs and partnerships with the private sector and trade unions to identify the human skills needed in the economy; building a supply-demand database for the labor market with emphasis on the youth and new graduates; and intensifying efforts and initiatives that enhance women's participation in the labor force and enable them to realize fully their role in economic development.
5. Designing and enacting industrial policies that are consistent with the financial and trade policies and take into consideration all the requirements for supporting the industrial sector, stimulating investment, and promoting productive capacity. This should be accompanied with procedures designed to protect budding industries, as well as by measures that ensure compliance with the Palestinian standards and a strong system of quality control of goods. The infrastructure necessary for industries should also be developed.
6. Establishing a formal permanent partnership framework that brings together representatives of all key Palestinian economic players in order to institutionalize and intensify cooperation in matters relating to designing development policies; formulating trade policies pertaining to international conventions; launching investment initiatives; harnessing the private sector's expertise in the implementation of projects and providing services; and developing Palestinian models to put the concepts of corporate social responsibility into practice.
7. Fostering local products and realigning government policies so as to stimulate further investment in the productive sectors, maintain the unity and contiguity of the local market, support exports, and design regulations that can instill order in the agricultural production market; developing the infrastructure that is required for the provision of such services as sorting, packaging, storage, and distribution of agricultural crops, together with building a refrigerated storage system for fruits and vegetables as well as silos for storing grain so as to ensure the continuous availability of these products and the stability of their prices.
8. Enhancing the management capacity of staff working in governmental economic, regulatory, and supervisory positions; creating a one-stop-shop system for trade and investment procedures; assigning commercial attachés at the Palestinian embassies to provide information that would attract tourism and investment; creating specialized courts (insurance, land, property rights, labor, money laundering, etc.); providing extensive training to court staff specialized in dispute settlements; speeding up commercial arbitration and litigation procedures; and enhancing confidence in the judicial system through speedy implementation of court rulings and the provisions of the law.
9. Strengthening the Palestinian tourism support system, especially in Jerusalem; encouraging investments in tourism by providing incentives, training, and technical support; activating the Palestinian Higher Tourism Council, which should have a strong representation of the private sector, and augmenting its professional staff for a greater capacity to exercise control over the quality of services and classification in accordance with international standards; and building the capacity of tourism staff across the different stages of the value chain.

10. Implementing priority medium-term projects in power generation (fossil fuel and renewable resources), water (desalination), environment (conservation of the coastal aquifer and treatment of solid waste and waste water), transport and communications (public transportation), construction and housing – all within the framework of the national spatial plans, particularly in the Gaza Strip, and through partnership between the public and private sectors.
11. Developing the energy sector's regulatory framework and separating policy-making and control functions; developing energy specifications and standards system; stimulating investment in renewable energy sources; and raising public awareness of the need to conserve energy and to reduce leakage.
12. Building new water networks as needed; maintaining and upgrading the existing networks; and raising public awareness of the issues related to saving water.
13. Reorganizing the construction and housing sector through: enacting new legislations that classify related professions; training of workers in the sector and licensing them; creating a comprehensive database and publishing periodic statistics on housing availability, especially for low-income households; amending the Landlord-Tenant Law; and providing mortgage services for long periods to enable low-income individuals to access credit services.
14. Enacting fiscal policies that drive investment in the productive sectors, such that development-oriented policies are reflected in the fiscal and general budget policies; enabling broader participation in the discussion of the general budget towards greater transparency in its preparation and implementation; continuing the efforts to expand the tax base and increase revenue; enhancing the capacity of the Customs Control Department; and fighting against dumping, smuggling, and tax evasion.
15. Building and enhancing confidence in the financial and banking sectors; attracting Palestinian expatriate capital; adopting lending policies that stimulate growth; promoting trade, investment, and financial linkages between all parts of the Palestinian territory, especially between the Gaza Strip and the West Bank; developing and implementing the national strategy for financial inclusion; enacting lending policies that drive investment in the productive sectors and diminish lending that serves consumption; and introducing a financial instrument for medium- and long-term loans.