



Ministry of National Economy

National Economic Plan Framework (2017 – 2022)

**A Presentation to the Private Sector Development and Trade
Sector Working Group**

Ramallah - 14/11/2016

OUTLINE

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FACT SHEET

Country at Glance (2015) ...world bank

Population	4.422 million
GDP	\$ 12.68 billion
GDP Growth	12.4%
Real Growth Rate	3.3% (WB 2.8%; GS 5%)
Fiscal Balance (% of GDP before external support)	- 11.6%
Current Account Balance (% of GDP)	- 6.9%
Unemployment Rate	26% (WB 19%; GS twice)
Unemployment is exceptionally high amongst Palestinian youth, particularly in Gaza	
- Women participation in labor force	Almost 19%
Inflation	1.4%

INTRODUCTION

- Lack of a clear political horizon towards peace and reconciliation leads to unsustainable economic situation
- In addition:
 - Donor support has significantly declined in recent years
 - Weak investor confidence
 - Access to Gaza remains highly controlled, Nearly 80% of Gaza's residents receive some form of aid
 - Area C, which makes up 60% of the West Bank, is inaccessible to Palestinians.

INTRODUCTION

- The current decline could be reversed:

HOW?

- an environment where sustainable, private sector-led growth is fostered
- a commitment of ongoing financial support from the international community.

A dynamic private sector can generate the sustainable growth needed.

Approach

Defining the macroeconomic framework and setting the objectives and strategic focus

Policy guidance from Cabinet

Situation Analysis & Forecasting/formulation of development scenarios

Reviewing all previous plans

Various Stakeholders Consultations

Consolidation & Final Drafting

Validation Workshop

Endorsement and Dissemination of the Plan



Awareness & Sensitisation takes place throughout the design period

SITUATION ANALYSIS

- The main inherent problems are:
 - the instability of growth
 - stagnation in per capita income growth
 - high rates of unemployment and poverty
 - the share of consumer spending is increasing (real estate)

SITUATION ANALYSIS

- public sector investment is insignificant
- fiscal policy is the only key economic tool available
- gap between current and development budgets
- inadequate finance to cover key public current development and service needed
- Informal business, and high level of informality in employment

KEY CHALLENGES

**Structural
Distortions**

**Weak Working
Environment**

**Fragmentations of
Local Market**

**Israeli Control
(trade, land, trade
revenues)**

WORKING ASSUMPTIONS

1. Political stability is the most important factor for economic viability and growth
2. Economic and political transformations are mutually constitutive
3. Economic transformation should not be subjected to political transformation
4. Economic security is a vital foundation for statehood
5. Social transformation must parallel economic transformation in order to make the later sustainable
6. The economic plan should be responsive and flexible
7. Economic development is ultimately driven by the private sector, with government policies and institutions

VISION & STRATEGIC OBJECTIVES

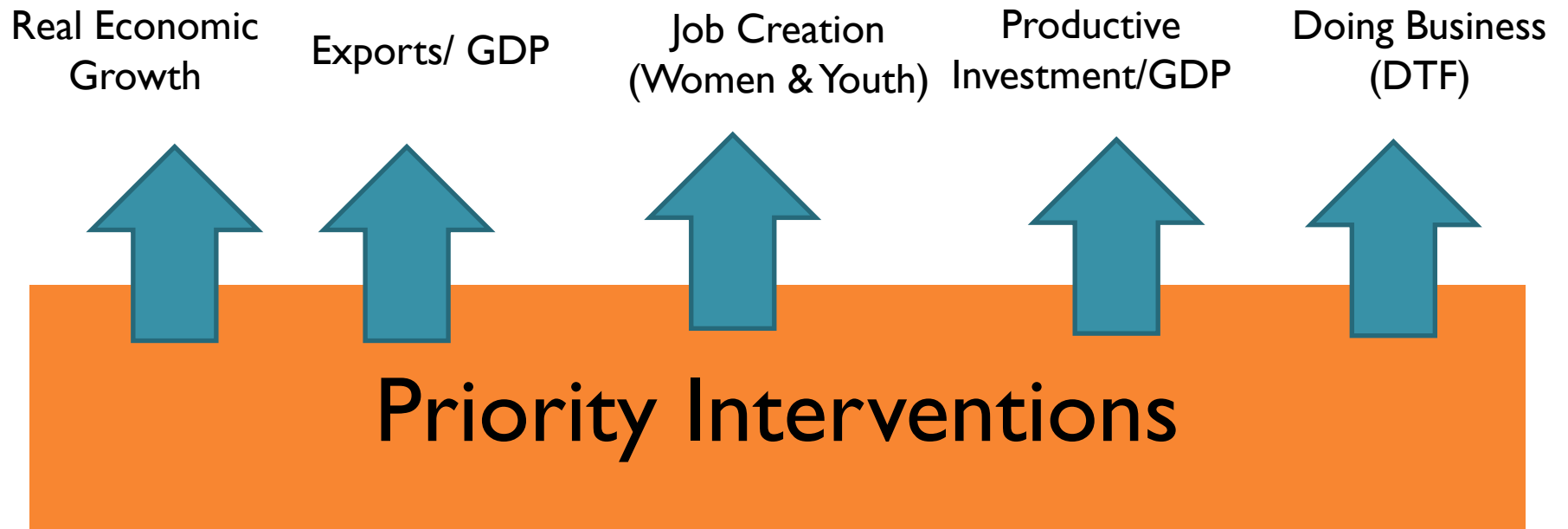
- Vision

“Achieving sustainable economic development, prosperity, social advancement and high quality of living by increasing the competitive capacity and productivity of Palestinian productive sectors, through growing integration in the global economy and the Multi-Lateral Trading System.”

STRATEGIC OBJECTIVES

- Independent Palestinian economy
- Enabling and attractive working environment
- Palestinian competitive industry
- Local market regulations and consumers' protections

Key Performance Indicators



Priority Interventions

- **Market and trade** diversification
 - Trade Policy
 - National Export Strategy
- **Re-orientation** of productive sectors
 - Industry Policy
 - Competitiveness of National Products
- Sound **public finance**
- **Macroeconomic policies** that foster private sector development
- **Legal environment**
- Supporting **clusters and cooperatives**

Priority Interventions

- Enhancing **physical infrastructure** (energy and water)
- Enhancing **human infrastructure** (TVET)
- Increasing competitiveness of **MSMEs**
- Generating and mobilizing **entrepreneurial** ideas and prompting start ups
- Supporting private sector in **Gaza Strip**
- Access to natural resources in **area C**
- Supporting private sector in **East Jerusalem**
- Fostering **women entrepreneurs**

IMPLEMENTATION OF NEP

- The financing frame of the NEP indicates resource requirements and sources
- The Annual Budgets are the main tool of implementation of NEP
- Programmes and Projects will be identified with clear action plan and indicators.

MONITORING AND EVALUATION

- Annual progress reports
- Mid term review
- Evaluation at the end of the Plan period



THANK YOU FOR YOUR ATTENTION