



Shared Prosperity Dignified Life



Expert Group Meeting on
Policy Options to Counter
the Evisceration of the Palestinian Economy
Amman, 2-3 June 2022

Concept Note

Background and context

For fifty-five years, since Israel occupied the West Bank, including East Jerusalem, and the Gaza Strip in June 1967, the Palestinian economy has been under the tight grip of the Israeli military establishment. Over the entire period, Israel exploited Palestinian land and water resources, stymied domestic private businesses, and imposed severe and arbitrary restrictions on the movement of people and trade.

These policies and practices, many of which entail violations of international humanitarian law and international human rights law, have come to constitute one matrix of control and domination: “control the land, dominate the people”. Moreover, this matrix of policies and practices, over time, has fragmented the territorial and economic landscape of the West Bank, isolated and marginalized East Jerusalem, and, since 2007, subjected Gaza into a suffocating blockade and repeated military assaults.

These restrictive Israeli policies and practices have *eviscerated* the Palestinian economy, eroded its productive capacity, and turned the occupied Palestinian territory (OPT) into a captive market and a reservoir of cheap labor to the Israeli economy. Over time, the grave consequences of economic evisceration touched all aspects of life in the OPT, worsened Palestinian socioeconomic conditions, and exacted a hefty economic toll, both in terms of their monetary value and the degradation of human capital.

Furthermore, and despite the direct involvement of the international community since the onset of the “Oslo peace process” in early 1990s, and the provision of a large package of financial and technical aid to the OPT, estimated at about \$45 billion over nearly a three-decade period, the Palestinian economy remains extremely fragile, structurally weak, and highly dependent on Israel for trade, wage employment, and the provision of infrastructural services.

Worse still, rates of unemployment, poverty, and food insecurity among the five million Palestinians living under occupation (about 3 million in the West Bank and over 2 million in Gaza) are widespread; with the Palestinian government chronically dependent on

donors' money for fiscal survival, and on Israel's good will to transfer, *in full and on time*, the tax money it collects on the Palestinians' behalf in accordance with the 1994 Paris economic protocol.

As part of its efforts to support the Palestinian people in improving their living conditions, attaining their inalienable rights, including the right to development and the right to self-determination, the United Nations Economic and Social Commission for Western Asia (ESCWA) is organizing an expert group meeting to discuss policies and strategies to counter the evisceration of the Palestinian economy. The meeting and discussions will build on the findings of its research, namely mapping Israel's practices and policies in the occupied Palestinian territory and their economic implications.¹

Context

At the time of its creation in May 1994, the Palestinian Authority (PA) faced two sets of economic challenges: (1) to rebuild the *eroded* production capacity of the Palestinian economy, and (2) to redefine its *unequitable* economic relations with Israel. Both of these challenges (which can equally be framed, respectively, in terms of *mitigating* the “de-development” impact of the Israeli occupation and *reducing* Palestinian “dependency” on the Israeli economy) were the direct outcome of the eviscerating Israeli policies and practices in the OPT.

In attempting to address these challenges, two inter-linked questions were needed to be addressed, simultaneously. The first one related to the best *development strategy* that the PA could adopt to overcome the structural distortions and imbalances inherited from the pre-Oslo era and pave the road for developing the Palestinian economy. The second question had to do with the best *trade arrangements* with Israel that is most consistent with the chosen development strategy. That was the case in early 1990s.

Nearly thirty years later, in 2022, the Palestinian policymakers are still debating *the same* two questions concerning the nature of the “development strategy” and the type of “economic relations with Israel”. The only difference between *then* and *now*, is that these two sets of economic challenges are becoming much more pronounced, and the policy room to navigate around them is becoming much narrower.

In retrospect, and although the Oslo interim agreements did not provide for an environment conducive to economic revival of the repressed OPT economy, the dominant thinking among development experts and top international organizations at the time was to deal with all economic challenges facing the PA by adopting a “development-as-usual” approach, with little consideration to the political, security, and territorial context within which development activities was supposed to take place in OPT.

As it happened, by *technically* approaching the enormous socioeconomic challenges facing the Palestinian economy in early 1990s, the international community which was

¹ Forthcoming ESCWA publication *Palestine under occupation III: Mapping Israel's Policies and Practices and their Economic Repercussions in the Occupied Palestinian Territory*, 2022.

heavily involved in the PA policymaking at that time, was, in essence, missing the forest for the trees and failed to revive the Palestinian economy; thus leaving the Palestinians to continue grappling with the same “old” economic challenges.

What Can Be Done?

A complete reversal of the 55-year-old process of OPT economic evisceration will not be an easy task and requires a number of sovereignty-related conditions that are *sine qua non* for the Palestinian economy to be viable; operate at, or near, its full potential; achieve high and sustained rates of economic growth; and provide for the welfare and wellbeing of its constituency. At the present time, however, and in the case of the Palestinian economy and its *sui generis* nature as a territory under a prolonged military occupation, most of these basic conditions are virtually nonexistent, and long denied by the occupying power.

This raises a number of very challenging questions; all of which highlight the nature of the policy conundrum facing the Palestinian economy at the present time:

- (1) How can Palestinian policymakers successfully address the grave consequences of continued evisceration of the OPT economy when the basic conditions that are necessary for policymaking are sorely lacking?
- (2) How can the “double whammy” of de-development and dependency be effectively addressed under Israel’s matrix of control and domination that has caused this situation in the first place?
- (3) Under the continued and ever-evolving presence of extremely complicated and unpropitious circumstances, what realistic and practical policy options and interventions are available to Palestinian policymakers to stop, or at least slowdown, the ongoing deterioration in OPT socioeconomic conditions, and to reduce OPT chronic economic dependency on Israel?
- (4) How can the long-repressed and stifled Palestinian private sector in the OPT be empowered to function as an engine of growth, and become a major source of productive employment and manufactured exports, when the very basic conditions for its survival, revival, and long-term viability are largely absent?
- (5) How can the five-decade long asymmetrical, highly unequal, and involuntary economic relations with Israel be modified, and the chronic dependency of the Palestinian economy on Israel be reduced? Can the Paris Protocol be amended? Or is there a need for negotiating a new trade agreement altogether?
- (6) In light of recent reports published since 2021 by the UN and other leading Israeli and international human rights organizations, all charging Israel with practicing deliberate and institutionalized discrimination against the Palestinian people, how can the PA capitalize on these ground-breaking reports as part of a development strategy to counter economic evisceration of OPT?
- (7) Finally, what *new* and *paradigm-shifting* role can the international community play in adopting a “rights-based” approach that enables the Palestinian people realize

their long-denied basic socioeconomic rights, including the right to self-determination, which are universally-accepted and safeguarded by principles of international humanitarian law and international human rights law?

Given the protracted and nature of the Israel's military occupation; the entrenched and institutionalized nature of the Israeli policies and practices in OPT; and the dimming prospects of reaching a negotiated political settlement in the foreseeable future, the challenges of designing and implementing *effective* evisceration-countering policies and intervention measures will be immense, and the impediments will be many. And yet, Palestinian institutions have no other option but to act in order to minimize, stop, and eventually reverse the continued evisceration of the Palestinian economy.

Meeting objectives, format, and agenda

In this expert group meeting, ESCWA will present its findings and ideas about the state of the Palestinian economy stemming from an analysis conducted through the prism of "economic evisceration" of OPT; a new concept which is introduced as an analytical tool to understand the continued immiseration of OPT under a protracted Israeli military occupation. ESCWA will also propose a *Policy Framework Plan* (PFP) to counter the process of economic evisceration.

The PFP is based on three main pillars: (1) "de-linking" OPT economy from Israel in order to *reduce* its chronic dependency on the Israeli economy; (2) "empowering" the private sector so as to *mitigate* the debilitating impact of evisceration on OPT socioeconomic conditions; and (3) "advocating" a new *rights-based* approach to the Palestinian economy in order to realize its long-denied rights of independence and development.

Objectives

The meeting has two specific objectives:

(1) To debate, in an open group discussion, the above list of crucial questions currently facing the PA policymakers and try to find plausible and practical answers given the extremely complicated setting in which the PA is operating.

(2) To present a preliminary outline of a proposed Policy Framework Plan (PFP) that Palestinian policymakers may want to consider as part of their continued drive to revitalize the Palestinian economy. The proposed PFP be detailed in a forthcoming ESCWA policy report.

Format

Few days before the meeting, participating experts will be provided with a "list of questions" around which the brain-storming discussion will be conducted in each session of the meeting. Participants will be asked to reflect on these questions before they arrive

to the meeting. Their thoughts and expertise in addressing these questions will be a major factor in having a successful meeting.

Except for the first session where a 30-minute presentation of ESCWA findings and proposed PFP will be delivered, and the final session that will wrap up the meeting, each one of the remaining four sessions will start with a 10-minutes introduction by the moderator about the session's topic along with a list of related questions that participants will be asked to engage in a brainstorming discussion.

Agenda

The EGM will be held in six 90-minute sessions as follows:

DAY ONE: Thursday, 2 June 2022

Session 1 (09:00 am - 10:30 am)

Session moderator: Tarik Alami

Main Speaker: Mohammed Samhouri

09:00 - 09:30 **Presentation of ESCWA main findings and proposed PFP**

09:30 – 10:30 Open discussion about the report and its contents.

10:30 – 11:00 Coffee Break

Session 2 (11:00 am - 12:30 pm)

Session moderator: TBD

Session topic: **(DE-LINLIKG) – What *practical* policy options does the PA have to reduce its chronic dependency on the Israeli economy?**

11:00 – 11:10 Introductory remarks and main questions by the moderator.

11:10 - 12:30 Brainstorming discussion by the experts to address session's main questions and provide possible policy answers.

12:30 – 02:00 Lunch break

Session 3 (02:00 pm - 03:30 pm)

Session moderator: Samir Hulileh

Session topic: **(EMPOWERING) - What role should the Palestinian private sector have in the context of the proposed PFP?**

02:00 – 02:10: Introductory remarks and main questions by the moderator.

02:10 - 03:30 Brainstorming discussion by the experts to address session’s main questions and provide possible policy answers.

DAY TWO: Friday, 3 June 2022

Session 4 (09:00 am - 10:30 am)

Session moderator: Zaha Hassan

Session topic: **(ADVOCATING) - Has the time come for the international community to adopt a “rights-based” approach to the Palestinian economy?**

09:00 – 09:10: Introductory remarks and main questions by the moderator.

09:10 - 10:30 Brainstorming discussion by the experts to address session’s main questions and provide possible policy answers.

10:30 – 11:00 Coffee break

Session 5 (11:00 am - 12:30 am)

Session moderator: Mohammed Samhour

Session topic: **Debating the Proposed Policy Framework Plan: Is It Doable? If not, what are the main impediments? What are the policy alternatives?**

11:00 – 11:10: Introductory remarks and main questions by the moderator.

11:10 - 12:30 Brainstorming discussion by the experts to address session’s main questions and provide possible policy answers.

12:30 – 02:00 Lunch break

Session 6 (02:00 pm - 03:00 pm)

Session moderator: Tarik Alami

Session topic: **Wrapping up and the way forward**

02:00 – 02:10: Introductory remarks and main questions by the moderator.

02:10 - 03:00 Brainstorming discussion and concluding *policy* remarks by the experts on the future of the Palestinian economy.

(END)