

A six-year plan for developing Palestine

A 100-page executive summary of the first official development program in the history of Palestine, "Program for Development of the Palestinian National Economy for the Years 1994-2000," was circulated at the Casablanca conference. Called the Palestine Development Program (PDP), the document reviews the hostile setting for development in the past, and gives an investment overview for the future, by sector.

Along with the PDP document is an appendix, "Invest in Palestine," presented by the Palestine Economic Council for Development and Reconstruction (Pecdar), an agency established soon after the 1993 PLO-Israel peace accords to coordinate economic planning and projects. Both documents are excerpted below.

*The "Invest in Palestine" document presents three categories of projects. First, a project budget of \$128 million for 1994-95 for "Emergency Rehabilitation" in Gaza and the West Bank of roads, water and sewage facilities, schools, and health care. Second, a list of projects amounting to \$165 million for "Emergency Investment" in eight economic sectors (see **Table 1**). The third element, what Pecdar calls "long-term, large-scale projects," includes the Gaza Port, the Gaza and Jericho airports, regional highways, a Palestinian corridor between Gaza and the West Bank, Gaza and West Bank industrial parks, and a Mediterranean-Dead Sea Canal.*

Most of the PDP seven-year plan and the "Invest in Palestine" report consists of straightforward lists of projects of the most basic kind—housing units, plumbing, and the like. However, also reflecting the World Bank's bias against generalized economic development, the PDP report (for which the World Bank was among the advisers) states: "We should, at the very least, be cautious about proposed regional mega-projects. Do they address real needs? Might they not create more problems that they help to overcome? How thoroughly have we assessed potential environmental impacts? And are there any realistic alternatives?"

In reality, both emergency and the long-term large-scale projects are essential for the required levels of population potential per square kilometer in the region.

Palestinian Emergency Development Program

Introduction

The economy of the West Bank and Gaza is currently in a state of crisis. Over the past decade, income levels have

stagnated, unemployment and underemployment continue to rise rapidly; social services and public infrastructure [are] grossly, extremely inadequate; and the fragile natural resource base is threatened with irreversible damage. Above all, the economy remains highly vulnerable to external developments, as shown vividly by the economic hardship being experienced in the aftermath of the border closure with Israel.

The main previous sources of economic growth in the West Bank and Gaza, employment in Israel and in the Gulf, have been lost, either completely or partially. The loss of labor opportunities abroad is largely permanent, and structural change is needed to reorient the development path toward one which encourages domestic job creation. Expansion of domestic production is the only way to create jobs and improve the overall living standards in the Occupied Palestinian Territory (OPT).

In order [to] redress this deterioration in the Palestinian economy, the Palestinian Economic Council for Development and Reconstruction (Pecdar) has set out to define the objectives and priorities of economic strategies. Planning in this respect will be both short-term and long-term in an endeavor to ensure the sustainable OPT economic growth. Pecdar has commenced its work by preparing the Emergency Rehabilitation Project, the Emergency Investment Project, and the Technical Assistance Program. The first stages of these programs are ready for implementation. . . .

Areas

The West Bank and Gaza cover a combined area of about 6,160 square km, of which 5,800 square km are in the West Bank and 360 square km in Gaza. The area is generally hilly with a cultivated area of over 1,550 square km in the West Bank and 165 square km in Gaza. Some 66% of the cultivated area in Gaza is irrigated, while the percentage drops to about 15% in the West Bank. The overall area is administratively divided into 29 municipalities, 69 village councils, and 400 localities without a local government structure. Furthermore, there is a total of 27 refugee camps run by the UNRWA in the OPT.

Population

The Palestinian population is estimated to be 2.2 million, of which 1.3 million live in the West Bank (including East Jerusalem) and 900,000 in Gaza. This estimate is somewhat in line with the estimate of the World Bank mission which suggests that official Israeli figures underestimate the real size of population by 10-15%.

Population density in Gaza is very high, more than 2,500 persons per square km. This is more than ten times as high as the density in the West Bank. Population growth rate is also very high, with an annual average of 4.4% in the West Bank and 5.0% in Gaza during 1990-1992. More than one-half of the total population is less than 15 years of age, and the population of Gaza is slightly younger than that of the West Bank.

TABLE 1

Allocation of investment in Palestine, 1994

(millions \$)

Sector	Emergency Rehabilitation Project (ERP), Stage 1			Emergency Investment Project (EIP)			ERP and EIP		
	West Bank	Gaza	Total	West Bank	Gaza	Total	West Bank	Gaza	Total
Municipal roads	11.37	17.27	28.64	18.38	20.27	38.65	29.75	37.54	67.29
Solidwaste	—	—	—	10.62	7.99	18.61	10.62	7.99	18.61
Water and sewage	11.4	7.6	19.0	15.01	11.93	26.94	26.41	19.53	45.94
Municipalequipment	—	—	—	7.0	7.1	14.1	7.0	7.1	14.1
Education	4.35	4.9	9.25	17.03	8.51	25.54	21.38	13.41	34.79
Health	—	—	—	15.25	6.02	21.27	15.25	6.02	21.27
Socialwelfare	—	—	—	4.94	3.43	8.37	4.94	3.43	8.37
Accessroads	—	—	—	11.65	—	11.65	11.65	—	11.65
Total	27.12	29.77	56.89	99.88	65.25	165.13	127	95.02	222.02

Source: Palestinian Economic Council, *Palestinian Emergency Development Program*.**International assistance**

The cost of urgent development needs in the West Bank and Gaza to cover investment in social and physical infrastructure as well as current start-up expenses comes to US\$2.4 billion over a five-year period, 1994-1998. This amount refers mainly to public sector investment (excluding the Housing Sector) and is supplied through international assistance. A further US\$1.3 billion of private capital flow will also be needed over the next five years in order to secure a sustainable annual per-capita growth rate in excess of 3% in the West Bank and Gaza. It is important to note that these estimates are based on certain optimistic assumptions, for example, that there will be a gradual reduction in the number of Palestinians employed in Israel.

'Invest in Palestine'**Investment program, 1994**

Pecdar has proposed an Investment Program for the year 1994, and subdivided the program into different projects, details of which are as follows:

1A. Emergency Rehabilitation Project (ERP): This project budget is US\$128 million; out of it, is the first phase of the project for the year 1994 budget which amounts to US\$57 million, covering the sectors of Municipal and Village Roads, Education, and Water and Sewage in both Gaza and West Bank.

The financing for this project is administered by the World Bank, and allocated by the World Bank, Saudi Arabia, Arab Fund, Denmark, and Switzerland.

Several projects among these were tendered and awarded to contractors, a group of 12 projects are due next week, some are under preparation by municipalities and by contracts to local consultants, the last group is yet to be designed and

prepared for tendering.

It is worth mentioning, that certain difficulties are created by the Civil Administration in the West Bank, such difficulties must be overcome and the routine procedures to be reduced to the minimum, taking into consideration the urgency of these projects, and as well their nature as rehabilitation ones within the Municipal or Village Council boundaries.

1B. Emergency Investment Project, 1994: A list of projects worth US\$165 million was prepared in eight sectors for both Gaza and the West Bank. The list considered the most urgent and the most ready projects within a set of criteria. These projects are yet to be funded and presented to the donors for funding purposes.

Some of the above-mentioned projects are ready for tendering once funds are available, others are either under preparation or yet to be prepared within the next two to four months.

It is, however, to be noted that some difficulties through the Civil Administration procedures are affecting the implementation of the projects.

2. Long-Term, Large-Scale Projects: Several large projects are badly needed in view of the fact that not a single large project was constructed during the last 27 years. These projects will have a major impact in boosting the Palestinian economy for many years to come. Following are some of the projects for consideration:

- The Gaza Port.
- The Gaza Airport and Jericho Airport.
- The Regional Highways and the Palestinian Corridor.
- Gaza Power Station with Desalination and West Bank Power Station.
- Gaza Refinery.
- Oil and Gas Pipeline from Egypt to Gaza.
- Gaza and West Bank Industrial Parks.
- The Mediterranean-Dead Sea Canal.