

Palestine Economic Update 2019

Palestinian economy continues to grow at a slow pace in 2019, which is a continuation of the economic slowdown of 2018 due to a steep deterioration in Gaza. The recent national accounts data for the first quarter of 2019 reveals a bounce back with the Palestinian economy growing by 3.8% year-on-year: 4.2% in the West Bank and 2% in Gaza. As a result, real GDP growth is expected to be 1.3% in 2019. Palestine remains heavily dependent on foreign aid to support the government's budget and fund infrastructure development. If donor support levels remain similar to 2019, the Palestinian Authority could be facing a financing gap after aid, on a commitment basis, exceeding USD 2 bn.

Saudi Arabia and Palestinian Authority agree on joint business council

On 17th October 2019, Saudi Crown Prince H.M. Mohammed bin Salman Al Saud and Palestinian President H.E. Mahmoud Abbas agreed to establish an economic committee and joint business council. The Palestinian Authority has been in deep financial crisis since February 2019 when Israel froze transfers of VAT and customs duties it collects on the Palestinians' behalf. The leaders also discussed the latest developments in Palestine and the Palestinian President expressed his gratitude for the Kingdom's continued support of Palestinian people. According to the Palestinian Finance Ministry, Saudi Arabia contributed USD 132.8 m to the Palestinian Authority between January and August 2019.

Egypt and Palestine make plans to boost economic ties

Palestinian Prime Minister H.E. Mohammad Shtayyeh recently visited Egypt to discuss ways to enhance trade exchange and boost cooperation between Egypt and Palestine in the fields of oil, economy and trade. The Egyptian Prime Minister H.E. Mostafa Madbouly affirmed that his government is ready to follow up on all issues raised by the Palestinian side. Egypt was the third Arab country in H.E. Shtayyeh's scheduled visit to Jordan and Iraq to discuss supporting the Palestinian economy and strengthening economic relations as part of a Palestinian plan for the gradual disengagement from Israel, self-reliance through strengthening national products and opening Arab markets to Palestinian products.

Palestine launches its first agricultural cluster

On 3rd September 2019, Palestinian Prime Minister H.E. Mohammed Shtayyeh inaugurated Palestine's first agricultural cluster in Qalqilya. This cluster is expected to see a total investment of USD 23m over three years. The Palestinian Minister of Agriculture, H.E. Riad Attari, said the cluster aims to develop the use of land and water resources and strengthen Qalqilya's competitive advantage. It is expected to see 180,000 fruit saplings planted, increasing Palestine's agricultural production by 7% and creating over 3,200 permanent jobs. The Palestinian government's plan is to promote national products and substitute imports and allow projects that contribute to the advancement of the Palestinian economy.

Finance for Jobs Project launches 1st Palestinian Employment Development Impact Bond

On 5th November 2019, the Finance for Jobs (F4J) project officially launched the First Palestinian Employment Development Impact Bond (DIB) in Ramallah with the aim to match employment opportunities with suitable employees by purposefully training job seekers in employer-demanded skills. The DIB will target an estimated cohort of 1,500 Palestinian job seekers aged 18–29 years (of which at least 30 percent will be women). DIB is funded by the World Bank in partnership with its co-investors: Palestine Investment Fund (PIF), European Bank for Reconstruction and Development (EBRD), FMO, the Dutch Entrepreneurial Development Bank, and Invest Palestine through the Chilean-Palestinian Diaspora Investment Fund Semilla de Olivo.