



PRESS RELEASE

MAS HOLDS A WORKSHOP ON A STUDY ON RESTORING ECONOMIC AND FISCAL SUSTAINABILITY



Tuesday, 4 August 2015. MAS held a workshop which presented and discussed a study titled “*Palestinian Economy and Public Finance: Restoring Economic and Fiscal Sustainability*”, authored by Dr. Karim Nashashibi for the UNDP. The study looked at the recent trends as well as the current state of the Palestinian economy and public finance and highlighted the fact that the Palestinian economy has been shrinking since 2012 due to declines in the major sources of growth in terms of percent of GDP: capital formation, machinery and equipment, exports, workers’ remittances, and recurrent budget deficit. The 10 percentage points reduction in the recurrent fiscal deficit as percent of GDP since 2009, a major achievement in fiscal consolidation, has been accompanied with a similar decrease in external budget support. This sizeable withdrawal of fiscal stimulus has in turn led to reduction in economic growth. Dr. Nashashibi also stressed the importance of monitoring financing sources and the public debt. He further stated that the Palestinians have lost both economic viability (declining per capita income, higher unemployment, and higher poverty) and fiscal sustainability (making it difficult to borrow).

Dr. Nashashibi concluded that the Palestinian government needs to reduce the recurrent deficit while at the same time revive the economy by taking steps such as: defining a reform agenda and a set of priorities in public investment projects, agreeing with the international community on a financeable budget deficit target, and achieving reconciliation in Gaza. The



support of the international community is also necessary to press the Government of Israel to implement public investment projects in the West Bank and to lift the siege from Gaza.

To read Dr. Nashahibi's full paper follow this [link](#).

To read the workshop's presentation follow this [link](#).