



MAS Conference 2005

The Palestinian Economic Development Agenda in Turbulent Times

Founded in 1994, MAS has provided applied research to Palestinian policy makers on topical economic and social policy issues for a full decade. Nevertheless, the challenges to ensuring an economically and socially sustainable environment in Palestine are still enormous and the need to enhance knowledge-based decision-making in the Palestinian public sector remains urgent. Therefore, MAS decided to mark its 10th anniversary by organising a conference to assess and discuss the Palestinian development environment. The main objectives of the conference were as follows:

- ❖ To summarise and debate the Palestinian development environment and its potential and challenges.
- ❖ To raise the profile of MAS in order to increase the impact of its future policy research studies.



The Conference was held on 13th April 2005 at the Best Eastern Hotel in Al-Bireh. It consisted of three sessions, one of introductory speeches, including an opening speech by Prime Minister Ahmed Qurei, and the following two each containing five papers on different aspects of the Palestinian economic development environment. The day was concluded by a panel discussion and mass debate.

In total, ten presentations were prepared by prominent experts from the Palestinian public and private sectors and academia. The second session dealt with 'The External Environment and its Impact on Palestinian Economic Development', defining the global and regional context of Palestinian socio-economic development efforts. The third session focused on promoting 'The Effective Use of Economics in the Quest for a Viable Palestinian State', providing analyses of the role of the public, private, NGO and donor sectors in turn. The following are abstracts of the papers presented in these two sessions:

The Conference was attended by around 330 people, which reflects the level of importance attached to bringing together stakeholders to discuss the Palestinian economy and development process.



To read the full Conference Book click on the link below:

[*Working papers and proceedings of the annual conference 2005: The Palestinian Economic Development Agenda in Turbulent Times*](#)

Following are the **synopses** of the conference working papers:

'The Impact of the Newly-Emerging Economies'

by Mr. Samir Huleileh

This paper presented the idea of newly-emerging markets, using China and India as examples to demonstrate the potential benefits available to Palestinian businessmen and exporters. These growing economies doubled their GDP in less than a decade and demonstrate several characteristics



that strongly indicate that they are the future economic superpowers:

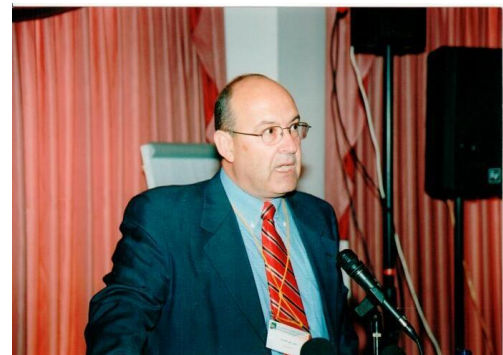
- ❖ Large populations, which translate into great markets and considerable pools of human capital.
- ❖ Low population growth rates, which enables economic growth with rising standards of living.

Markets open to all investors. Mr. Huleileh mentioned that Palestinian businesses normally target the American and European markets, despite the fact that there are people in China and India who are willing to consume, and capable of purchasing, imported products at high prices. He argues that Palestinian exporters should target, for instance, the 43 million Indians who have the same level of income as Germans. Palestinian traders should go beyond the macro-indicators for the Chinese and Indian markets to identify specific 'niche markets' and deal with them. Mr. Huleileh also emphasised that MAS has an important role to play in this context, assisting in drawing up appropriate plans and strategies for Palestinian participation.

'The New Middle East: An American Project'

by Dr. Ali Jarbawi

This paper focused on the American project to create 'a new Middle East' and tried to establish the Palestinian position on this project, as well as whether this project in fact is a tool to enhance control of the area. Dr. Jarbawi



outlined the concept of development according to the western definition, which describes it as a triangle comprising political democracy, economic openness (but not economic independence), and social liberty. As Dr. Jarbawi sees it, the United States is interested in promoting social liberty but not Arab political democracy, since the latter would jeopardise the continued rule of US-friendly



Arab regimes. The collapse of the USSR in the beginning of the 1990s radically redefined the global power system. However, this is a transitional phase in which the world is moving towards the creation of new global powers such as the EU, India, Russia, China etc. According to Dr. Jarbawi, this is an important reason for the recent preventive wars waged by the US in the Middle East, attempting to keep its power and control over the region. As a result of their geographic location and rich resource base, the Arab countries have a strategic position which affects the rest of the world. Dr. Jarbawi urged these countries to develop policies to face the preventive actions and other challenges imposed on them.

'The External Environment for Palestinian Development: The European Agenda'

by Dr. Nu'man Kanafani



This paper initially discussed the problematic nature of the Common Foreign and Security Policy in the European Union, specifically within the framework of the new constitution. It also made a brief comparison of the priorities of the EU and the US in the region and touched upon the differences in their approach to resolve the Middle East crisis. Dr. Kanafani thereafter proceeded to present and critically analyse the EU's financial aid to Palestine in relation to development goals and strategies. He argued that so far the EU policy has been to promote socio-economic development in Palestine by providing high levels of financial assistance. However, the EU is now asked by the international community to play a more active role in the political arena. Dr. Kanafani concluded that the Palestinians should use this opportunity to channel the European financial assistance to enhance their own national development goals.





'The Impact of Current Israeli Measures on the Palestinian Development Process'

by Dr. Mohammad Samhouri

Dr. Samhouri's paper presented the set of challenges that Palestinian policy makers are faced with in the long and short run. It then discussed the impact of Israeli policies on the Palestinian people and on the ability of policy makers to deal with the current economic crisis and future development challenges. Dr. Samhouri called for a comprehensive Palestinian development strategy based on research into how best to improve the current situation and where to start from in order to tackle different challenges. The paper also emphasised that the current economic crisis has political roots and that, therefore, any dealing with this crisis must include a comprehensive political framework that tackles all aspects of the problem.

Two main conclusions were reached in Dr. Samhouri's paper:

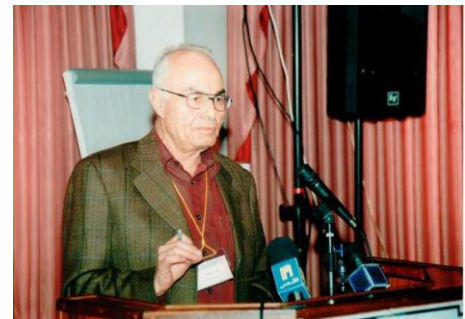
1. Any action that aims to achieve real development in Palestine should use scientific and well-developed methods to remedy the structural deformations resulting from the dependency of the Palestinian economy on the Israeli economy during the past four decades.

The experience of the past 10 years proves that the ability of the Palestinians to develop is directly affected by the political environment and the nature of political and economic agreements.

'The Role of Arab Economies in Supporting Palestinian Development'

by Dr. Fadle Naqib

It is widely recognised that in order to reconstruct the Palestinian economy and enable sustainable development, there is a need to terminate the total dependency on the Israeli economy. This paper presented three ways of integrating the Palestinian economy with other markets; bilaterally, regionally and multilaterally. Dr. Naqib argued that the first and the third method are not feasible for the Palestinian economy, since its small size coupled with limited resources makes it unable to enter the global market by establishing bilateral agreements or by joining international organisations. In his paper, Dr. Naqib sought instead to describe the benefits of regional Arab cooperation, disengaging the Palestinian economy from Israel and enabling it to integrate independently with international economies.





'Towards Launching the Capacities of the Palestinian Private Sector'

by Mr. Kamal Hassouneh

The paper examined the role of the Palestinian private sector in the development process. Having developed under Israeli occupation, the private sector is characterised by its ability to adapt in a fast-changing environment. Mr. Hassouneh underlined that while the accumulated experience of the Palestinian private sector allows it to contribute in the building of a modern economy, the occupation remains a barrier to development and improvement of private enterprise.



The paper also discussed how the turbulent environment affects the Palestinian economy, while presenting the major challenges, weaknesses and strengths within the private sector. Finally, the paper lists a set of important issues and recommendations that should be considered in order to allow the private sector to perform efficiently in the economy.

'The Development Agenda of Non-Governmental Organisations'

by Mr. Ezat Abdelhadi

Mr. Abdelhadi's paper dealt with the development agenda of Non-Governmental Organisations (NGOs) and how it is affected by political, economic, and social conditions. He stated that it is impossible to discuss the Palestinian socio-economic development agenda without taking into account the Palestinian reality and the Israeli occupation. Mr. Abdelhadi argued that the issue of Palestinian development can be approached in three ways:

1. Development under occupation is impossible
2. Support for development focusing on existence and resistance (relief)
3. Support for human resource development to obtain independence and build a democratic state

Mr. Abdelhadi concluded that the NGO agenda is a mix of humanitarian relief and human resource development, creating a flexible and acceptable framework. He recommended that NGOs develop their agenda to take into consideration and prepare for different, future political scenarios.



'Towards a Better Utilisation of Foreign Aid'

by Dr. Naser Abdelkarim

This study aimed to assist the Economic and Budget Committees of the Palestinian Legislative Council (PLC) in their reform efforts in the area of international assistance and towards a more efficient allocation and utilisation of available resources. The study first presents a comprehensive profile of the international aid directed to the Palestinians since the signing of the Oslo Accords in 1993, in terms of its sources, forms, recipients and sectors targeted. The second section assesses the extent to which the Palestinians (government agencies, the private sector and NGOs) have managed to utilise this assistance successfully to serve national interests. Finally, and based on this assessment, some concrete recommendations are put forward that will help enhance the efficiency and effectiveness of the use of international aid, find strategies to tackle current and future challenges, revive the Palestinian economy, and start the process of long-term, sustainable development.



Towards a Palestinian Development Vision

by Dr. Samir Abdullah

This study was requested by the Palestinian Ministry of Planning and originally developed as a working paper for the Arab-International Forum for Rehabilitation and Development in the Occupied Palestinian Territory in Beirut, October 2004. The working paper sought to outline a vision for Palestinian economic and social development, while attempting to address the main points of strength and weakness of the Palestinian economy in the internal context, as well as its opportunities and challenges in the external environment. Based on a thorough analysis, the study suggested that the main driving force for future development in Palestine will be its human and social capital. Consequently, this paper called for more investment in education at different levels as a way of building and enhancing Palestinian competitiveness. The study also emphasised that Palestine will not be able to build its competitiveness on low-cost labour, since the strong link to the Israeli economy and labour market has resulted in distorted and comparatively high wage levels in Palestine. Therefore, Palestinian economic policies should focus on developing high value-added production and introducing knowledge-based industries and services.

