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**Development Opportunities in the  
Occupied Territories**  
(West Bank and Gaza Strip)

**Education**

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**Policy Research Incorporated  
5740 Trotter Road  
Clarksville, Maryland 21029**

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## PREFACE

This analysis of the education sector was prepared by Policy Research Incorporated (PRI) as part of an assessment of development opportunities in the Occupied Territories. That assessment, initiated in December, 1991, included a review of eight sectors: agriculture, education, finance and credit, health, industry, infrastructure, trade, and water and sanitation. The process by which the reports were developed included:

- 1) on-site data collection by two American development experts, Dr. Irene Jillson-Boostrom (Senior Technical Advisor) and Dr. Alan Richards (International Consultant);
- 2) the preparation of literature and information syntheses by Palestinian experts in each of the sectors (see attached list);
- 3) review of extensive documents across the sectors (including more than 300 documents from the Occupied Territories, Israel, donor organizations and relevant general development reports);
- 4) preparation of the draft analyses for each sector, with Dr. Jillson-Boostrom preparing those for health, industry, infrastructure and trade and Dr. Richards preparing those for agriculture, education, finance and water;
- 5) follow-up data collection and analysis by Dr. Jillson-Boostrom (to clarify issues and obtain additional data, when possible); and
- 6) preparation of the final development report for each sector and of the cross-sectoral analyses, by Dr. Jillson-Boostrom.

Each of the eight sectoral reports follows a consistent outline, as follows: executive summary of findings, introduction (including a discussion of the importance of the sector for development and key issues, if any), sectoral status and trends, institutions involved in the sector, constraints to development, and development opportunities. Citations for data and information presented in the reports are included at the end of each report; the Executive Summary does not contain specific citations. In addition, each report includes two appendices: 1) *Context of Development in the Occupied Territories* (background relevant to all sectors), and 2) *Visions of a Sustainable Future*, (a discussion of the overall potential for development in the Occupied Territories). In order to contribute to the discussion of sectoral as well as cross-sectoral needs and development opportunities, a particular effort was made to describe the organization and function of each sector in the Occupied Territories insofar as possible.

The sectoral reports are intended to add to the resources available for those involved in development planning in the Occupied Territories. In reviewing these reports, it should be recognized that circumstances have limited the degree to which preparation of these documents has followed standard sector analysis procedures. Data limitations are discussed in each of the documents; such limitations exceed those that pertain in many developing countries. Curfews and strikes hamper data collection. Thus far the final draft documents have not been

reviewed by those involved in development planning and implementation in the Occupied Territories in order to ensure that the documents accurately reflect the reality of each sector. Nor is it possible to ensure that the complete range of opinion and all available data sources have been included, although every effort was made to do so.

The conclusions and recommendations presented in the sector analyses are intended to serve as examples for Palestinians, donors and others involved in development planning for the Occupied Territories. It is recognized that each entity involved in this process will have its own specific world view and development goals to which these recommendations may or may not relate. The goals included in this report (in Appendix II, Table 2), based on general development goals derived from World Bank documents and other sources, are intended to stimulate ideas and discussion.

### *Acknowledgments*

Preparation of this report on the education sector in the Occupied Territories would not have been possible without the contributions of many individuals. Dr. Alan Richards, then Professor of Economics at the University of California, Santa Cruz, contributed an initial draft of the educational sector report, which served as a basis for several sections of the report prepared by Dr. Jillson-Boostrom. Dr. Hisham Awartani facilitated access to important data resources in the West Bank; Mr. Fayez Al Wahaidi facilitated access to data resources in the Gaza Strip and prepared a report on non-governmental organizations in the Gaza Strip. Dr. Khawla Shaheen and Dr. Fathi Soboh each prepared a report on education in the Occupied Territories. Ms. Monica Awad provided invaluable assistance with respect to identifying and collecting relevant documents, making logistical arrangements and performing other research and administrative tasks.

Cora Gordon and Christine Baluck, both of Policy Research Incorporated, assisted in compiling information resources available in the United States, reviewed and commented on multiple drafts of the reports and assisted in the production of the document. Dr. Mae Thamer, also of PRI, reviewed and commented on the initial draft prepared by Dr. Jillson-Boostrom. Sara Davidson edited the final draft of the report and designed and executed the desktop published version.

I am also most grateful to the representatives of donor organizations and international private voluntary organizations (PVOs), and to the more than 100 Palestinians who agreed to be interviewed. All provided information and ideas necessary for these analyses and engaged in constructive discussion of development opportunities in the Occupied Territories. I trust that this report will be useful to them and to all those involved in efforts to promote sustainable development in the West Bank and Gaza Strip.

Irene Jillson-Boostrom, Ph.D.  
Clarksville, Maryland  
October, 1992

## ACRONYMS

ACC	Agricultural Coordinating Committee
ACCI	Arab Development and Credit Company
ACDI	Agricultural Cooperative Development Institute
ADCC	Arab Development and Credit Company
AGREXCO	Israeli State-owned Agricultural Marketing Company
AID	Agency for International Development
AIE	Arab Insurance Establishment
AMIDEAST	American Mideast Education & Training Services
ANERA	American Near East Refugee Aid
CBS	Central Bureau of Statistics
CCC	Civilian Conservation Corps
CD	Cooperation for Development
CDP	Cooperative Development Project
CIS	Commonwealth of Independent States
CIVAD	Civil Administration
CRS	Catholic Relief Services
CWA	Communications Workers of America
DOA	Department of Agriculture
DOS	Department of State
EC	European Community
ECWA	Economic Commission for Western Asia
EDG	Economic Development Group
FTA	Free Trade Agreement
GCMHC	Gaza Community Mental Health Committee
GDP	Gross Domestic Product
GFTU	General Federation of Trade Unions
GHS	Government Health Services
GNP	Gross National Product
GOI	Government of Israel
ICARDA	International Center for Agricultural Research in the Dry Areas
ICD-9	International Classification of Diseases
ICS	International Christian Society
IDF	Israeli Defense Force
ILO	International Labour Organization
IMR	Infant Mortality Rate
JCO	Jordanian Cooperative Organization
JD	Jordanian Dinar
JFPP	Jordanian Family Planning Program
MAP	Medical Aid to Palestinians
MCH	Maternal and Child Health
MOI	Ministry of Interior

NGO	Non-Governmental Organization
NHI	National Health Insurance
NICU	Neonatal Intensive Care Unit
NIS	New Israeli Shekel
OECD	Organization for Economic Co-Operation and Development
OT	Occupied Territories
PARC	Palestinian Agricultural Relief Committee
PFS	Patients Friends Societies
PFWAC	Palestinian Federation of Women's Action Committees
PHC	Primary Health Care
PLO	Palestinian Liberation Organization
PRCS	Palestinian Red Crescent Society
PVO	Private Voluntary Organization
SAI	Statistical Abstract of Israel
SCF	Save the Children Federation
SCHC	Society for the Care of Handicapped Children
TDC	Technical Development Center
TDG	Technical Development Group
TDP	Trade and Development Program
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UK	United Kingdom
UNESCO	United Nations Educational, Scientific & Cultural Organization
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNRWA	United Nations Relief and Works Agency
UPMRC	Union of Palestinian Medical Relief Committees
USG	United States Government
VAT	Value Added Tax
WHO	World Health Organization
WUB	Workers' Unity Block

## I. EXECUTIVE SUMMARY

Palestinians have historically had the reputation of being highly educated and viewing education as a linchpin of society. In Beit Jala, for example, as of 1989, 90% of the population had completed post-secondary education. For that reason alone, the present inadequacy of the educational system, and the impact that this inadequacy has had on Palestinian society, is particularly troublesome.

The Israeli Civil Administration (CIVAD), which is part of the Ministry of Defense, has authority over the educational systems in the Occupied Territories at all levels, including control of public and private sector curricula. Three separate types of institutions provide education in the Occupied Territories: the public sector (wholly administered by the CIVAD), United Nations Relief and Works Agency (UNRWA) and the private sector. CIVAD operates primary, preparatory and secondary schools which are attended by 75% of the students in the West Bank and 45% of the students in the Gaza Strip; CIVAD also operates 11 two-year and teachers colleges and technical schools. UNRWA operates schools at the kindergarten through secondary levels, providing education to 12% of the population in the West Bank and 54% in the Gaza Strip. A number of individual non-profit institutions have kindergarten through secondary levels, which are attended by 12% of the students in the West Bank and 5% in the Gaza Strip. All of the six universities in the Occupied Territories are private--a situation unique in the world.

Public schools at all levels of education are poorly equipped, with few library or laboratory facilities; the buildings are in deteriorating condition. UNRWA schools are not in substantially better condition with respect to physical plant and facilities. Most community colleges and universities lack adequate laboratory and library facilities--critical factors in the quality of higher education. University faculty also have scant access to newer educational technologies or to information resources. In-service teacher training is almost non-existent in public schools and minimal at private and UNRWA facilities; teachers have little contact with recent educational technology and new developments in science and other fields.

The CIVAD has approval authority over the curriculum of all schools in the Occupied Territories, two distinct civil administrations (each headed by a different military governor) control the two geographic areas. This greatly exacerbates the historic distinction between West Bank education (based on the Jordanian system) and education in the Gaza Strip (based on the Egyptian system). The existence of two separate military commands also explains the fact that, while all schools at all levels were closed in the West Bank (not including East Jerusalem) for most of the period 1988-1990 (and sporadically since then), the schools in Gaza were rarely closed. All universities were closed by the CIVAD in the Occupied Territories for more than four years (1987-1990); they were allowed to reopen on a phased basis (i.e., certain departments) beginning in early 1992, although some are being sporadically closed for brief periods of time. There have been problems with discipline in many of the schools, which is not surprising in view of the fact that schools at every level have been entered by soldiers who have arrested and detained students, teachers and administrators. Students and parents have been arrested for participating in "distance learning" projects, and students and teachers have participated in activities against authority figures.

Under these circumstances, it is hardly surprising that illiteracy rates are rising (now estimated at 20% - 30%) and that recent assessments of language and math skills demonstrate a serious deterioration in these two critical skill areas. The proportion of students successfully completing the "Tawjihi," has decreased, as has the proportion of students attending secondary school. There are positive developments, nonetheless. During the Intifada, individual schools and local institutions developed approaches to "distance learning," ensuring that students could continue to acquire some modicum of education in spite of school closures and highly stressful living conditions. Local educational institutes have also designed and implemented impressive literacy training programs, and women's groups in mosques have begun to operate pre-schools which are often combined with skills' training and health education for mothers.

All of the data with respect to enrollment, dropout and examination results in the West Bank must be considered in light of the fact that, effectively, public and private K-12 students had no access to education from 1987 to 1990, when schools were closed for most of that period. They have been sporadically closed since that time as well, and schools are closed during general curfews. While post-secondary schools in the Gaza Strip were not closed for long periods of time, the frequent curfews included the closure of schools. In the West Bank, for all intents and purposes, school-age children lost two years of education from 1987 to 1991.

Given the significant problems with the inconsistency in curricula between the West Bank and Gaza Strip, the almost non-existent library and laboratory facilities, the inadequate physical structures and minimal in-service teacher training programs, there is cause for concern with respect to ability of this generation of Palestinians to continue the tradition of relatively high education and to compete successfully in the global economy.

Table 1, found on page 23 of this report, presents a summary of conclusions and recommendations for education.

## I. INTRODUCTION

### IMPORTANCE OF EDUCATION AND TRAINING FOR DEVELOPMENT IN THE OCCUPIED TERRITORIES

The positive synergies among human resources' development, technological innovation, and expansion of markets lie at the core of economic and social development. Human resources' development strategies--in practice, education and training of the population--require substantial national investment and commitment, a commitment which must be shared by government, business, labor and society in general.<sup>1</sup>

This commitment--a necessary but insufficient condition for national and human growth and development--is increasingly accepted as having contributed to the rapidly expanding economies of countries as divergent as Germany, Japan and the Republic of Korea, for example.<sup>2</sup> Recognizing the linkage between economic growth and human resources' development, the Government of Israel (GOI) expended more than \$11 billion on education in Israel during the decade of the 1980s--more than \$1.1 billion in 1987/88 alone, or \$846 per pupil.<sup>3</sup> No comparative data are available with respect to GOI allocations for education in the Occupied Territories, although estimates based on reports of CIVAD budgets for public schools range from \$10 million to \$20 million per annum, or \$23 to \$46 per pupil.<sup>4</sup>

If the Palestinians are to reverse their decade-long fall in per capita income and living standards, investments must be made in human resources development in the Occupied Territories. The area is bereft of major exploitable minerals, possesses agricultural land of only average quality, and confronts an acute water shortage in Gaza. The only resource upon which the Occupied Territories can build a development strategy is the Palestinian people. Palestinians have long recognized the priority of education and training; such interest has several roots:

- 1) the historic interest in and commitment to education on the part of Palestinians, who are acutely aware of the need to base their own comparative advantage upon the skills of their people;
- 2) the awareness that knowledge and skills' enhancement of individuals (collectively, human resources' development), unlike infrastructure, cannot be "appropriated," although it can be severely undermined; and
- 3) the fact that many Palestinians believe that the educational system would very likely largely devolve to their control early in any autonomy process.

Educational investment does not, unfortunately, entirely escape the political situation in the Occupied Territories. Constraints (bureaucratic and other) foster duplication and undermine effective cooperation which is essential to the planning and management of human resources' development strategies. For example, travel restrictions within and between the West Bank and Gaza Strip encourage duplication of university programs and short-term courses for professional continuing education.

In virtually all countries, whatever the economic system, the national government provides some level of funding, guidance and overall structure to support education and training. This makes it possible to plan, coordinate and help ensure quality education for all citizens. This is, essentially, impossible in the Occupied Territories because there is no central educational planning structure and minimal public investment is made in education and training at all levels. As a result, independent educational institutions receive funds from a wide range of donors, contributing to a tendency to divisions among the Palestinian community. In turn, these community divisions are exacerbated by the circumstances of the Occupation.

Notwithstanding the compelling reasons for investment in human resources' development, it is important to recognize that a U.S. Government (USG) investment in human resources' development must be linked directly with USG and Palestinian strategies for comprehensive development for the area (whatever the immediate and long term political solutions), and with USG investments in facilities and technological enhancement. This is imperative if sound economic and social growth is to be attained. Experience in the U.S., Europe and elsewhere has demonstrated that investment in an adequately trained workforce is simply insufficient. Large numbers of highly skilled or semi-skilled individuals who are unemployed or underemployed not only reflect a human tragedy but have important implications for economic and social stability.

### **III. SECTORAL STATUS AND TRENDS**

#### **A. ORGANIZATION OF THE EDUCATIONAL SYSTEM IN THE OCCUPIED TERRITORIES**

The educational systems, including curricula and testing at all levels, in the West Bank and Gaza Strip are not uniform. Rather, that of the West Bank is based on the Jordanian Law of Education and Culture of 1964; that of the Gaza Strip has a framework based on the Egyptian educational system; UNRWA curricula is based on both of these systems, depending on the location of the school.<sup>5</sup> Overriding these systems is the Ministry of Defense, (CIVAD), with two distinct military governors in each of the two territories. Each of the CIVAD commands has a Department of Education. In the West Bank, there are seven district educational offices: Bethlehem, Hebron, Nablus, Jenin, Tulkaram, Qalqiliah, and Ramallah. In the Gaza Strip, there is one district educational office within the CIVAD. The CIVAD exerts control over the educational content and operation of public (CIVAD), private and UNRWA schools, including approval authority with respect to books and other educational materials used as well as in-service teacher training.

Three separate types of institutions provide education in the Occupied Territories:

- \* the public sector (wholly administered by the CIVAD), which operates primary, preparatory (middle) and secondary schools as well as community and teachers' colleges;

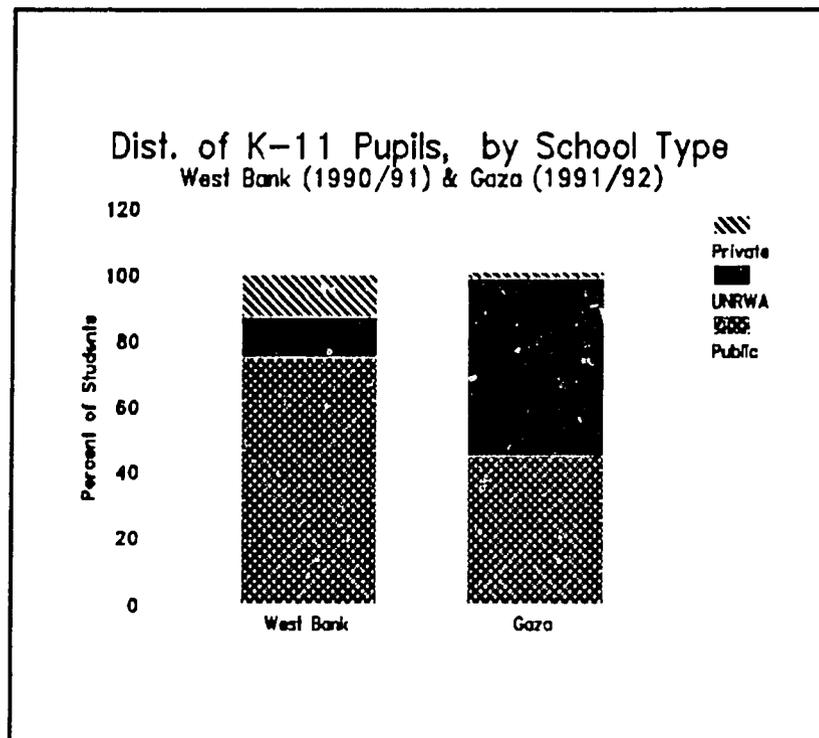
- \* UNRWA, which provides primary, preparatory and secondary education to registered refugees; and
- \* the private sector, which includes pre-school through university-level institutions sponsored and/or operated by community-based charitable organizations, region-wide institutions and intra-regional associations.

The Council of Higher Education, founded by Palestinian educators, public officials and others in 1978, has assumed an ever-increasing role in the planning of education services in the Occupied Territories. Although initially and primarily concerned with higher (university-level) education, in recent years it has added committees concerned with pre-university education and with training programs. Notably, most donors coordinate their funding of educational activities through the Council.

## B. OVERALL ENROLLMENT

Figure 1 presents the distribution of students in the kindergarten through secondary level by sponsoring entity of the school for 1990/91 (for the West Bank) and 1991/92 (for the Gaza Strip).

Figure 1



Source: For the West Bank: Shaheen, K. Education in the West Bank. Nablus: Report prepared for Policy Research Inc., Clarksville, MD: 1992. For the Gaza Strip: Soubuh, F., Education in the Gaza Strip. Report prepared for Policy Research Inc., Clarksville, MD; Feb 1992 (Annexes 3, 5, 8)

In the West Bank, 75% of the 338,165 students were enrolled in government schools in 1990/91; there were slightly more students (13%) enrolled in private schools than in UNRWA schools (12%).<sup>6</sup> In contrast, in the Gaza Strip (in which refugees comprise 80% of the population), 54% of the 186,434 students enrolled in 1991/92 were in UNRWA schools and 45% were enrolled in government schools; only 2% of students were enrolled in private institutions.<sup>7</sup> The smaller proportion of Gaza students enrolled in private schools is primarily a result of the relatively poorer economy of the Gaza Strip.

Enrollment in private schools varies significantly by level of education; for example, at the primary and preparatory levels, 6% of primary school students in the West Bank were enrolled in private schools in 1990/91. This proportion more than doubles at the secondary level (to 13%). In teachers training or community colleges, approximately 85% of 6,054 students were enrolled in private or philanthropic schools in the West Bank in 1990/91;<sup>8</sup> no private community colleges exist in the Gaza Strip. All universities in the Occupied Territories are private, a situation which is unique in the world.

The tuition rates in private schools are minimal: 1) from \$100-\$200 per year for kindergartens, 2) from \$150-\$250 per year for primary, preparatory and secondary schools, and 3) from \$120 per year for public community colleges to \$150 per year for private community colleges. University tuition ranges from \$150-\$500 per year.<sup>9</sup> However, even though only approximately 20% of university students officially receive scholarships, no student is refused admission to a private university because of an inability to pay. The universities (and to a lesser extent the private primary through secondary schools) are financially supported largely by religious (Islamic and Christian), non-sectarian and other external donors.

In the 1991/92 academic year, 12,681 teachers were working in formal school education in the West Bank and 5,365 working in the Gaza Strip. Teachers in the Occupied Territories are poorly paid; the average salary of teachers in public schools in the West Bank, for example, is \$350/month. The average for UNRWA teachers is \$450/month. Private school teachers' salaries range widely, from \$150 to \$400 per month. Kindergarten teachers (all of whom work for either UNRWA or the private sector) earn an average of only \$70 per month. In comparison, the average teacher's salary in Israel is \$650/month. In Jordan, the average is reportedly \$200/month. In both countries, however, in-service training and other benefits are available.<sup>10</sup>

Several teachers' unions in the Occupied Territories are actively involved in working with local non-governmental organizations (NGOs) to develop teacher training materials and to conduct in-service training for teachers at all levels. However, teacher training is hindered by, among other factors, the limitations that the CIVAD places on participation in teacher training activities by public school teachers (e.g., travel restrictions and prohibitions against participation in teacher training sponsored by NGOs). CIVAD provides essentially no in-service teacher training. The UNRWA has some limited in-service training and the private sector depends largely on workshops sponsored by donor agencies through local NGOs. Recently, the universities have embarked on a joint European Community (EC) and United Nations Educational Scientific and Cultural Organization (UNESCO)

in-service teacher training project which will be coordinated by the Council on Higher Education.<sup>11</sup>

More specific trends in enrollment and other educational data are presented by level of educational institution.

#### **IV. EDUCATIONAL INSTITUTIONS**

This section of the report describes educational and training institutions and services by level or type of education. Key indicators are presented where available.

##### **A. KINDERGARTEN, PRIMARY, PREPARATORY AND SECONDARY EDUCATION**

Kindergartens are, for the most part, operated by the private sector, although UNRWA has a few kindergartens in both the West Bank and Gaza Strip. For example, in 1989/90, only 29,207 students were enrolled in kindergartens, of whom only 1,136 were enrolled in UNRWA facilities;<sup>12</sup> this probably represents only 10-20% of children of kindergarten age, although age-specific population estimates are not available by which to derive precise estimates. Charitable societies and mosques throughout the Occupied Territories have become interested in pre-school and kindergarten education. In 1985, the Early Childhood Resources Center was established in Jerusalem. This organization has supported the local NGOs in their efforts to promote and improve the quality of pre-school education;<sup>13</sup> there is no comparable organization in the Gaza Strip. While the CIVAD ostensibly supervises the education at this level (as at all levels), many of the schools are not licensed.<sup>14</sup>

Until 1991, the Jordanian educational statute mandated nine years of free, compulsory education from the age of six and created three additional years of free high school education. Completion of grade 10 was also made compulsory in both Jordan and the West Bank in the same year. At grade 11, students specialize in one of three "streams": literary, scientific, or vocational before completion of grade 12. At the end of this cycle, students take a comprehensive exam, the "Tawjihi," whose successful completion is rewarded with the grant of the secondary school certificate. This system remains in effect in the Occupied Territories.<sup>15</sup> In 1968, a military order established the Supreme Examination Board, which is composed of Palestinian examiners who communicate examination results to the Jordanian Ministry of Education in Amman. This body remains the official grantor of the secondary school certificate in the West Bank and Gaza Strip.<sup>16</sup>

All of the data with respect to enrollment, dropout and examination results in the West Bank must be considered in light of the fact that, effectively, public and private K-12 students had no access to education from 1987 to 1990, when schools throughout the West Bank (with the exception of East Jerusalem) were closed for most of that period. They have been sporadically closed since that time as well, and schools are closed during general curfews. While post-secondary schools in

the Gaza Strip were not closed for long periods of time, the frequent curfews included the closure of schools. In the West Bank, for all intents and purposes, school-age children lost two years of education from 1987 to 1991.

Given the significant problems with the inconsistency in curricula between the West Bank and Gaza Strip, the almost non-existent library and laboratory facilities, the inadequate physical structures and minimal in-service teacher training programs, there is cause for concern with respect to the ability of this generation of Palestinians to continue the tradition of relatively high education and to compete successfully in the global economy.

#### A.1 Enrollment, Dropout Rates and Examination Results

According to the Statistical Abstract of Israel (SAI) there were 506,119 students enrolled in primary through secondary schools in the Occupied Territories in the school year 1989/90 (the most recent year for which directly comparable data are available for the West Bank and Gaza Strip from any source). Just over 81% of these students were enrolled in the mandatory, primary and preparatory levels.<sup>17</sup> The total estimated number of enrolled students in the primary-secondary levels in the West Bank was 338,165 for the year 1990/91.<sup>18</sup> See Table 2 below.

**TABLE 2**

#### **ENROLLMENT OF K-12 STUDENTS IN THE WEST BANK, 1990-1991**

<u>Level</u>	<u>UNRWA</u>	<u>Private</u>	<u>Public</u>	<u>Total</u>
Kindergarten	--	23,684	--	23,684
Basic Education Grades 1-10	40,046 (14%)	17,280 (6%)	229,155 (80%)	286,481
Secondary Education	--	3,500 (12.5%)	24,500 (87.5%)	28,000
Total	40,046	44,464	253,655	338,165

Source: Shaheen, K. Education in the West Bank. Nablus: Report prepared for Policy Research Inc., Clarksville, MD; 1992.

In Gaza, the total number enrolled was 186,434 for the school year 1991/92.<sup>19</sup> Comparable estimates for a single year were not available for each of the jurisdictions, but assuming that the proportion of enrolled students has not changed significantly, the total number of enrolled students at the primary-secondary level is approximately 535,000. Estimates of the proportion of school-aged children enrolled in schools in the Occupied Territories at the three pre-university levels are: 70-85% for primary, 45-65% for preparatory and 25-35% for secondary.<sup>20</sup> The proportion of females enrolled in primary through secondary schools remained essentially the same from 1982 to 1988 (48% versus 47%).<sup>21</sup>

It is very difficult to estimate the dropout rates (the percentage of those who entered, but did not complete a grade level) in the Occupied Territories. Estimates of dropout by grade 8 range from 5% to 15%.<sup>22</sup> Perhaps 45% of present students reach grade 12,<sup>23</sup> a performance roughly similar to comparison countries. The United Nations Development Program (UNDP) finds that about 49% of youth are enrolled in secondary education in the class of countries, "medium human development, excluding China."<sup>24</sup> While no gender-disaggregated data for dropout rates are available, it is considered a particular problem for girls, especially in the villages.<sup>25</sup> The factors associated with drop-out rates in other countries, including stress, family disintegration and social pressures, are exacerbated in the Occupied Territories. Children face the stress and educational disruption of school closures, administrative detention of students' parents and teachers, and social and economic pressures of the Intifada. Declining family incomes, in particular since 1990, have also reportedly led to an increase in dropouts among poor children, as they seek employment in the informal sector to supplement family income. In this area, children in school also live under military occupation, and more than 20% live in refugee camps under deplorable conditions.

The proportion of students successfully passing the Tawjihi in the West Bank has fluctuated widely since 1968, but generally has decreased since 1988. In all but two years since then, the proportion has been less than that of 1968, when 69.6% of students passed the Tawjihi; the proportion passing the Tawjihi in 1984, 1988 and 1991 was only 54%, 58.9% and 52.6%, respectively.<sup>26</sup> In numeric terms, the data are striking: in 1991, only 8,296 students passed the Tawjihi—just over the number for 1985.<sup>27</sup> Data for the Gaza Strip were available only for the years 1981 through 1986; for the years 1987-1990, the data are available disaggregated by the art and science examinations; these data also show wide fluctuations, although they are consistently higher than those for the West Bank, with the range in those years from 59.5% to 85%.<sup>28</sup> In the West Bank, a consistently higher proportion of students successfully pass the scientific portion of the examination;<sup>29</sup> in the Gaza Strip, the relative proportion fluctuates.<sup>30</sup> Through the period 1985-1991, the proportion of female students in the West Bank passing the Tawjihi has been 36% to 45%, with the proportion declining since 1988.<sup>31</sup> No comparable data are available for the Gaza Strip for this period, but the proportion ranged from 45.4% to 55.5% during the period 1981-1986, the most recent years for which data are available.<sup>32</sup>

Other than the Tawjihi results, there have been limited assessments of student learning. Recently, the Tamar Institute conducted studies of language and mathematics proficiency in the West Bank. Results of both assessments were startling, revealing considerable weakness in both writing skills and estimation and

solving of verbally-presented problems. The Tamar Institute is now working with other NGOs and with the Council of Higher Education to expand these studies and to identify approaches to correct these deficiencies, both within the context of the current political situation (and thus the current educational system) and in the event of autonomy.<sup>33</sup>

## A.2 Quality of Education

As in any educational system, there are serious concerns with respect to the quality of education. Although the relative importance of classroom size with respect to learning or later performance is controversial among educational researchers, the pupil/teacher ratio is considered a standard indicator. The pupil/teacher ratio in the Occupied Territories in 1982 was 42:1; by 1988 the ratio was 44:1. Similarly, the pupil/school ratio has increased from 312:1 to 321:1 over the same time period.<sup>34</sup> Generally, class size in the Gaza Strip is larger than in the West Bank, and UNRWA schools have class sizes the same as, or higher than those of the public education system. As in other countries, class size in the private sector is far smaller than the public system.<sup>35</sup> By comparison, in Israel the average pupil/teacher ratio was 27:1 in 1979/80, 28:1 in 1984/85 and 28:1 in 1991, the only years for which data were available.<sup>36</sup>

The lack of clear linkage between the West Bank (Jordanian) and Gaza (Egyptian) curricula, and the differences between the various systems (public, private and UNRWA) pose significant problems for primary through secondary education. This will be particularly true in the event of a political change and is a concern on the part of Palestinian educators. While a full-scale review and upgrading of the curricula may be warranted (to both improve the quality and render it more technically and culturally relevant), that process can take years. What curricula should be used in the interim, and how can improvements in textbooks and teaching, as well as student assessments, be integrated within the existing curricula? These are issues which are now being explored by such organizations as the Tamar Institute, the Educational Network, the Council for Higher Education (which has committees for pre-university education) and individuals working with the technical committees associated with the peace process.

One aspect of education which contributes to the quality of education is the physical environment. Public school buildings (unlike those of UNRWA) have often not been specially constructed for use as schools. About 30% of all schooling takes place in rented buildings which are usually small and typically part of an old residential building. They are often in considerable disrepair, with cracked ceilings, poor lighting and ventilation, leaking walls and no heat. Many schools operate on double-shifts, with one shift from morning until noon and a second shift from noon until mid-afternoon.<sup>37</sup>

With such basic structures so neglected, it is unsurprising that very few schools have libraries, laboratories, audio-visual aids or other facilities and materials needed to foster the growth and development of independent, problem-solving mental habits. For example, in 1985/86, only 27% of the 822 public schools in the West Bank had a separate library; even at the preparatory and secondary level, only half had a separate library. These "libraries" were usually ill-equipped, some with no books or other materials and no furniture. More than one-third (35%) of

public, preparatory and secondary schools had no science laboratory, and those with laboratories were largely ill-equipped.<sup>38</sup>

Textbooks are a particular problem. In addition to a scarcity of textbooks, many of those used in both the West Bank and Gaza Strip are old (this is of critical importance for the sciences), teachers are not trained in the use of newly introduced texts or curricula, the textbooks are not clearly related to a coherent curriculum design and there is no clear relationship between curricula or texts at the primary, preparatory and secondary levels.<sup>39</sup> Notably, while books in public schools are free in grades 1-10 (with the exception of English books), students must pay for those at the secondary level. All books for public school students are obtained from the Education Office in each district. University-level books are particularly scarce and are expensive, with the price of science texts averaging \$35.<sup>40</sup> While such texts are reportedly less expensive in Israeli universities, it was not possible to verify this assertion.

## B. VOCATIONAL/TECHNICAL TRAINING

While it is widely recognized that public secondary education should concentrate on imparting basic skills, particularly writing, math, scientific knowledge and practice in problem-solving, the role of the public sector in imparting vocational/technical knowledge and skills is less clear. For example, while training in specific job-related skills is seen by some as the purview of either the employer or private educational institutions, others consider public vocational/technical training as imperative in the present, rapidly changing economic and social environment.

One of the criticisms of public vocational training is that often there is little if any linkage between knowledge and skills taught in the school and the marketable skills required in the productive private sector (potential employers). As Knight and Wasty have pointed out, "... the kind of learning that takes place at work remains largely invisible to the educational community."<sup>41</sup> The private educational sector also faces this problem, and employers who provide on-the-job training often train workers in skills useful only for the particular job situation—skills which may not be transferable. Whatever the mechanism of education, vocational/technical training is recognized as critical for a rapidly changing technological future.

While the importance of vocational/technical training with respect to economic development is well recognized, access to and quality of such training is woefully inadequate in the Occupied Territories. In addition to a shortage of funding for both public and private vocational schools, the CIVAD strictly controls the curriculum of vocational/technical schools (public, private and UNRWA), disallowing certain types of training (communications, for example) and limiting the types of equipment which can be imported for educational/training purposes.<sup>42</sup>

The first two vocational training centers were established in Jerusalem in the late 19th century.<sup>43</sup> As of 1990, there were 14 vocational/technical schools in the Occupied Territories. Students can begin the three-year training after the 10th grade (that is, after the compulsory education curricula). The CIVAD operates eight vocational/technical schools (four industrial, two commercial and two agricultural). There is no standard curricula and with few exceptions, little effort is made to assess pre-post training knowledge and skills' attainment and to follow-up on student job placement. In secondary level vocational schools, the vocational Tawjihi is used to assess student knowledge and skills attainment.

As of 1986/87, total enrollment in vocational schools in the Occupied Territories was 2,271. Importantly, all of the industrial students and 93% of the agricultural students were male. Even in the commercial schools, only 18% of the students were female.<sup>44</sup>

### C. COMMUNITY AND TEACHERS TRAINING COLLEGES

There are 19, two-year community colleges on the West Bank, three of which are run by CIVAD, three by UNRWA and 13 by private institutions.<sup>45</sup> The Gaza Strip has three teacher training institutes and three colleges of education.<sup>46</sup> The community colleges in the West Bank include technical training (e.g., engineering), agricultural, commercial (business and administration), paramedical, social services and teachers' training institutes. All community colleges are part of the Jordanian system; all must receive authorization to operate from the Ministry of Higher Education in Jordan and must conform to that Ministry's standards and practices. As of 1991, none of the colleges met the requirement that 50% of the faculty have at least an M.Sc.<sup>47</sup> The community college system is based generally on community colleges in the U.S.; that is, they provide a general, post-secondary curricula with as much specialization as possible in a two-year program. However, graduates of these colleges are not admitted to West Bank universities because their training is designed to serve as a means of entry to the labor market, rather than as an alternative to, or basis for university education. As a result, those graduates who have adequate financial resources often go abroad for further education.<sup>48</sup>

In spite of this limitation, community colleges are a rapidly growing educational alternative, with their enrollment nearly doubling in ten years, from 3,200 students in 1980 to 6,054 in 1991.<sup>49</sup> While half of the total students enrolled in these colleges in the West Bank in 1990/91 were female, most of the young women are enrolled in the teachers' colleges (53% of the 3,040 women enrolled in community colleges) or commercial colleges (20%). Only 6.5% were enrolled in engineering schools and an equal percentage in paramedical schools. In fact, women comprised only 22% of all engineering students; no women were enrolled in agricultural community colleges. Sixty-five percent of students enrolled in the teachers' training and education colleges in the Gaza Strip in 1991/92 were female.<sup>50</sup>

There are six main community college programs: teachers' training (enrolling 42% of students in 1990/91), commercial (24%), engineering (15%), social services (10%), para-medical (8%) and agriculture (1%).<sup>51</sup> The average institution in the West Bank enrolls only a little over 300 students; in the Gaza Strip, the average

enrollment in the teacher training institutes is less than 300 and in the colleges of education only 125. As a result, it is likely that economies of scale are lost (e.g., duplication of physical and managerial infrastructure required to operate multiple institutions). Unfortunately, these institutions appear disinclined to share libraries and laboratory facilities. These issues certainly warrant further exploration.

The principal needs in community colleges and teacher training institutes are to upgrade staff (to conform with Jordanian standards) and to integrate training more closely into practice. The system was originally developed to provide skilled manpower for the labor market; close integration of such systems with changing economic conditions is always difficult, but necessary if improving the capacity of human resources is to be a focal point for economic development.

#### D. UNIVERSITIES

The Occupied Territories has six universities, all of which are private; they are: Al-Najah University (Nablus), Beir Zeit University (near Ramallah), Bethlehem University, Hebron University, the Islamic University in Gaza and the Open University in Jerusalem. See Table 3 for enrollment in West Bank universities.

**TABLE 3**  
**ENROLLMENT IN WEST BANK UNIVERSITIES, 1990-91**

University:	Enrollment:		
	Male	Female	Total
An-Najah	1,713	1,329	3,042
Bethlehem	702	602	1,304
Birzeit	1,978	665	2,643
Hebron	880	508	1,388
Al-Quds	667	898	1,565

Source: Shaheen, K. Education in the West Bank. Nablus: Report prepared for Policy Research Inc., Clarksville, MD; 1992.

All universities and institutions of advanced learning (e.g., nursing schools) were closed continuously by Israeli authorities from late 1987 through late 1991. During this time, no formal classes were held, and no diplomas or certificates were formally issued. Essentially, higher education has been at a standstill for four years. Since the beginning of 1992, at least two of the universities have been temporarily closed for brief periods, and no university has all of its departments fully functioning. The Israeli authorities are now permitting the universities to open on a phased basis (e.g., one department at a time).

University enrollment data have been difficult to obtain for recent years because of the closure of the schools. Even now, a given university may have several different estimates of "enrollees": those who are officially enrolled and who may or may not be attending classes (i.e., because of military detention or Intifada-related injury), those who are enrolled and attending classes and those who are attending classes but who may not be officially enrolled. Nonetheless, according to Shaheen, in 1990/91 there were 9,942 students enrolled in universities in the West Bank (including East Jerusalem), compared to 7,339 in 1981/82.<sup>52</sup> Just over 1,500 students were enrolled in higher education in the Gaza Strip in 1991/92.<sup>53</sup> Approximately 40% of university students in the West Bank are women; of these, more than half are enrolled in the humanities and 21% are enrolled in a science specialization.<sup>54</sup> No data are available with respect to enrollment in universities as a proportion of those in the university age-cohort.

In the Occupied Territories overall, university students are enrolled primarily in humanities curricula, and nearly a quarter are enrolled in the sciences. See Table 4 and Figure 2 below.

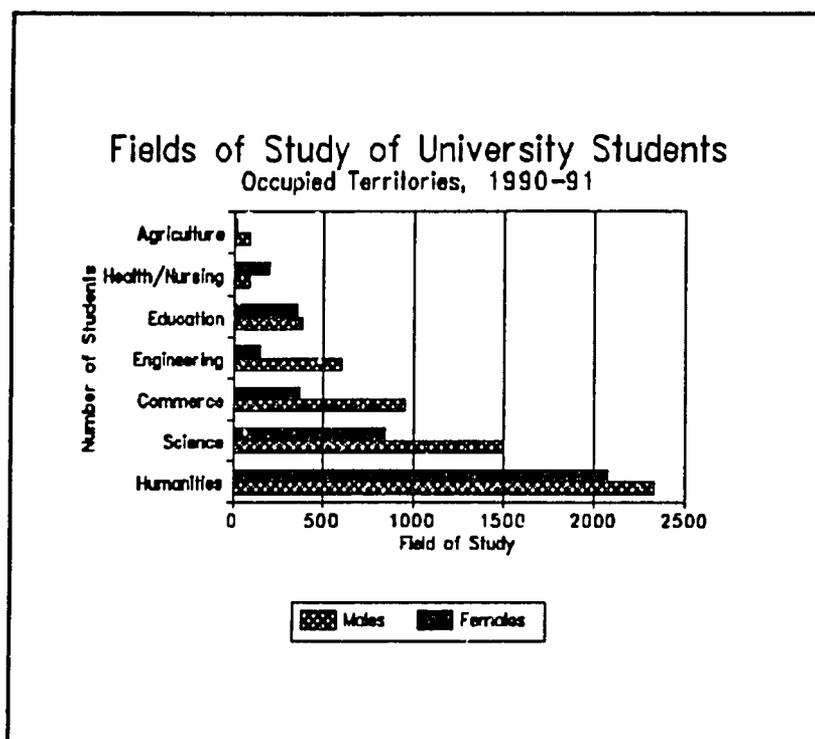
**TABLE 4**

**FIELDS OF STUDY OF UNIVERSITY STUDENTS,  
OCCUPIED TERRITORIES, 1990-91**

Field of Study	Males	Females	Total	%
Humanities	2327	2072	4399	44.2%
Science	1493	845	2338	23.5%
Commerce	950	368	1318	13.3%
Engineering	602	150	752	7.6%
Education	385	354	739	7.4%
Health/Nursing	93	196	289	2.9%
Agriculture	90	17	107	1.1%
			<u>9942</u>	<u>100.0%</u>

Source: Shaheen, K. Education in the West Bank. Nablusi Report prepared for Policy Research Inc., Clarksville, MD; 1992

Figure 2



Source Shaheen, K. Education in the West Bank. Nablus: Report prepared for Policy Research Inc., Clarksville, MD; 1992.

The proportion of students studying science and engineering (32%) is similar to that in comparable countries: the UNDP's group of countries with "medium human development (excluding China)" had some 29% of their university graduates in "natural and applied science."<sup>55</sup> The West Bank figure exceeds the ratio for Egypt, where 25% of university students were enrolled in "science," which includes engineering, nursing and agriculture.<sup>56</sup>

In this relatively small geographic area, there are potentially many opportunities for educational programs which take advantage of economies of scale. However, difficulty of geographic access (e.g., problems with passes and travel permits for both faculty and students) contributes to the duplication of courses and specialty departments among universities in the Occupied Territories. Another factor is the competition for students (and funding) among institutions of higher education, with such competition resulting in a circuitous problem of multiple offerings of the same program with a limited market for students--a problem in many countries.

Few universities in the Occupied Territories have substantial libraries; in fact, the total holdings of all West Bank libraries is approximately 150,000 volumes and 307 periodicals<sup>57</sup> for a total student population of 9,942 in 1990/91. Virtually none has modern information technology, including access to on-line literature searches.

As elsewhere, library facilities are among the first budget items to be reduced when funds are limited. This is especially unfortunate, because for Palestinian students, most of whom cannot readily travel within or outside of the Occupied Territories, the library is one of the few mechanisms for maintaining contact with rapidly changing technology and knowledge.

In common with many countries, Palestinians believe that a university diploma not only confers substantial social prestige, but entitles the holder to a white-collar job. This not only contributes to the lack of emphasis on vocational/technical training, but to a relative disassociation between university graduates and professors and the productive private sector. Increasingly, however, universities in the Occupied Territories are establishing linkages with the private sector. For example, the Bethlehem University has made a particular effort to link its training in rehabilitation services directly with the needs for health personnel in the Occupied Territories; it has also established linkages between its department of business administration and industries in the West Bank. Similarly, Beir Zeit University has begun to develop a capacity for providing training in marketing, quality control and use of computers in business administration, working with industries to identify specific needs and approaches to short-term training in these skill areas.

#### **E. LITERACY**

No national study has been made of literacy in the Occupied Territories. Rather, estimates are based on community-level or regional studies of varying population groups, which makes total estimates and comparisons over time essentially impossible. However, given these caveats, estimates of adult literacy on the West Bank range from 70% to 90%, with literacy rates for women lower than those for the general population--65% to 80%.<sup>58</sup> In the Gaza Strip, the estimate for the general population in 1990 was 75.6%, with significantly lower rates of literacy among women (66.2%) than for men (85.9%).<sup>59</sup> In addition, educational specialists in the Gaza Strip report a deterioration in literacy rates over the past six years.<sup>60</sup> A higher proportion of Palestinian adults in the Occupied Territories cannot read or write than is the case in Jordan, Lebanon, Cyprus, Turkey or Israel. See Table 5 and Figure 3 below.

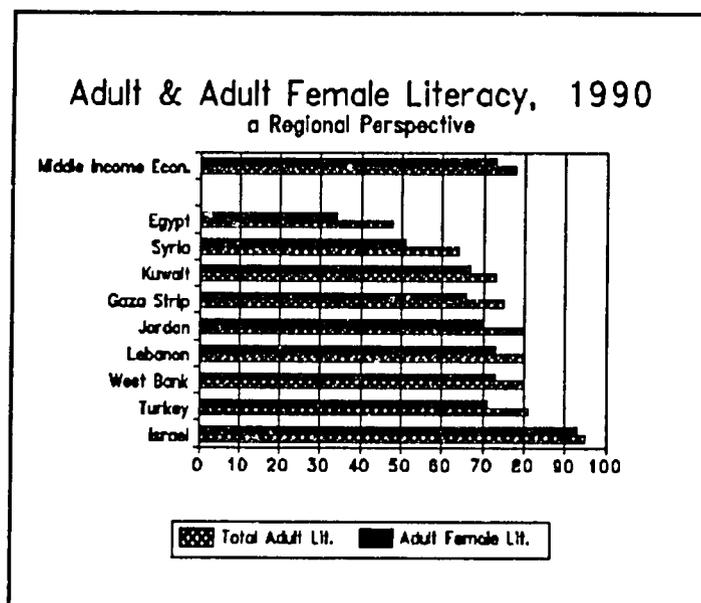
**TABLE 5**

**WEST BANK & GAZA LITERACY RATES IN REGIONAL PERSPECTIVE  
ADULT LITERACY RATES, 1990 (%)**

Country	Total	Female
Israel	95	93
Turkey	81	71
West Bank	80	73
Lebanon	80	73
Jordan	80	70
Gaza Strip	75	66
Kuwait	73	67
Syria	64	51
Egypt	48	34
Middle Income Economies	78	73

Sources: West Bank: Shaheen, K. Education in the West Bank. Nablus: Report prepared for Policy Research Inc., Clarksville, MD; 1992. Gaza: Soubuh, F. Education in the Gaza Strip. A report prepared for Policy Research Inc., Clarksville, MD; 1992. All others: World Bank, World Development Report 1992, pp. 218-219.

**Figure 3**



Source: For the West Bank: Shaheen, K. Education in the West Bank. Nablus: Report prepared for Policy Research, Inc., Clarksville, MD; 1992. For the Gaza Strip: Soubuh, F. Education in the Gaza Strip. A report prepared for Policy Research Inc., Clarksville, MD; 1992. All others: World Bank World Development Report 1992, pp. 218-219.

There are some modest adult literacy efforts in the Occupied Territories. For example, in 1991 there were 50 literacy centers (operated by a variety of private organizations and UNRWA) and 154 classes with 2,000 participants in the West Bank.<sup>61</sup> In the Gaza Strip there are six literacy centers with a total of eight teachers teaching just over 80 students. In addition, several women's societies have literacy courses for women.<sup>62</sup> Given the growing problem of adult illiteracy, these are insufficient to meet the needs of the population.

#### F. INFORMAL EDUCATION SYSTEM AND DISTANCE EDUCATION

In particular since the Intifada, informal education has played an important role in the Occupied Territories. Palestinians have developed innovative approaches as a means of ensuring that the closure of schools and other disruptive influences have the least possible destructive influence on Palestinian children and youth. For example,

- \* the Ramallah Friends School has developed K-12 self-study materials which continue to be used and improved;<sup>63</sup>
- \* the Tamar Institute has embarked on a creative, multi-media reading campaign which is gaining territory-wide participation;<sup>64</sup> and
- \* an Educational Development Center in the Gaza Strip has literacy education, remedial education for language and mathematics skills, a women's educational and training center and a program in community health and sanitation.<sup>65</sup>

In addition, the Palestine Open University, founded in Amman in 1983 as Al-Quds Open University, operates through six centers in the West Bank (Jerusalem, Nablus and Jenin, Ramallah, Bethlehem and Hebron). As of 1990, 2,775 students were enrolled in courses in the Open University which utilizes self-learning principles and multi-media educational methods. Most of the students (43.7%) are enrolled in an educational curriculum and in administration (26.5%). The remaining students study land and rural development and home and family development.<sup>66</sup> The experience of this university, while only minimally documented, is serving as an example of utilizing new principles and methods of education for other levels of education. However, all of the centers connected with the Open University lack equipment, in particular laboratories and computer facilities. In the event of political change in the Occupied Territories, and concomitant freedom of movement and control over an educational system, it will be necessary for Palestinian educators to re-consider the role of this "university" in comprehensive educational planning.

## **G. LOCAL AND OVERSEAS TRAINING AND OTHER EDUCATION PROGRAMS**

Short-term, non-academic training and overseas academic and non-academic education has long been a mainstay of human resources' development in the Occupied Territories; A.I.D. has been at the forefront of these activities. Local short-term training has been sponsored and/or conducted by local NGOs, universities and community colleges with the sponsorship of American Mideast Education and Training Services (AMIDEAST) and other U.S. private voluntary organizations (PVOs), the British Overseas Council, and other institutions. The training has been broad-based (from teacher training to business skills enhancement and wastewater treatment) and directed toward professionals, paraprofessionals and administrators. Increasingly, administrative and management skills have been the focus of training programs sponsored by many of the organizations.

Business/university linkages have been fostered, with the result that, currently, there are developing associations between such diverse entities as Beir Zeit University and the Union of Industrialists in Gaza. AMIDEAST and other PVOs (and local NGOs) have also made concerted efforts to strengthen Palestinian institutions (including universities and other education and training institutions) through short- and long-term training and technical assistance in planning and management of educational and training institutions.

Faculty development has been a primary focus of A.I.D.'s educational component in the Occupied Territories. According to a 1990 evaluation of the AMIDEAST project, 45% of all post-secondary faculty and 65% of all those with MS/PhD degrees received U.S. training through the A.I.D.-funded AMIDEAST project.<sup>67</sup> The Arab Welfare Association (based in Geneva) has also been an important source of financing education abroad.

Unfortunately, as is often the case elsewhere, little effort is made to assess pre-post training knowledge and skills. Necessarily, follow-up of students (to determine job placement, utilization of knowledge and skills) is virtually impossible, although many of the local training institutions are keenly interested in improving their training evaluation efforts.

## **H. DONOR CONTRIBUTIONS TO EDUCATION IN THE OCCUPIED TERRITORIES**

From 1984 to 1991, donors have contributed more than \$31.6 million to education in the Occupied Territories, not including funds provided by Arab donors (which have been reportedly substantial although not documented) and annual contributions for UNRWA educational institutions. This level of funding also does not include funding for specialty training in medicine and other technical professions.

Of the education contributions, \$11.8 million (37%) has been for vocational/technical training and \$5.3 million (17%) for higher education. A.I.D. has allocated more than \$10 million for training and education, including projects

ranging from small-scale funding for pre-school education to long-term training programs in the U.S. Notably, each of the PVOs funded by A.I.D. has funded educational activities. American Near East Refugee Aid (ANERA) has funded a kindergarten, Save the Children Federation (SCF) has funded preschools, and Agricultural Cooperative Development Institute (ACDI) has funded bookkeeping courses. AMIDEAST has been a primary mechanism for education and training in the Occupied Territories, as discussed previously.

## **V. CONSTRAINTS TO HUMAN RESOURCES' DEVELOPMENT**

### **A. BUREAUCRATIC CONSTRAINTS**

Bureaucratic constraints, and those generally related to the CIVAD's role in the Occupied Territories, militate against effective education at all levels. Direct obstacles include:

- \* CIVAD control of curricula at the primary through secondary levels in the public, private and UNRWA systems;
- \* closure of schools for extended periods of time in the West Bank (except East Jerusalem) and curfews which include the closure of schools;
- \* the intrusion of soldiers onto school grounds and campuses, a practice which not only undermines the learning atmosphere but also sometimes has led to physical destruction of buildings and books; and
- \* the arrest and detention (in many cases for considerable periods of time) of many teachers (and other authority figures) as well as students and their parents.

The long closure of the primary through secondary public, private and UNRWA schools in the West Bank and the closure of universities throughout the Occupied Territories over nearly a four-year period has been particularly harmful, resulting in what some have described as a type of "lost generation." The actions of soldiers on school property, arrest of teachers and other authority figures and involvement of children and youth in activities related to the Intifada have combined to create a climate of mistrust and defiance of authority among Palestinian children and youth. This is of considerable concern to Palestinian educators.

At the same time, because of Israeli restrictions against even distance education (including self-instruction, such as that devised by the Friends School in Ramallah), Palestinian youth have regressed in their academic achievements, as seen in the Tamar Institute's language and math assessments, as well as in the Tawjihi results described previously. They have also been unable to acquire marketable skills. Integrating such youth into productive activities, in particular in view of the economic situation which continues to deteriorate one year after the Gulf War, offers Palestinian educators and the productive private sector a formidable challenge.

Curfews and travel restrictions more generally pose serious impediments to the flow of information, which is the core of human resources' development. It is difficult for teachers to communicate with their colleagues in different localities, thus contributing to duplication of curricula, diminished opportunity to share new knowledge and skills and lack of access to information with respect to changes in educational indicators (e.g., Tawjihi results and estimates of literacy). It is also difficult for educators and trainers to travel abroad to attend conferences or even to attend local in-service training programs. For example, in 1991 AMIDEAST organized a workshop in the West Bank for primary teachers to discuss pedagogy and new materials, but the CIVAD refused to permit public school teachers to attend.

The bureaucratic constraints indirectly create a disincentive to investment in human resources' development, by lowering the expected rate of return to education. The disincentives to learning specific skills are myriad (e.g., marketing skills may seem essentially useless in the face of GOI restrictions on exports). However, in the face of these and other restrictions which balkanize the Palestinian economy and which have contributed to the decade-long decline in output, Palestinians continue to be interested in acquiring such skills, and Palestinian institutions are enhancing their capacity to provide them.

#### **B. CURRICULA AT THE K-12 LEVELS**

The absence of a comparable curricula at the K-12 levels, with a complex mix of Jordanian, Egyptian, British, Israeli and UNRWA requirements--superimposed by CIVAD control of the curricula--is a serious impediment to education. This situation would make it difficult to devise and implement standardized teacher and student assessments and to engage in curricula planning even under the best circumstances. With the other difficulties of the educational system (including, for example, wholly inadequate teacher training), the impact is compounded.

#### **C. LACK OF INVESTMENT IN EDUCATION AND TRAINING**

The serious deterioration in the educational "system" in the Occupied Territories has resulted from two factors: 1) the scarcity of investment in education and training (with the notable exceptions of Gulf States' support for Palestinian universities and AID's investment through AMIDEAST; and 2) the decrease in support of the public education system. The Council of Higher Education has estimated that there is a \$3 million shortfall in costs of university education alone (total estimated expenditures are \$24 million per year). The results of this shortfall are inadequate physical facilities at all levels, and poorly paid teachers with virtually no incentives or support systems. Moreover, laboratories and libraries at the K-12 level are virtually non-existent and there are inadequate libraries in community, teachers' and technical colleges and most universities. Schools and teachers at all levels also have minimal access to new educational technologies, which are dependent on advanced telecommunications and computer equipment.

## **VI. CONCLUSION AND RECOMMENDATIONS**

### **A. DEVELOPMENT OPPORTUNITIES**

There is a consensus among international development specialists that primary, preparatory and secondary education should receive priority among educational efforts in countries of all levels of development, but particularly lower and middle-income countries. Virtually all studies show that the social rate of return to pre-university (and in particular primary) education exceeds that at other levels and is usually far above the return on most other public investments.<sup>68</sup> Strengthening this level of education not only greatly improves efficiency and fosters growth, but also significantly contributes to equity goals by improving labor skills. Accordingly, from an economic and social perspective, the core of any program to assist Palestinian human resources' development should include, if not concentrate on, the pre-university education levels.

Unfortunately, however, there are serious political difficulties which impede implementing such a program in the Occupied Territories. The problem is simple: CIVAD dominates pre-university education in the Occupied Territories, both in terms of the proportion of students enrolled in public schools and their control of curricula. Assistance, therefore, could easily be construed as alleviating the responsibility of Israel, which is obligated by the Geneva Convention to provide educational programs to Palestinians. However, there are opportunities for investment in this area which recognize this problem and build on private sector Palestinian initiatives. In addition, recommendations which are appropriate to a change in the political and/or administration status of the Occupied Territories are also presented.

In the meantime, donors can continue to support faculty and institution development, vocational/technical training, short-term technical and management training, development and utilization of new educational technologies and expanded information resources--at all levels of education and training. Donors can also contribute to the process of system-wide educational planning, including planning for improvements in curricular content. Among the most critical issues which have to be addressed in this regard is the integration of the West Bank (essentially, Jordanian) and Gaza (essentially, Egyptian) curricula, although this process must take into consideration any interim arrangements for transfer of authority over curricula in the event of a political change.

### **B. RECOMMENDATIONS**

Table 1 summarizes conclusions with respect to the educational sector in the West Bank and Gaza Strip, as well as related recommendations. The recommendations are intended as examples for those involved in development planning for the Occupied Territories. They should be considered in light of the discussion on overall development opportunities in the Occupied Territories--*Visions of a Sustainable Future*--Appendix II to this report.

TABLE 1

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Conclusions	Recommendations
<p>1. The primary, preparatory and secondary schools have woefully inadequate physical plants, laboratory and library facilities, educational materials, recreational activities and facilities, and cultural awareness programs, all of which either contribute to deterioration in the quality of education or to diminished educational achievement of students.</p>	<p>1.1 Library, laboratory &amp; recreational facilities in private &amp; public schools in the Occupied territories should be enhanced.</p> <p>1.2 Educational materials and resources need to be significantly improved and widely distributed throughout the private &amp; public schools.</p> <p>1.3 Large-scale educational infrastructure projects should be initiated to physically rehabilitate existing public schools and construct new schools as necessary.(Note: This would also serve as a means of creating jobs.)</p>
<p>2. The primary, preparatory and secondary curricula are non-comparable across the two regions of the Occupied Territories (i.e., the West Bank and Gaza Strip) and are not clearly related to educational or economic development needs.</p>	<p>2. The embryonic efforts to improve the curricula of the several levels of education should be supported with special emphasis on linking curricula to development &amp; job-related knowledge &amp; skill requirements, as well as on cultural awareness.</p>
<p>3. Palestinian teachers are largely unaware of new developments in educational theory and practice and have little if any access to new educational technologies. Teachers in each of the three systems of education are not trained in the use of the new textbooks which they are expected to use.</p>	<p>3.1 Private and public sector teachers should receive short-term training in educational theory and practice, as well as in the subject areas for which they are responsible.</p> <p>3.2 Schools urgently require new educational technologies (and training in the use of same).</p>
<p>4. Post-secondary education (including community colleges and universities) lack adequate management systems and personnel, as well as laboratory facilities and information resources. It is not clear that there is a present shortage of faculty (see # 5 below), but the quality of post-secondary education would be enhanced through short-term training which updates the knowledge and skills of existing faculty.</p>	<p>4.1 Support should be provided for institutional development, focusing more on enhancement of management and administration of post-secondary institutions.</p> <p>4.2 Support should be provided for: a) the enhancement of science and computer laboratories in post-secondary education facilities, linked insofar as possible to</p>

information resources (while encouraging regional specialized clearinghouses which help to alleviate problems of duplication).

4.3 Local and overseas short-term training of present and prospective faculty should be continued, focusing on clearly defined training objectives which are linked insofar as possible both to institutional needs and economic (and social) development needs of the Occupied Territories.

4.4 Post-secondary institutions need to strengthen their capacity to design and implement short-term training courses to meet the education and training needs of the productive private sector, including assistance in marketing and in establishing fee structures for such training.

4.5 Post-secondary institutions need to strengthen their capacity for research and development linked to practical applications in the productive private sector.

5. Several Palestinian private sector institutions have pioneered educational programs designed to reduce illiteracy, enhance teaching (and learning) skills, assess the quality of education and ensure linkages between education, training and the productive private sector. These embryonic efforts, while poorly funded, can contribute importantly to improvements in the quality of education and training at all levels of education.

5.1 Donors should support the development, adaptation and dissemination of these private sector efforts insofar as possible. Such efforts can have impact on Palestinian education notwithstanding the eventual political situation.

6. Palestinian schools have not been self-supporting. The public schools are supported by the GOI (from taxes derived from the Occupied Territories), private schools are supported largely by donors, and UNRWA schools are entirely supported by donors, primarily the U.S. Moreover, school administrators at all levels have little if any training in financial management (even the Palestinian CIVAD employees) and in funding mechanisms. It is critical that managers and administrative staff at all levels of education have improved capacity to manage the finances of the educational institutions and to identify and implement alternative funding mechanisms. These skills will be useful notwithstanding the political solutions.

6. Donors should support short-term intensive training of Palestinian educational administrators and managers at all levels in the fiscal management and funding mechanisms, providing whatever support systems (e.g., computer-based record keeping) are necessary to ensure sound fiscal management.

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# **APPENDIX I**

## **CONTEXT OF DEVELOPMENT IN THE OCCUPIED TERRITORIES**

**Policy Research Incorporated  
5740 Trotter Road  
Clarksville, Maryland 21029**

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## CONTEXT OF DEVELOPMENT IN THE OCCUPIED TERRITORIES

This appendix describes the overall context in which development opportunities exist in the Occupied Territories, including land size and population data, governance, recent economic trends and the role of donors in development activities. As necessary, these factors are discussed in more detail in each of the reports included in the full set of sector analyses for the Occupied Territories. For example, population data are discussed more fully in the companion report on Health, and economic trends are described in the separate reports on Finance and Credit and on Trade.

Several parameters of this report should be clarified. The term "Occupied Territories" is used to describe the geographic area of the West Bank and Gaza Strip as it is the accepted term for the U.S. government and U.N. agencies. It refers only to the West Bank and Gaza Strip, not to the Golan Heights or the Israeli security zone in Lebanon. The term Judea and Samaria is used when quoting Israeli statistics or other references, as this is the designation used by the GOI for the West Bank area. Unless otherwise stated, the West Bank statistics, information and recommendations presented in this report include East Jerusalem. Where necessary, East Jerusalem is referenced separately, for example in cases where data have clearly excluded East Jerusalem. It must be noted at the outset that the statistical data available from the GOI (i.e., those published in the Statistical Abstracts and other governmental sources) which can be used to numerically describe the sectors do not include East Jerusalem. This significantly skews the data and inhibits analysis of trend data which could be used for economic planning. Moreover, as Benvenisti has suggested,

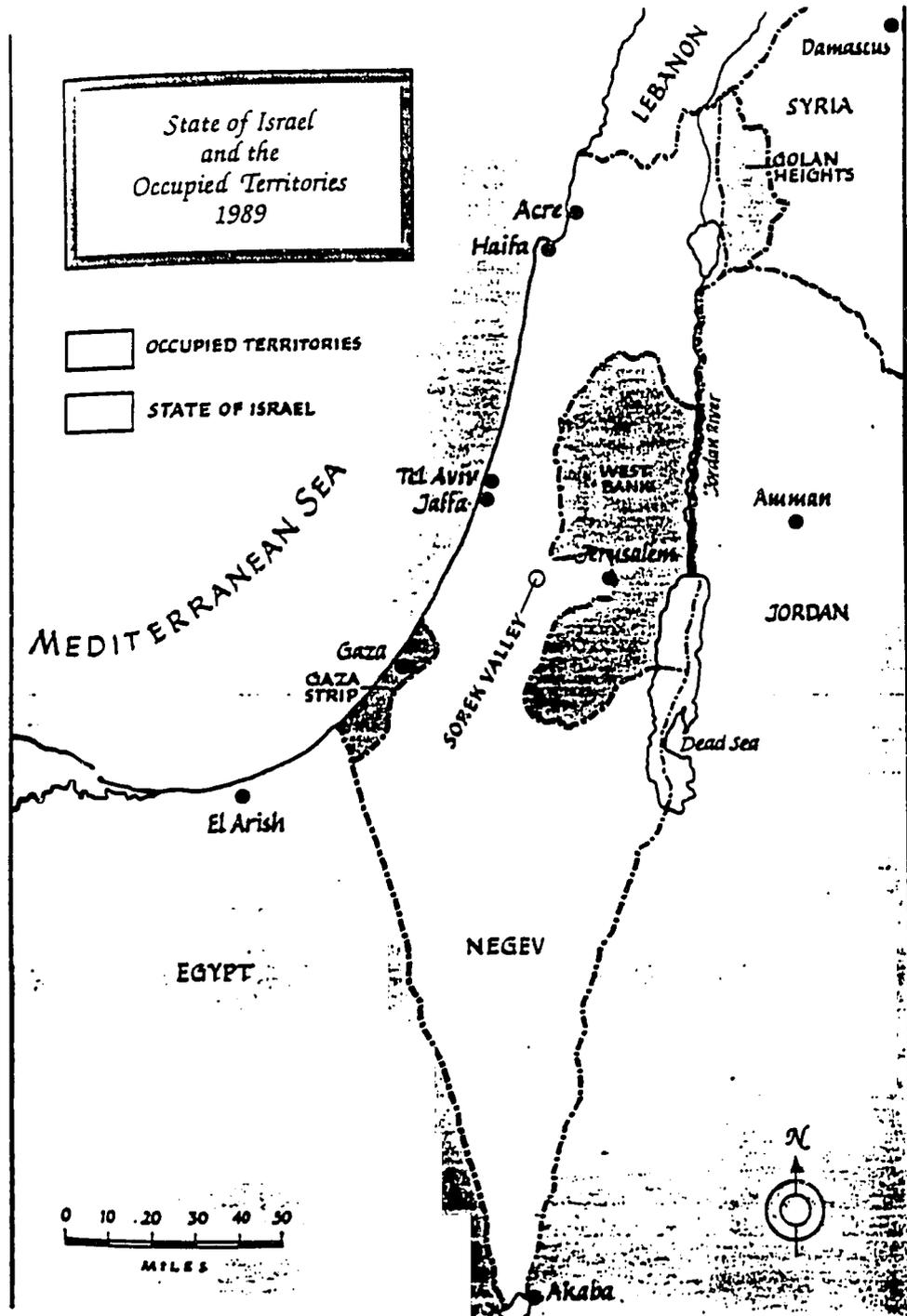
"For statistical purposes the West Bank and Gaza Strip are considered by Israel's Central Bureau of Statistics to be units independent of Israel. Economic activity there is investigated and reported as though it constitutes a 'national economy' united with Israel in a 'common market.' The official reporting of GDP, GNP, exports and imports and balance of payments of the territories is, however, inaccurate at best and misleading at worst. The daily, complex, economic interaction over the nonexistent 'green line', lacking any effective monitoring and control, calls the reliability of the statistics into question."<sup>1</sup>

Unfortunately, because of the serious impediments faced by Palestinians and others in conducting empirical studies in the West Bank and Gaza Strip, most studies of the Occupied Territories depend primarily—and necessarily—on GOI statistics, notwithstanding their limitations.

Finally, although Israeli settlements in the Occupied Territories have considerable impact on economic and social development in the area, only minimal data and information are available with respect to either plans for settlements or specific factors pertaining to individual sectors (e.g., infrastructure and industry).

A. THE LAND AND THE PEOPLE

The West Bank and Gaza Strip are bordered by Israel, Jordan and Egypt as shown in Figure 1. The total land area of the Israeli-occupied West Bank and Gaza Strip (as defined by pre-1967 borders) is 5,939,000 million dunums (one dunum = .23 acres) of which 5,572,000 are in the West Bank and 367,000 are in the Gaza Strip.<sup>2</sup>



Source: M. Kunstel and J. Albright, Their Promised Land. Crown Publishers, Inc., New York; 1990.

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According to the U.N., as of 1985, approximately 52% of this land was under Israeli control--that is, within the jurisdiction of the GOI or of Israeli citizens (settlers). Estimates of Israeli control of land as of early 1992 are shown below:<sup>3</sup>

Source of Estimate	West Bank	Gaza Strip
Al Haq	65%	50%
Land and Water	67%	50%
PHRIC	70%	52%

Because the most recent census was conducted twenty-five years ago (in 1967),<sup>4</sup> accurate demographic data for the Occupied Territories are virtually impossible to obtain. Thus, all population data have been estimated for the period after the 1967 census. The three primary sources of information regarding population are the Central Bureau of Statistics (CBS), the Ministry of the Interior (MOI) and estimates prepared by the Jordanian Medical Association in 1986. In the summary of demographic and other data published by Benvenisti and Khayat in 1988, it was noted that the Palestinian population data presented by the CBS and by the MOI for the Occupied Territories differ. For example, the data for 1987 showed CBS estimates of a total Palestinian population of 858,000 for the West Bank, while the MOI estimated the population to be 1,252,000.<sup>5</sup> The CBS estimates exclude East Jerusalem, which has a Palestinian population generally considered to be approximately 150,000.

Using the Statistical Abstract of Israel for 1990 as a basis, and assuming a 3.5% annual growth rate in the West Bank and a 4.5% annual growth rate in Gaza, the following estimates were calculated for 1991:<sup>6</sup>

West Bank (including East Jerusalem)	1,104,799
Gaza Strip	<u>1,010,640</u>
Total:	2,115,439

More than 35% of the Palestinian population is rural (see Figures 2-4), with 15% living in villages with populations of 2,500 or less. The Palestinian population is also a youthful one; nearly half (47.4%) of the Palestinian population in the West Bank is under the age of 15, as is 49.5% of the population of the Gaza Strip.<sup>7</sup> This age distribution and the high birth rates have important implications for social service needs as well as for labor force concerns.

Figure 2

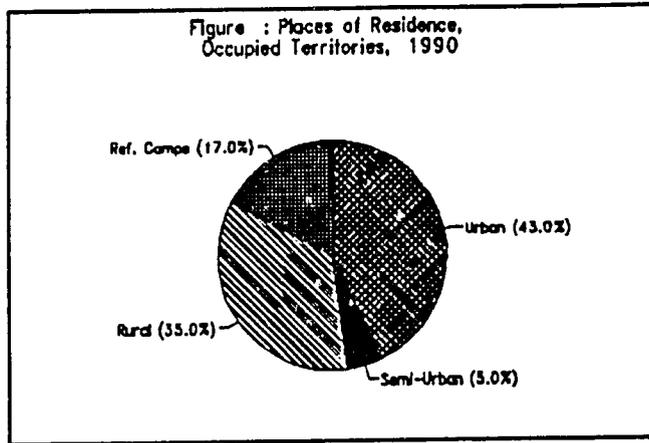


Figure 3

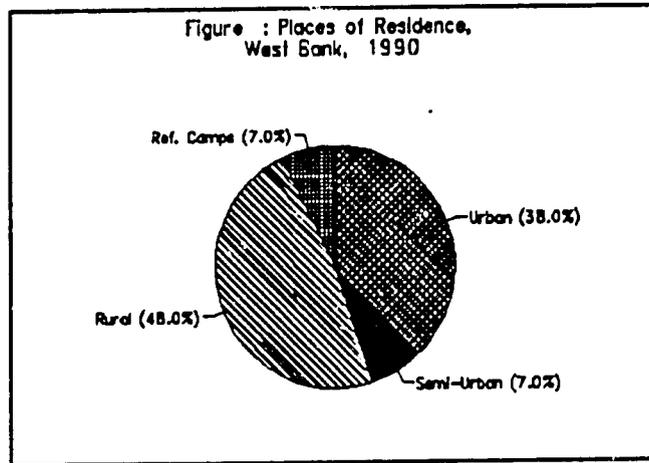
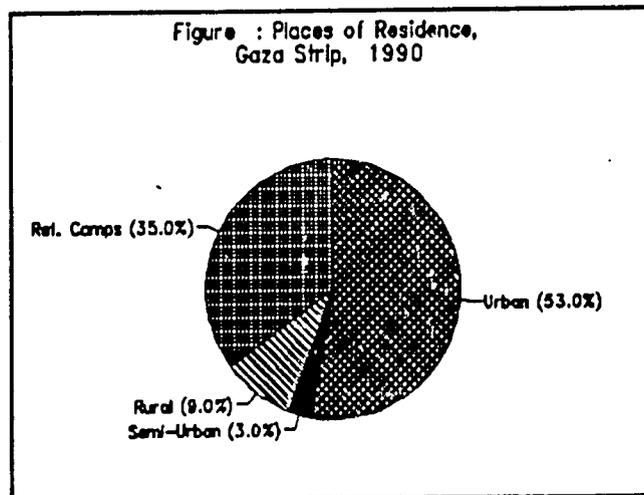


Figure 4



Source: Calculated from Statistical Abstract of Israel 1990. Central Bureau of Statistics: Jerusalem; 1990.

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As of January, 1992, 451,695 individuals (or approximately 40% of the population) in the West Bank were registered as refugees. Of these, 119,172 (26%) lived in UNRWA camps. In the Gaza Strip, 549,675 Palestinians were registered refugees (approximately 80% of the population); of these, 302,977 (55%) lived in UNRWA camps.<sup>8</sup>

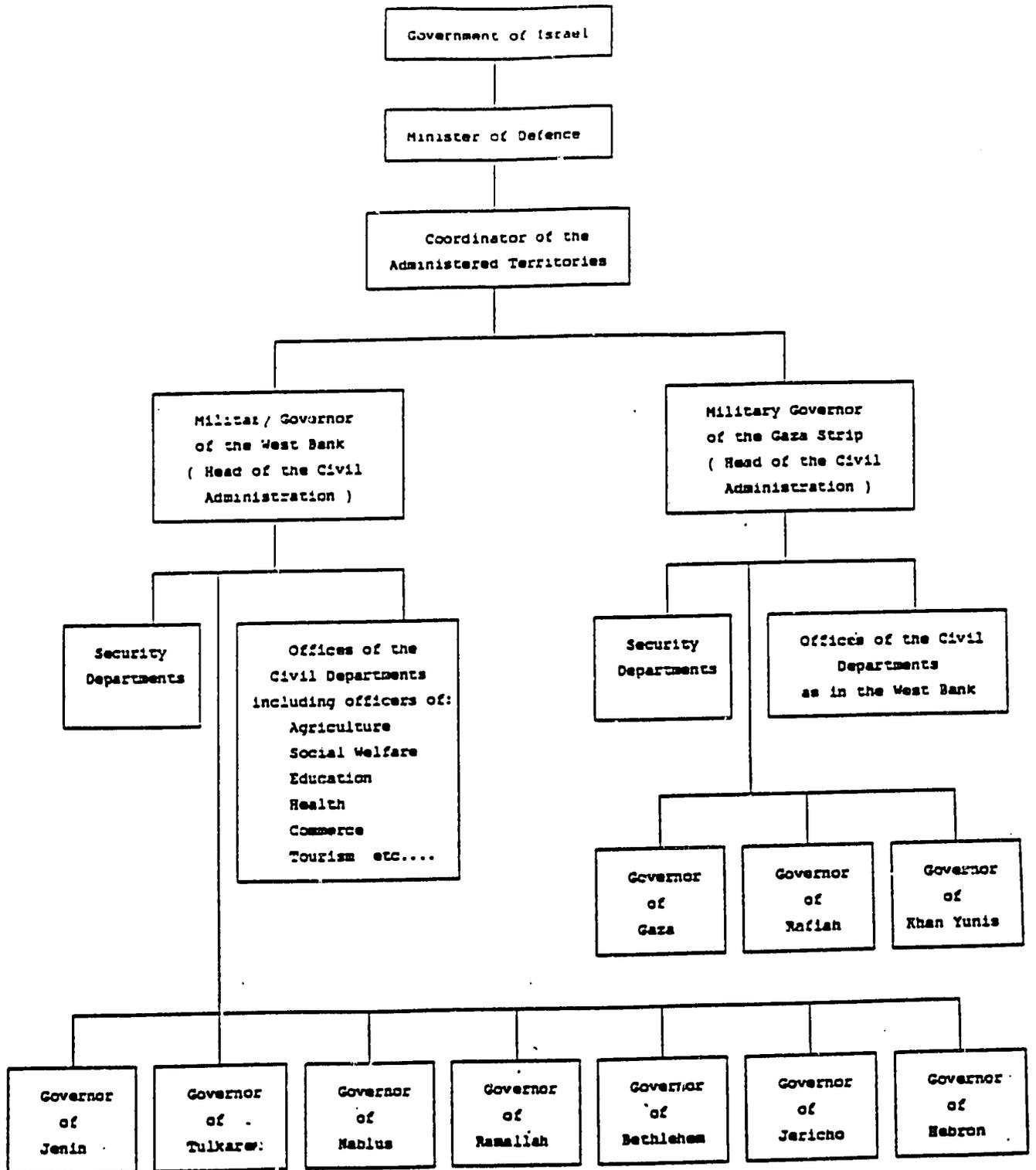
In spite of the high natural rate of increase, until 1991 the population had a relatively low rate of population growth. This resulted from emigration to Jordan, the Gulf States and outside the region, primarily for job opportunities. Even prior to the Gulf War and the influx of Palestinians from the Gulf States, an important population variable in the Occupied Territories, and particularly in Gaza, was the number of residents who returned from the Gulf States annually for summer vacation. It is reported that approximately 100,000 were doing so in the Gaza area for 2-3 months each year; no estimates of similar temporary residents were available for the West Bank. Since the Gulf War, an estimated 25,000 to 35,000 Palestinians have returned to the Occupied Territories from the Gulf States; an estimated 40% of them are currently residing in the Gaza Strip.<sup>9</sup> Most are university graduates but are unemployed or underemployed. However, those who are unemployed reportedly are not eligible for social benefits from the GOI. Some are eligible for services through UNRWA.

## B. GOVERNANCE IN THE OCCUPIED TERRITORIES

From 1950 to 1967, the West Bank was under the authority of the Jordanian government, which in 1955 devolved public administration authority to elected municipal governments. From 1948 to 1967, Gaza was under Egyptian control, with appointed municipal governments. Subsequent to the 1967 War, the Israeli military authorities assumed control of the Palestinian population in the occupied West Bank and Gaza Strip. Since 1967, no local elections have been held in Gaza; no municipal elections have been held in the West Bank since 1977.

In 1981, the Israeli government initiated a system of civil administration (CIVAD). Figure 5 on the following page shows the organizational structure of the CIVAD. The CIVAD's "jurisdiction includes all the civil powers of the military government but not the authority to enact primary legislation, which has remained in the hands of the Military Commander."<sup>10</sup> In virtually all CIVAD offices, a military officer directs the departments, but Palestinians comprise most of the technical and administrative staff. According to the Fourth Geneva Convention, the GOI is responsible for the provision of public services for the Occupied Territories, based on tax and other remittances from the Palestinians residing in the West Bank and Gaza Strip and from the GOI budget. These governmental functions are carried out by the CIVAD, with specific responsibility for sectoral programs being coordinated with the relevant Israeli ministry or regulatory body.

FIGURE 5: ORGANIZATIONAL STRUCTURE OF THE CIVIL ADMINISTRATION (CIVAD)



Source: "Food Security in the West Bank and Gaza Strip," Oct 1985, p.4.  
 Arab Scientific Institute for Research and Transfer of Technology (ASIR);  
 El-Bireh, West Bank.

The CIVAD currently serves as the "authority" in most municipalities in both the West Bank and Gaza Strip--no municipal elections have been held since a military order suspended elections in December, 1977.<sup>11</sup> Some municipalities have Palestinian officials appointed by the CIVAD, but their authority is limited. Local municipalities carry out activities which in other circumstances would be either public or private sector responsibilities. These range from wholesale produce markets to operating slaughterhouses. In doing so, they liaise with both the CIVAD and Palestinian private sector organizations as appropriate and necessary. For all intents and purposes, both CIVAD and the municipalities therefore constitute "public" agencies in the Occupied Territories. Village councils, of which there are approximately 75 in the West Bank and eight in the Gaza Strip, have even less authority than municipal councils. As with the municipalities, no elections have been held for village councils since December, 1977.<sup>12</sup>

Chambers of Commerce also perform services which in other contexts would be within the purview of governmental or quasi-governmental bodies. For example, they are involved in expediting approval of exports to Jordan (see the companion Trade report for further discussion of their role in export). Elections for Chambers of Commerce were not held from December, 1977 until early 1992, when the GOI allowed such elections in six areas in the Occupied Territories.<sup>13</sup>

### C. RECENT TRENDS IN THE ECONOMY OF THE OCCUPIED TERRITORIES

According to some reports, the economies of the Occupied Territories began to decline in the early 1980s. This decline resulted from stagnation in the Israeli and Jordanian economies.<sup>14</sup> The economy further declined in the late 1980s, even prior to the Gulf War. UNCTAD reported in 1991 that their review of Israeli and Palestinian data indicated "a rapid deterioration in the performance of the economy of the Occupied Territories during 1988-1990."<sup>15</sup> According to that report, the gross domestic product (GDP) for the Occupied Territories decreased by 12%/annum during that period, to just over \$1.2 billion in 1990. Consistent with previous patterns, the decline in the Gaza Strip was more severe than in the West Bank: 17% versus 11%, respectively.<sup>16</sup> Gross national product (GNP) decreased by a comparable amount annually (11%), to approximately \$1.8 billion. Per capita GNP was estimated to be \$1,400 in the West Bank and \$780 in Gaza in 1990.<sup>17</sup> By comparison, the GNP in Jordan for 1989 was \$1,730.<sup>18</sup> In Israel it was \$10,920 in 1990.<sup>19</sup>

With the exception of agriculture, all sectors exhibited significant decline in the period 1988-1990; for example, according to the 1991 UNCTAD report, industrial output decreased by an annual average of 14%, and construction decreased by an annual average of 23%. Other sectors combined (public and personal services, trade, transport and communications) declined by 17%.<sup>20</sup> As a consequence, the contribution of the agricultural sector to the GDP increased from 25% to 31% from 1988-1990, while construction decreased from 17% to 14%; industry has remained at 9% of GDP (although output had decreased). The UNCTAD reports that the decline in the industrial sector "bodes ill for the future of the Palestinian economy."<sup>21</sup> It should be pointed out, however, that several researchers have suggested that traditional economic indicators (e.g., GNP, per capita GNP, GDP)

are not appropriate for the Occupied Territories as they have been devised to study productive economies. Given that the West Bank and Gaza Strip depend largely on transferred resources, the limitations of these indicators should be considered.<sup>22</sup>

The New Israeli Shekel (NIS) is the currency used predominantly in Occupied Territories, although the Jordanian dinar (JD) is still used by some in the West Bank. As of January, 1992, the rate of exchange was NIS 2.3/US \$1 for the Shekel and JD 1/US \$0.68 for the Jordanian dinar. Given the inextricable ties between the economies of the West Bank and Gaza and those of Israel and Jordan, pricing and inflation in these two countries have a significant and deleterious impact on the Occupied Territories. Several key examples of recent impacts are:

- \* increased prices for goods imported through Israel, which accounted for 91% of goods imported into the West Bank and 92% of goods imported into the Gaza Strip in 1986, the most recent year for which data are available;<sup>23</sup>
- \* decline in the wages of Palestinians working in Israel and a decline in real disposable income of most income groups in the Occupied Territories (an example of the deleterious impact of Palestinian wages' being tied to the Israeli economy); and
- \* the differential in the consumer price indices of the Occupied Territories and Israel, which has led to both 1) a decrease in value of sales of Palestinian goods to Israeli buyers, and 2) an increase in purchase by Palestinians of consumer and durable goods from Israel (until the economic boycott of the Intifada, when this practice decreased considerably).

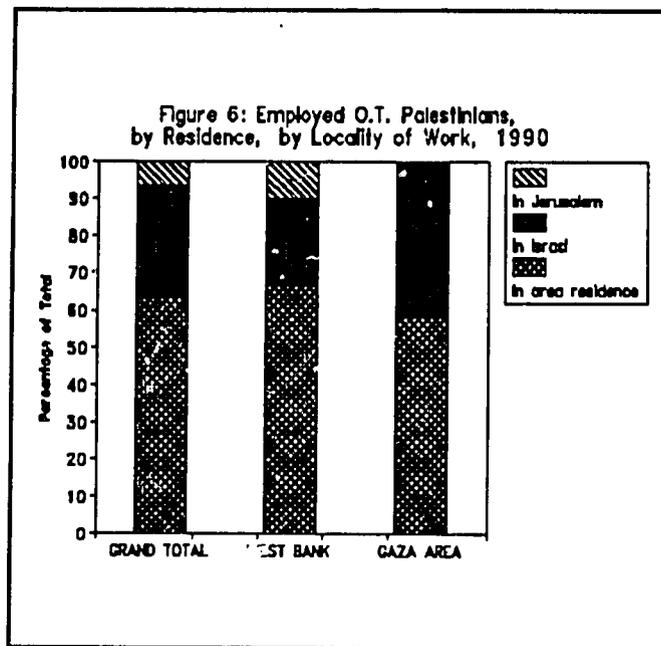
The economic impact of the Gulf Crisis on the Occupied Territories was—and continues to be—significant in all sectors. As the 1991 UNCTAD report noted, the economic impact resulted from both external and internal pressures; these are summarized below:<sup>24</sup>

- \* reduction in private remittances from Palestinians working in the Gulf states, estimated at \$120 million to \$340 million annually prior to the Gulf War;
- \* involuntary return of Palestinians working in the Gulf states to the Occupied Territories resulting in increased pressure on an already distressed job market;
- \* decreases in both public and private financial support from the region for Palestinian private sector development in both social services and productive enterprises (this support was estimated to be \$150 million in 1989); and
- \* disruptions in traditional export and import markets (note: the market share in Jordan had begun to decline prior to 1991<sup>25</sup>).

The total estimated economic impact of the Gulf War (based primarily on lost remittances, transfers and exports) was between \$250 and \$750 million in 1990 alone (55% to 80% of the total generated by these three sources in 1989), or approximately 10% of gross national disposal income.<sup>26</sup> Few knowledgeable individuals believe that there have been substantial moves toward an improvement in the economy of the Occupied Territories since the end of the Gulf War.

Estimates of current unemployment rates vary considerably. Israeli statistics for 1990 show a 13%-15% unemployment rate (including both those officially registered at the CIVAD labor exchanges and those defined by the Central Bureau of Statistics as "employed persons, temporarily absent from work"). Other estimates of unemployment in both the West Bank and Gaza Strip range between 30% and 40% of the work force.<sup>27</sup> While Palestinians now have regained minimal access to the Gulf States as a source of employment (and remittances), they are still dependent on employment in Israel (see Figure 6 below), although this alternative for export of labor capital is also highly volatile. As a result of reduced personal income, there has been a concomitant reduction in consumer demand (estimated 20-30% reduction)<sup>28</sup> and reduced funding available for investment.

Figure 6



Source: Israeli Statistical Abstract, 1991. Central Bureau of Statistics: Jerusalem; 1991.

Reductions in local funding available for investment are particularly critical for economic development in the Occupied Territories because between 70% and 95% of capital investment in industry in the Occupied Territories is provided by the individual owners or their families. Importantly for economic development, the period 1988-1990 saw a 4% annual decrease in private investment.<sup>29</sup> Moreover, the external trade sector has not yet shown signs of improvement since the end of the Gulf War, in spite of efforts to re-establish economic relations with traditional trading partners in the region. Exports of both goods and services decreased an average of 30% per annum during 1988-1990, with the decrease far more dramatic in the Gaza Strip (50%) than in the West Bank (16%).<sup>30</sup> Imports of goods and services also declined during this period: 16% in the West Bank and 19% in the Gaza Strip.<sup>31</sup> As of the beginning of 1992, markets outside of Israel remained largely closed to Palestinian products, and the decreased purchasing power of Palestinian consumers continues to result in decreased imports available for Palestinians and decreased internal markets for Palestinian products as well.

#### D. DONOR ASSISTANCE

In addition to remittances from Palestinians working abroad, the economies of the West Bank and Gaza Strip depend to a large extent on donor countries and organizations, each of which has its own particular interest in the Occupied Territories and therefore directs the aid in a particular way. In 1991 alone, \$69 million in funding was allocated by donors for projects in the Occupied Territories.<sup>32</sup> This figure does not include funds provided by Arab states, as these data are difficult to obtain. A large proportion of donor funds are allocated through international private voluntary organizations (PVOs). Therefore, while the amount of donors funds allocated to the Occupied Territories appears large in proportion to the GNP (in 1991, the UNRWA budget alone accounted for 6% of GNP), a relatively large percentage of the funds do not directly enter the economy of the Occupied Territories. Much of the bilateral and multilateral funding remains in the country of origin to purchase goods and supplies which are donated to beneficiary groups in the Occupied Territories, or to pay for training and technical assistance. Similarly, while the "overhead" rate of the international agencies (e.g., UNRWA) and the international PVOs is relatively low (usually representing 20% - 45% of the total project budget), this does represent funds which are not part of the economy of the Occupied Territories. It should be emphasized that, in this respect, the West Bank and Gaza Strip do not differ from most other recipients of donor funds. However, in view of the fact that such funding is crucial for operation of basic human services and support of infrastructure in the Occupied Territories, it becomes a more critical issue. Moreover, there is little flexibility in the allocation of funds within the Occupied Territories: donor funding and other types of development assistance by international and bilateral agencies such as the World Health Organization (WHO), the UNDP and A.I.D., must be carried out by the donors and agencies with the approval of the GOI.

The importance of the economic role of UNRWA cannot be overlooked. In 1990, its annual budget for the West Bank and Gaza Strip was \$98.6 million. In 1991, the UNRWA budget was \$98.3 million; the approved 1992/1993 budget is \$217.8 million (roughly \$109 million per year).<sup>33</sup> In addition, from 1988 to 1991, approximately \$949.9 million has been contributed to UNRWA, primarily by the

U.S. and European governments, to operate refugee camps and to provide services to the refugees under its aegis. Approximately 40% of these funds are utilized for the West Bank and Gaza Strip.<sup>34</sup> Until recently, UNRWA has expended only minimal funds for economic development projects. However, the agency plans to raise \$20 million over the next five years for income-generating projects in the Near East.

It is important to distinguish between the ultimate source of external funds (e.g., governments and private donors to non-profit organizations) and the vehicles through which such funds are disbursed. The most important sources of external aid have been:

- \* individual Palestinians in the diaspora, who contribute to a variety of organizations and institutions (as distinct from the remittances sent by individuals to their families in the Occupied Territories);
- \* Arab governments and individual Arabs, contributing to:
  - individual Palestinian organizations and institutions, including municipalities;
  - the Joint Jordanian-Palestinian Committee for the Steadfastness of the Palestinian People in the Occupied Homeland;
  - the Palestinian Liberation Organization (PLO); and
  - various U.N. agencies operating in the Territories, including the UNRWA and UNDP.
- \* the U.S. Government, which disburses funds through:
  - various U.N. agencies operating in the Territories, including the UNRWA and UNDP;
  - the Agency for International Development (A.I.D.) Jordanian Development Program (until 1989); and
  - U.S. private voluntary organizations (PVOs) operating in the West Bank and Gaza Strip and one Palestinian PVO.
- \* private U.S. individual donors and foundations, providing funds to:
  - individual Palestinian organizations and institutions; and
  - U.S. private voluntary organizations operating in the West Bank and Gaza Strip.

- \* European, Canadian, Japanese and other governments, which provide contributions to:
  - individual Palestinian organizations and institutions;
  - the European Community (EC); and
  - various U.N. agencies operating in the Occupied Territories, including the UNRWA and UNDP.
- \* European individual donors and foundations, which provide contributions primarily to individual Palestinian organizations and institutions.

Understanding the nature of the sources of external funds is important to an understanding of the dependency of the Palestinian economy on the vagaries of external conditions. Ultimately, the U.S. and European governments and Arab states (and, increasingly Japan) are the major sources of funding. The major funding vehicles, including the several U.N. agencies and the U.S. PVOs, derive their funds from the same sources, governments and a few foundations and individuals.

For the most part, external funds have been provided for:

- \* construction of health and social service infrastructure projects and some housing,
- \* operating costs for health and social service programs (and lately for rehabilitation services, more popular during the height of the Intifada),
- \* agricultural cooperatives,
- \* municipalities (for construction and operating costs),
- \* human resources development and training, including local and overseas long-term and short-term education, and
- \* infrastructure and public works.

With the exception of agriculture, minimal donor funds have been provided for the productive private sector.

It is hoped that this sector analyses, and the others which comprise the cross-sectoral assessment of development opportunities in the Occupied Territories, will contribute to the efforts of Palestinians to be more proactively involved in planning for and implementing donor-funded projects. The reports may also contribute to donors' plans for more appropriate--as well as more effective and efficient--use of the resources they allocate for the Occupied Territories.

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# **APPENDIX II**

## **VISIONS OF A SUSTAINABLE FUTURE**

**Policy Research Incorporated  
5740 Trotter Road  
Clarksville, Maryland 21029**

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## APPENDIX II: VISIONS OF A SUSTAINABLE FUTURE

This appendix to the sectoral analysis presents a summary assessment of the overall potential for development opportunities in the Occupied Territories. The analysis was conducted within sectors, and, insofar as possible, across sectors. This assessment is based on the analyses and conclusions presented in each of the individual sector reports prepared by Policy Research Incorporated (PRI). The eight individual sector reports include agriculture, education, finance and credit, health, industry and enterprise, infrastructure, trade, and water and sanitation.

Appendix II includes 1) a discussion of alternative assumptions under which economic and social planning will likely occur in the Occupied Territories; 2) a summary of the factors which constrain development across the sectors; 3) a summary of recommendations within and across the sectors; and 4) a list of issues that warrant discussion in the process of considering development alternatives for the Occupied Territories. Brief summaries of the findings of each of the sector reports are included as Executive Summaries with those reports.

### A. DEVELOPMENT IN THE CONTEXT OF ALTERNATIVE SCENARIOS

The move toward Palestinian economic self-reliance expanded considerably with the advent of the Intifada in 1987. Generally, the intent of this movement has been to promote a more productive allocation of investments, both internally (Palestinian) and externally (from donors). Specifically, Palestinians involved in development planning have sought to "enhance self-reliance in production, lessen dependence on external financial sources, diversify, rationalize and integrate domestic production branches, [and] reorient consumption patterns towards less conspicuous modes."<sup>1</sup> To this end, Palestinians have begun to 1) develop sectoral and regional plans; 2) design and implement experimental projects and new institutional forms and entrepreneurial initiatives; and 3) initiate a range of popular 'participatory development' efforts involving families, communities, regions, cooperatives, enterprises and professional associations.

In order to ensure that these sectoral analyses are as useful as possible for development planning, the recommendations summary recommendations presented in this appendix are listed assuming one of two alternative political scenarios:

- 1) no change in the current political status (with perhaps some relaxation of constraints), including programs and activities that could have short-, medium- and long-term impact without respect to a change in governance; and
- 2) a change in governance (e.g., interim self-government or autonomy).

There are, of course, many shades within this spectrum, but it is hoped that presenting the recommendations in this way will provide an option for discussion of development in the Occupied Territories. The development recommendations that assume the status quo are intended to meet immediate needs identified in the conclusions to which they are linked as well as to provide a foundation for

development under whatever political solutions are realized. They are thus building blocks toward a sustainable future under alternative political scenarios. It should be emphasized that the recommendations listed under "assuming political change" could also be carried out within a status quo scenario, but would likely necessitate elimination or significant amelioration of existing bureaucratic and other constraints.

Under the present circumstances, it is all too easy to assume that little can be accomplished other than minimal support for existing projects; this approach defeats the intention to promote sustainable development. On the other hand, to assume independence (statehood) as the only basis for planning economic and social development negates the reality of the present political situation (that is, of the Occupation) as well as the possibility of an interim self-government. It also does not take into account that, even in the event of autonomy, it will be necessary to design phased implementation of policies and programs. For example, it will be necessary to ensure that:

- \* a Palestinian tax system as well as an organized health system are in place before assumption of responsibility for financially burdensome public hospitals;
- \* economic support structures are in place prior to significant expansion of industrial capacity;
- \* cross-regional planning is in process, including the consideration of issues such as the trade-offs necessary between agricultural and industrial development in the water-poor Gaza Strip; and
- \* Palestinian planners and donors develop effective plans for physical infrastructure and other projects, ensuring that they will be used by their intended beneficiaries (i.e., Palestinians) given the possibility that such projects could be established within settlement areas in the future.

In any case, donors should accept the possibility that their medium term and long-term (and even many short-term) development expectations could be considerably diminished under the present circumstances, even in the event of autonomy. In this most abnormal political situation, the traditional indicators of change--difficult to obtain, verify and attribute to donor programs under any circumstances--are of questionable validity and utility.

## **B. CONSTRAINTS TO DEVELOPMENT IN THE OCCUPIED TERRITORIES**

Sustainable economic development is proving to be an elusive goal even under "normal" circumstances in developing countries, and increasingly so for countries of all income levels. As this and the companion sectoral analysis reports demonstrate, the socioeconomic situation in the Occupied Territories do not approximate normal circumstances. Given the status of the various sectors of Palestinian economy and society, and in particular given bureaucratic and other impediments, what are the opportunities for economic and social growth and

development in the West Bank and Gaza Strip? The technical and managerial issues are myriad and complex, both within and across sectors.

While this is true in any country or jurisdiction; however in the Occupied Territories these issues are complicated by the volatile and fluid political realities and by the significant dependence on external donors for support for any type of development. Donor investment and support are, in turn, complicated by the fact that the traditional role and involvement of donors in developing countries has been severely limited in the Occupied Territories. The normal mechanisms for rational allocation of donor assistance (e.g., donor negotiations with a ministerial level planning agency or external donors' department within a Ministry of Finance) do not exist, while constraints to planning effective use of donor funds are apparent.

It is important that those involved in planning for development in the Occupied Territories be aware of the constraints under which the various sectors operate and within which development occurs. The constraints which pertain to each of the sectors are described in the corresponding section of each sectoral analysis, with a discussion of the manner in which the constraints impact on development in that specific sector. However, several types of constraints have especially broad impacts on development; these are summarized below.

#### **B.1 Bureaucratic constraints**

*Bureaucratic constraints* include GOI regulations which discriminate against Palestinians and their public (municipal) and private sector institutions and organizations. These regulations are subject to change (sometimes without notice) and to enforcement by individual members of CIVAD without approval (or knowledge) of their superiors. Examples include:

- curfews (sometimes imposed for extended periods of time),
- barriers to physical mobility constituted by pass requirements and other factors,
- onerous procedures for obtaining building and other permits and arbitrary application of such procedures,
- taxation policies and enforcement which have been perceived by the International Jurists Commission and others as inappropriate and a violation of Geneva Conventions,
- restrictive labelling and export requirements on Palestinian products, and
- control of and restrictive policies with respect to basic physical infrastructure including electrification, communications and transportation, water use, and land use.

An important impediment to effective planning and implementation of development programs and projects is the fact that all those involved in development planning, including Palestinians and donors, lack access to critical fiscal, economic and technical information which is collected, processed and maintained by the CIVAD (or the GOI). While some information is available to Palestinians and others through the Central Bureau of Statistics (and other sources), other critical information is not. This includes, for example, revenue and expenditure information which is critical for an understanding of operating costs and cost recovery possibilities within the health and education sectors. Palestinians (and donors supporting projects in the Occupied Territories) also have no information with respect to plans for settlement areas, including plans for physical infrastructures to support the settlements.

The complex mixture of residual laws (in force at the time of the Occupation), Israeli civil laws and regulations and military regulations vastly complicate development planning and implementation of specific projects and general sectoral programs. Virtually all court cases involving Palestinians are adjudicated in the military courts, including all civil cases (e.g., with respect to contracts and taxes). The effective absence of a civil court system makes it all but impossible to formulate and enforce contractual arrangements.

Palestinians have no adequate mechanism to generate revenues and provide public services. As a result, Palestinian NGOs and municipalities operating health and social programs or public infrastructure systems (e.g., water and sanitation, road networks, electrification) face unusual obstacles in attempting to cover their operating costs and adequately maintain physical plants and equipment.

There have been some positive indicators that GOI constraints have relaxed since 1991. In late 1991 the GOI initiated relaxation of restrictive policies which impede economic development, including: approval of licenses for a number of new small- and medium- scale manufacturing, agricultural and commercial projects and relaxation of restrictions on the inflow of external financial resources by raising the limits on such inflow per person entering the Occupied Territories--from \$400 to \$3,000.<sup>2</sup>

It may well be that international organizations (e.g., the U.N.) and bilateral and other donors can convince the GOI that relaxation of other bureaucratic constraints is beneficial to the economies and social structures of both Israel and the Occupied Territories. Simultaneously and independently, the international organizations and donors should work with the Palestinians (and Arab states) to ensure that, insofar as possible, constraints that result from Palestinian practices and the policies of Arab states are ameliorated or eliminated. Finally, the U.S., and other countries should remove constraints imposed by their governments or apply policies which would encourage development (e.g., labelling and most favored nation status). These governments should also ensure that their investment policies and programs are consistent both internally--that is, within the bilateral program--and externally--that is, between and among the various donor agencies and organizations. Donor investment policies should also be consistent, insofar as possible, with available development plans generated within the Occupied Territories.

## **B.2 Economic and other constraints**

Given the inextricable linkage with the Israeli economy, from which the Occupied Territories derive questionable benefit, there is, effectively, no free external market, and a severely limited free internal market. Moreover, the public (GOI) and private (Israeli and Palestinian) environment is not, to say the least, conducive to sustained economic development. The economic and physical infrastructures and systems on which development normally depends range from grossly inadequate to nonexistent. In addition, the Occupied Territories have few natural resources, a shortage of water and an increasingly diminishing land area.

The local work force, which in the past served as an important source of income (through export of labor to the Gulf States and other countries) is unbalanced with respect to education and training. That is, a large (though not specifically defined) proportion of Palestinians are highly educated but underemployed professionals or skilled and semi-skilled workers who have only minimal access to training that would enable them to become updated on technological advances.

Since the onset of the Gulf crisis, the "safety-valve" of Palestinian emigration to the Arab Gulf has been closed, and Palestinians have returned to the Occupied Territories or to Jordan. As a consequence, remittances from the Arab Gulf, on which the Palestinian economy was heavily dependent, have been significantly reduced. As a result of the extremely limited opportunity to engage in external trade and the virtual absence of support structures for economic and social development (e.g., marketing systems for agricultural and industrial trade), Palestinians have little competitive advantage, with the exception of their low-scale wages, which have some negative socioeconomic consequences as well.

Development and implementation of potentially effective national and regional level plans require a governmental base through which to link sectors and public/private sector initiatives and programs. It also requires data and information as well as experience in the selection and application of planning techniques. However, neither the CIVAD nor the municipalities (which together constitute the de facto public systems in the Occupied Territories) plan and implement programs and projects across sectors. Nor do most Palestinians working in these entities have substantial experience in such cross-sectoral planning and program and project management. Not only have they been minimally involved in the design, use and application of data and information systems, they have also had little access to data and information required for planning and managing public and private sector organizational structures and functions.

*Physical infrastructure* (communications, electrification, and transportation networks) and water and sanitation systems are in poor repair and wholly inadequate. This severely impedes operation and expansion of the public and social service sectors and the productive private sector. Moreover, political and economic factors impede the efficient linkage of critical physical infrastructure such as electrical, communications, and road networks.

Unfortunately, as discussed in the individual sector reports, the political situation in the Occupied Territories militates against investment in private sector economic activities which may have the greatest potential for economic impact, as well as in social or physical infrastructure projects which take into consideration economies of scale. With respect to the latter (which include, for example, telecommunications, electrification and health services), this limitation has fostered wasteful and costly duplication. It has also hindered the ability of Palestinian institutions and donors to provide adequate basic services for the population as a whole and for the industrial sector in particular. For example, Palestinians are prohibited (for security reasons) from using much of the extensive road network which serves settlers, although access to these roads would facilitate access to markets. Similarly, electrification projects (largely funded by donors) have focused on electrification of the smaller villages, rather than on ensuring that industries have access to services adequate to meet their production needs.

*The present economic outlook.* The worsening economic situation in the Occupied Territories bodes ill for development opportunities. Extensive development is difficult for projects that rely on private sector initiative, as well as those that rely on public (municipal) initiative. At the same time, the relatively young, disaffected (and unemployed) youth can potentially both participate in social unrest and contribute to social and economic change.

### C. DEVELOPMENT OPPORTUNITIES

Even given these constraints, however, substantial improvement can and should be made in economic and social development in the Occupied Territories. It is critical that Palestinians and donor agencies rationalize the existing scattered projects within and across sectors. This rationalization must include identifying linkages across sectors that can improve the likelihood of development under both the status quo and potentially changed political and administrative circumstances.

Table 1 presents a summary of recommended programs by sector for both the status quo and political change scenarios. The recommendations for the political change option are in addition to those for the status quo, which are intended as building blocks for development, whether or not positive political change is achieved. The recommendations were devised based on the needs identified in each of the sectors independently. It should be noted that because detailed recommendations are included in each sector analysis report (e.g., education, health, industry), the recommendations in Table 1 are abbreviated in order to present them in a tabular format. Also, the term "public" or "quasi-public", as used in Tables 1 and 2 and in the following discussion, refers to municipalities and to other entities that undertake activities that under normal circumstances would fall within the purview of public (or quasi-public) entities (e.g., local water authorities). The recommendations are not presented in priority order.

An assumption supporting all recommendations is that donors would utilize local (Palestinian) resources wherever possible, as well as appropriate and cost-effective resources from the region (including Israel and Jordan, for example) and from donor countries (e.g., the U.S., Japan and Europe). Donors are encouraged to include a wide range of community-based and other organizations in order to

provide them with the opportunity to participate in comprehensive development across sectors and to promote broad-based support for such development among these groups.

To prepare for specific plans within and across sectors, to derive maximum benefits from available resources, in the Occupied Territories, and to promote sustainable development, Palestinians and donors involved in supporting development in the Occupied Territories should: 1) identify overall development goals and specific objectives, 2) assess the relative utility of alternative development approaches, 3) consider the cross-impacts of the development goals and specific programmatic foci and projects within and across sectors, and 4) set priorities for projects within and across sectors. Whenever possible and appropriate, donors should assist Palestinian organizations in this planning process.

To provide an example of how the interrelationships among project proposals and objectives can be considered, Table 2 presents each specific sector recommendation identified in Table 1 and indicates the specific objectives for development to which the project or activity would contribute. These general and generic development objectives were identified from two sources: the most recent World Bank reports.<sup>3</sup>

A review of the recommendations presented in Table 2 makes it clear that there is a consistent pattern across the sectors and across the objectives. Review of this pattern might be useful for those involved in considering a rationalized development approach for the Occupied Territories. The principal foci of recommendations across sectors are:

- \* strengthen the capacity of Palestinian quasi-public and private sector institutions and organizations to plan, manage and evaluate policies, programs and projects at the national, regional and local level through:
  - selecting and improving access to and use of information resources both internally (within the Occupied Territories) and externally;
  - providing technical assistance, training (for managerial and technical staff) and other support for the enhancement or development of quasi-public and private sector institutions and organizations that are responsible for or are involved in economic and social infrastructure support systems (e.g., water and sanitation, quality control, marketing systems, civil courts, tax collection and social welfare. This would include, for example, assisting in the definition and adaptation of standardized procedures; and
  - improving education and training at the primary through university levels, including vocational/technical training, and literacy, self-instruction and distance (remote) learning programs.

improve the development, diffusion, use and assessment of technology in the quasi-public and private service and productive sectors through:

- providing technical assistance and training to enhance the selection and use of equipment and of new procedures (technologies) in agriculture, industry, health and education and physical infrastructure, including assessment of the economic, social and environmental impacts of new technologies and procedures;
- providing grants and loans (as appropriate) for the purchase of equipment which has been demonstrated to be useful and appropriate for enhancing productivity or effectiveness in the sector to which it applies (e.g., new technologies in crop production, cardiovascular disease prevention and treatment or alternative energy sources); and
- providing grants and loans (as appropriate) to enhance the capacity of Palestinian universities and research institutions to develop and/or adapt appropriate technologies for use in the West Bank and Gaza Strip and for export (including, for example, computer software).

improve management of, access to and use of credit and financial resources, through:

- training of existing personnel in banks and credit institutions;
- technical assistance and other support to improve management of bank and credit institutions;
- facilitating loans through international and regional development banks and private sector financial institutions; and
- supporting the development of credit circles and other locally based organizations which foster savings and loan arrangements for local development.

improve the collection, analysis and distribution of data and information for use in quasi-public and private sector programs and projects, through:

- training in data and information management;
- technical assistance and other support for the development of clearinghouses and information systems in each primary economic and social sector (e.g., agriculture, industry, water and sanitation); and

- encouraging the provision of relevant data sets from the GOI to Palestinian public and private institutions.
- \* improving the physical infrastructure which supports both quasi-public and private sector services and productive enterprises, including, for example, communications, electrification and transportation networks;
- \* strengthen health and social welfare services which are critical for human growth, development, welfare and performance and are linked to a society's economic development; and
- \* encourage effective and efficient use of energy resources and prospective protection of the environment in the process of economic, and particularly industrial expansion.

#### **D. DEVELOPMENT ISSUES IN THE OCCUPIED TERRITORIES**

A number of complex issues must be faced by those involved in development planning for the Occupied Territories. This section of the appendix briefly summarizes several of those issues.

*Linkages Across Sectors.* While it is true that devising plans for economic and social development in the Occupied Territories is difficult under the present circumstances, the opportunity nonetheless exists for the design and enhancement of public and private sector systems which avoid the problems of entrenched bureaucracies and make the most effective use of Palestinian entrepreneurship and community and support networks. All too often it is necessary to prepare development plans in the context of bureaucratic structures which are not disposed to interact with one another (e.g., the Ministry of Health with the Ministry of Agriculture) or with the private sector (e.g., industry with public environmental agencies). In the virtual absence of such bureaucratic structures at the regional (i.e., West Bank or Gaza Strip) level, the potential exists to plan for the most effective and appropriate use of limited resources for Palestinian development. Moreover, donors and Palestinians have a unique opportunity to establish incremental programs and projects on which broader or more extensive development can be based both within and across sectors. For example:

- educational and training programs can be devised in light of short-, medium-, and long-term economic development plans in general and industrial expansion and agricultural trade specifically;
- innovative approaches to expansion of health services and to health promotion and disease prevention can be devised in recognition of and in cooperation with the productive private sector (e.g., workplace-based PHC and prevention activities); and
- support for industrial expansion and infrastructure development can be linked to appropriate and efficient use of natural resources and designed to promote protection of the environment.

***Benefiting from Israeli Experience.*** The factors of development in the Occupied Territories place them at a significant disadvantage with their primary trading partners—Israel and Jordan—and this has been seen primarily as negative with regard to development. However, opportunities exist for the Occupied Territories to learn from the experience of their most successful trading partner, Israel, as well as to learn from their specific economic interaction with that country. For example, educational and training opportunities in the Occupied Territories stand in stark contrast to those available in Israel. As the Israeli economist Aharoni has noted, human resource development in Israel has been a foundation of economic development. He states that "The long-term competitive advantage of Israeli firms is largely a function of their ability to exploit unique human capital capabilities."<sup>4</sup> Israeli investment in the educating and training its population is exemplary. Palestinians and donor organizations which support development in the Occupied Territories should consider adaptation of applicable Israeli educational and training policies and programs to their development plans.

***Addressing development policy questions.*** The current situation in the Occupied Territories also provides the opportunity for consideration of broad-based policy issues which entrenched bureaucracies often avoid facing. The policy questions that should be considered by Palestinians, donors and other involved in planning for development in the Occupied Territories include, for example:

1. Given that there no mechanism exists to ensure coordinated planning across sectors, what are the opportunities to ensure (insofar as possible) intra- and inter-sectoral linkages and decision-making for sustainable development? Such linkages include, for example, investment in productive industries which are not environmentally hazardous and in crop and livestock production which places minimum burden on land and water resources. A related consideration is that given the importance of integrated planning and the inherent difficulties in achieving it under the current circumstances, what should be the priority projects for the immediate (1-3 years), medium (3-5 years) and long-term (5-8 years)?
2. What will/should be the relative priority of public social and economic infrastructure systems (e.g., unemployment insurance, welfare, public health, social security/pensions as well as quality control and testing of medicines, protection of the environment, etc.) vis-a-vis investments in the productive private sector (e.g., tax benefits for private investment, public support for physical infrastructure for industrial zones)?
3. What contributions should donor agencies (bilateral, multilateral and private) make to improve the capacity of public services (e.g., health, education, physical infrastructure), pending a political resolution? Should such contribution include, for example, training the existing or an emerging cadre of municipally-based physical infrastructure employees (communications, electrification, transportation and water and sanitation) and/or investment in physical infrastructure projects themselves? What should be the relative priorities of investment in education and investment in improvements in technologies in the public and private sectors? While human resources development (education and training) is necessary (and a traditional investment role by itself), it is simply insufficient and could

lead to problems of social and/or economic instability if the economy does not soon rebound. Moreover, focusing exclusively on human resource development (in particular on degree training) has the disadvantage of requiring a long lead time before impact on economic development is realized.

4. What is the most appropriate and feasible degree of centralization/decentralization of public and quasi-public services, given cultural/geographical realities and practical economic and administrative considerations? What role could/should donors play in planning and preparing for centralization or decentralization of such services?
5. What is the most appropriate role for donors with respect to investment in the productive private sector? Given that the mechanisms used in both market and mixed economies to encourage investment and jobs creation are minimal (at best) in the Occupied Territories, what should donors do to assist in "jump starting" the economy in the Occupied Territories? What investments should be made in the cooperatives, which have (for all intents and purposes) assumed the role of quasi-shareholding for-profit companies, competing with privately held companies? Donors have supported the cooperatives extensively but have provided little support to the private sector. Should donors now provide financial support to privately-held, productive private sector companies comparable to such support provided to private companies in the U.S., Europe and the Pacific Rim (e.g., the U.S. government's Small Business Innovation Program)? Should donors work with the international banking community to facilitate loan guarantees to the private sector in the Occupied Territories for industrial development? To what degree should donors encourage or discourage small-scale enterprise in lieu of investments in medium- and large-scale industrial enterprises?
6. What should be the role of donors in preparing for assumption of certain public services (e.g., health, education, tax, regulatory and court systems)? On the one hand, there is considerable pressure for the Palestinians to assume responsibility for the social systems (e.g., health and education) in spite of the fact that they are not now responsible for the governmental systems with which those social service systems are inextricably linked (e.g., tax and regulatory systems). On the other hand, creating the basic (non-physical) infrastructure required for assumption of these responsibilities could consume a large proportion of the current donor allocation for the Occupied Territories.
7. Given that current policies of many donors, including the European Community and A.I.D. (as well as the World Bank, which has had representatives at the multilateral economic discussions), encourage privatization of services which are currently owned or managed by the public sector in some countries (e.g., electrification, transportation, communications, health), what investment should be made in municipal control of such services in the Occupied Territories? What rationale is there for such investment versus investment in encouraging private sector ownership/management of such services? Donors should be consistent in

their policies--if they support private sector development in the Occupied Territories, they should be prepared to invest in, or facilitate such development.

8. Given the current deteriorating economic situation what is the realistic potential for donors to consider immediate support for a large-scale public works program? Such a program--which could be comparable to that of the Civilian Conservation Corps (CCC) in the U.S. in the 1930s (and presently under consideration for adaptation by the incoming U.S. administration) focus on small- and medium-scale physical infrastructure projects (e.g., farm to market roads and environmental clean-up or protection). Moreover, the economic crisis would seem to call to developing a formalized social safety net--the absence of which helps to foster social disequilibrium in the Occupied Territories. Such a safety net could be comparable to those being designed by the World Bank for several developing countries; however, such programs require large infusions of financing--are donors prepared to provide such financing?

## E. TOWARD SUSTAINABLE DEVELOPMENT

The small population base of the Occupied Territories and other factors suggest that economic growth depends on export-oriented industry and domestic service enterprises (e.g., tourism); this builds on the historical mercantile tradition of Palestinians. In any case, such development must be as diversified as possible (and as practical), in order to lessen the dependence on one or another source of financing for economic development. It must also be based on improvements in the capacity of Palestinians to compete in the increasingly competitive and dramatically changing global economy and to manage their domestic quasi-public and private institutions.

Development planning in the Occupied Territories is taking place in the context of a dynamic and shifting political environment. When the preparation of these sectoral analyses was initiated in December, 1991, the Peace Talks had only just begun, and a different political party was in office in Israel. Since then, several sessions of the Peace Talks have taken place (with some progress, at least at the technical level), and elections in Israel and the United States (a co-sponsor of the Peace Talks) have resulted in changes in government in both countries.

In order to ensure that they are contributing most positively to the process of economic and social development in the Occupied Territories, donors should increasingly turn their attention to support of policies, programs and projects which are linked across sectors in ways which most effectively make use of the resources available. Moreover, in the event of political change, it will be necessary for donors and international private voluntary organizations (PVOs) currently operating projects in the West Bank and Gaza Strip (and most importantly for UNRWA) to recognize that they most likely will have different roles in the process of planning and implementing economic development and social programs in the area.

In the long run donors will need to recognize that the eventual fulfillment of great expectations of economic growth in the Occupied Territories will require infusion of sufficient funds for operating costs and capital investment, as well as technical assistance and training help create jobs and develop a healthy, competitive economy. If donors cannot provide a sufficient quantity of such funds directly, then facilitating access to funds from other appropriate sources should become a priority. Donors should also encourage cooperation—economic and otherwise—within the Middle East region, and in particular between Israel and the Occupied Territories. Such cooperation would strengthen the capacity of the countries in the region (and of the Occupied Territories) to compete in the changing global marketplace. It may also contribute to political and social stability in the area and in the Occupied Territories specifically.

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Table 1

## Summary of Recommendations by Sector

Agriculture	Education & Training	Finance & Credit	Health	Industry & Enterprise	Infrastructure (Communications, Electrification, Transportation)	Trade	Water & Sanitation
<b>ASSUMES STATUS QUO</b>							
Short-term relief program including agricultural feeder roads, land reclamation	Improve computer, laboratory & library facilities at public & private K-12 level & post-secondary educational & training institutions	Expand community-based savings & credit institutions (e.g., credit circles)	Strengthen health systems' planning & management at all levels of the health care system	(See finance & credit for related recommendations)	(See education for related recommendations.)	(See agriculture & industry for related recommendations.)	Design & implement small-scale water & sanitation projects, in the West Bank & Gaza Strip, using the most appropriate technologies
Improve capacity of Palestinian institutions to plan, manage & evaluate programs & projects	Expand & improve private sector initiatives in literacy & distance learning	Improve capacity of banks, credit institutions & insurance companies to plan, manage & evaluate their activities	Improve financial management capacity & potential for cost recovery at all levels & types of facilities	Enhance capacity of industry & enterprise in terms of productivity, quality control, management (financial, personnel, etc.)	Improve managerial & planning of Palestinians currently or potentially responsible for infrastructure projects	Conduct marketing studies & surveys to generate require trade-related data	Immediate design & implementation of wastewater recycling, large-scale water-catchment & other related projects in the Gaza Strip
Improve & expand marketing information & support systems; coordinate with other sectors, (e.g., industry for food processing)	Physically rehabilitate existing K-12 schools & construct new schools as necessary; include facilities for recreation & community-based education in rehabilitated & new schools	Develop finance & credit data and information clearinghouse	Expand facility, regional and inter-regional health planning & needs assessment activities	Develop & expand linkages between Palestinian industry & enterprise foreign universities & research institutions	Upgrade capacity of skilled and semi-skilled workers in infrastructure (focusing on skills in new technologies)	Expand & improve linkages between Palestinian firms and trade fairs & foreign business & trade and related institutions	Design & implement small- and medium-scale sanitation projects
Expand use of improved irrigation systems making better use of scarce water resources	Revise K-12 and post-secondary curriculum, including ensuring linkage of curriculum to development needs and employment opportunities	Expand credit for the productive private sector (e.g., loan guarantees)	Expand & improve capacity of institutions to collect, analyze & disseminate data & information for expanded health educational programs	Conduct comprehensive industry/enterprise inter- and intra-regional planning (including for feasibility/appropriateness of industrial zones)	Develop computer-based information systems for planning & management of infrastructure projects	Expand & improve economic infrastructure which improve domestic & import markets (e.g., capital projects & systems for monitoring quality control of products)	Upgrade capacity of Palestinian institutions to conduct water quality & other environmental studies
Expand and improve crop varieties & livestock production (to enhance marketing potential, improve land & water use)	Expand & improve teacher training in educational theory & practice & 1- grade levels & subject areas for which they are responsible	Conduct study of capacity of existing inst. to manage larger loans to the productive sector	Conduct an assessment of existing health research studies & data bases; disseminate results	Strengthen institutions which support industry & enterprise (e.g., Industrial Union(s), Chambers of Commerce, economic development institutions)	Upgrade & expand road networks, particularly key market access roads & roads in villages with little or no access to areas having basic services	Expand Palestinian trade missions & related short-term visits to foreign countries	Conduct water, air and other environmental studies, focusing initially on high risk areas
Develop industrial sector in Gaza, in lieu of expansion of agricultural sector, in view of water shortage	Expand availability of new educational technologies at K-12 & post-secondary levels & train teachers in use of same	Conduct study of & plan for broad-based insurance needs	Develop & implement facility and cross-facility health management & information systems	Develop/expand industry/enterprise data & information systems & clearinghouses (e.g., marketing information system.)	Develop regional infrastructure plans, by subsector (e.g., electrification), focusing on most cost-effective systems, & expand community involvement in infrastructure planning	Develop trade-related data & information systems & clearinghouses (linked to regional & international information systems)	Improve capacity of municipal & private companies to plan, manage & evaluate water & sanitation services & systems, including improving their capacity to recover costs of service
Expand capacity of Palestinian research & extension services	Improve management of educational & training institutions at all levels	Improve capacity of Palestinian institutions to carry out planning & devise policies & programs at the macroeconomic and microeconomic levels	Expand continuing education for health care providers to help ensure quality of care	Expand capacity for and conduct applied research studies of productivity & quality control, including directly & indirectly related factors (e.g., labor/management relations, occupational & environmental health practices, quality control mechanisms)	Conduct demonstration projects on alternative energy sources	Upgrade capacity of Palestinian firms to have competitive advantages (e.g., in new product development, quality control requirements of trading partners, marketing techniques)	Improve capacity of skilled & semi-skilled employees, focusing on new technologies & processes
Expand & improve linkages between Palestinian institutions and foreign public & private sector agricultural research & development institutions	Expand capacity of post-secondary institutions to provide short-term training in marketable skill areas		Develop/adapt practice guidelines for all provider categories & levels of care		Improve capacity of public, quasi-public & private organizations to design/adapt & manage infrastructure financial systems & to recover costs of related services	The U.S. should explore relaxation of any trade barriers on Palestinian products & implementation of favorable trade regulations	Conduct study of water pricing & utilization
Develop/expand an agricultural data & information clearinghouse	Expand capacity of post-secondary institutions to conduct applied research & development projects for the private sector (including expanding facilities & training of faculty)		Expand primary & secondary level care, community-based rehabilitation services, & mental health services to underserved areas		Expand electrification to villages without service & upgrade existing equipment		Develop/improve water & sanitation information systems
	Develop/expand an education & training data and information clearinghouse		Plan and implement regional systems care, to make the most effective and efficient use of scarce resources & improve care delivery		Design & expand support systems for industry/enterprise (e.g., quality control, product testing, consultation for environmental & occupational health & safety, trade)		Develop a water and sanitation data & information clearinghouse
	Develop & improve the design & use of educational assessment materials for use with teachers and students		Improve existing health data & clearinghouses		Improve ergonomics and productive capacity of existing and selected new industries/enterprises		
	Conduct an assessment of university programs to identify potential areas for regional coordination and resource sharing		Develop capacity of Palestinian facilities & health care providers to provide services which are not available in the O.T., if doing so would improve effectiveness & efficiency				
<b>ASSUMES POLITICAL CHANGE</b>							
Expand support for graduate training	Expand construction of new public schools, as necessary	Expand credit for productive private sector through loan guarantees, etc. through donor agencies, international, regional and national banking institutions	Support integrated health systems	Design & develop industrial zones, determined to be appropriate (see above)	Expand communications systems, using appropriate, low-cost technologies	Develop multi-national trade data & information systems	Plan & implement large-scale water & sanitation projects, as necessary
Expand support for improved buildings & laboratories for educational institutions	Expand research & development related to the productive private sector	Expand banking & credit services (branches of existing banks or institutions or new banks or institutions) to geographic areas in which no such services exist	Support public & private health financing mechanisms	Adapt/develop new products through loans or small grants	Expand integrated electrification system, using low-cost appropriate technologies	Develop/expand free trade zones	Expand support for multi-national water & sanitation projects in Middle East
					Expand road network & link with Israel & Jordanian road networks		

NOTE: This table does not include recommendations concerning donor coordination, nor those related to removal of bureaucratic or other constraints to development.

Table 2.  
Linkage Between Sectoral Recommendations & Development Goals & Objectives

Recommended Sectoral Activities	GOAL	Objectives	Strengthened capacity of both public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population	Improved use of renewable resources
	Improved economic & social well-being of the population	Increased productivity & marketing of agricultural & manufactured goods			
<b>Across Sectors</b>					
Elimination or alleviation of bureaucratic and other constraints	x	x	x	x	x
Strengthening the capacity of Palestinian public and private sector institutions to plan, manage & evaluate policies, programs & projects at the national, regional and local level	x	x	x	x	x
Improving the development, diffusion, use access to, evaluation & acquisition of technology in the public and private sectors	x	x	x	x	x
Improving management of and access to use of credit and financial services.	x	x	x		x
Improving the collection, analysis & distribution of data & information for use in public and private sector programs & projects, as well as access to relevant GOI and other data and information	x	x	x	x	x
Improving physical infrastructure & water & sanitation systems which support the public & private sectors & meet basic human needs	x	x	x		x
<b>Agriculture</b>					
Short-term relief program, including agricultural feeder roads and land reclamation	x	x		x	x
Improve capacity of Palestinian institutions to plan, manage & evaluate programs & projects	x	x	x	x	
Improve & expand marketing information & support systems	x	x	x	x	x
Expand use of improved irrigation systems, better use of scarce water resources	x	x	x	x	x
Expand and improve crop varieties & livestock production (to enhance marketing potential, improve land and water use)	x	x		x	x
Develop industrial sector in Gaza, in lieu of expansion of agricultural sector, in view of water shortage	x	x		x	x
Expand capacity of Palestinian research & extension services	x	x	x	x	
Expand & improve linkages between Palestinian institutions and foreign public & private sector agricultural research & development institutions	x	x	x	x	x
Develop/expand an agricultural data & information clearinghouse	x	x	x	x	x
Expand support for improved buildings & laboratories for agricultural training	x	x		x	
Expand support for graduate training	x	x	x	x	x

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Table 2, continued  
 Linkage Between Sectoral Recommendations & Development Goals & Objectives

Recommended Sectoral Activities	GOAL		Objectives	
	Improved economic & social well-being of the population	Increased productivity & marketing of agricultural & manufactured goods	Strengthen the capacity of public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population
<b>Education</b>				
Improve computer, laboratory & library facilities facilities at public & private K-12 level & post-secondary education & training institutions	x	x	x	x
Expand & improve private sector initiatives in literacy & distance learning	x	x	x	x
Physically rehabilitate existing K-12 schools & construct new schools as necessary; include facilities for recreation & community-based education in rehabilitated & new schools	x	x	x	x
Revise K-12 and post-secondary curriculum, including ensuring linkage of curriculum to development needs & employment opportunities	x	x	x	x
Expand & improve teacher training in educational theory & practice & in grade levels & subject areas for which they are responsible	x	x	x	x
Expand availability of new educational technologies at K-12 & post-secondary levels & train teachers in use of same	x	x	x	x
Improve management of educational & training institutions at all levels	x	x	x	x
Expand capacity of post-secondary institutions to provide short-term training in marketable skill areas	x	x	x	x
Expand capacity of post-secondary institutions to conduct applied research & development projects for the private sector (including expanding facilities & training of faculty)	x	x	x	x
Develop/expand an education & training data and information clearinghouse	x	x	x	x
Develop & improve the design & use of educational assessment materials for use with teachers and students	x	x	x	x
Conduct an assessment of university programs to identify potential areas for regional coordination and resource sharing	x	x	x	x
Expand construction of new public schools, as necessary	x			x
Expand research & development related to the productive private sector	x	x	x	x

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Table 2, continued  
 Linkage Between Sectoral Recommendations & Development Objectives

Recommended Sectoral Activities	GOAL		Strengthened capacity of both public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population	Improved use of renewable resources
	Improved economic & social well-being of the population	Objectives Increased productivity & marketing of agricultural & manufactured goods			
<b>Health</b>					
Strengthen health systems' planning & management at all levels of the health care system	X		X	X	X
Improve financial management capacity & potential for cost recovery at all facility levels	X		X	X	
Expand facility, regional and inter-regional health planning & needs assessment activities	X		X	X	
Expand & improve capacity of institutions to collect, analyze & disseminate data & information for expanded health education programs (incl. disease prevention & occupational and environmental health, for example)	X		X	X	
Conduct an assessment of existing health research studies & data bases; disseminate results	X		X	X	X
Develop & implement facility & cross-facility health management & information systems	X		X	X	
Expand continuing education for health care providers to help ensure quality of care	X		X	X	X
Develop/adapt practice guidelines for all provider categories & levels of care	X		X	X	X
Expand primary & secondary level care, community-based rehabilitation & mental health services to underserved areas	X		X	X	X
Plan and implement regional systems care, to make the most effective & efficient use of scarce resources & improve care delivery	X		X	X	X
Improve existing health data & clearinghouses	X		X	X	X
Develop capacity of Palestinian health facilities & to offer diagnostic & treatment services not available in the O.T. IF doing so would improve effectiveness efficiency of the system	X		X	X	
Support integrated health systems	X		X	X	
Support public & private health financing mechanisms	X		X	X	

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Table 2, continued  
 Linkage Between Sectoral Recommendations & Development Objectives

Recommended Sectoral Activities	GOAL				
	Improved economic & social well-being of the population	Increased productivity & marketing of agricultural & manufactured goods	public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population	Improved use of renewable resources
<b>Industry &amp; Enterprise</b>					
Enhance capacity of industry & enterprise in terms of productivity, quality control, management (financial, personnel, etc.) & research	x	x	x	x	
Develop & expand linkage between Palestinian industry & enterprise & foreign universities research institutions	x	x	x	x	x
Conduct comprehensive industry/enterprise inter- and intra-regional planning (including for feasibility/appropriateness of industrial zones)	x	x	x	x	x
Strengthen institutions which support industry & enterprise (e.g., Industrial Unions, Chambers of Commerce, & economic development institutions)	x	x	x	x	
Develop/expand industry/enterprise data & information systems & clearinghouses (e.g., marketing information systems)	x	x	x	x	x
Expand capacity for and conduct productivity & quality control, including directly & indirectly related factors (e.g., labor/management relations, occupational & environmental health practices & quality control mechanisms)	x	x	x	x	
Design & expand support systems for industry/enterprise (e.g., quality control, product testing, consultation for occupational health, trade)	x	x	x	x	x
Improve ergonomics and productive capacity of existing and selected new industries/enterprises	x	x	x	x	
Design & develop industrial zones, if determined to be appropriate (see above)	x	x	x	x	x
Adapt/develop new products through loans or small grants	x	x	x	x	x

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Table 2, continued  
 Linkage Between Sectoral Recommendations & Development Objectives

Recommended Sectoral Activities	GOAL		public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population	Improved use of renewable resources
	Improved economic & social well-being of the population	Objectives Increased productivity & marketing of agricultural & manufactured goods			
<b>Infrastructure (Communications, Electrification, Transportation)</b>					
Improve managerial & planning capacity of Palestinians currently or potentially responsible for infrastructure projects	x		x	x	x
Upgrade capacity of skilled and semi-skilled workers in infrastructure	x		x	x	x
Develop computer-based information systems for planning & management of infrastructure projects	x		x	x	x
Upgrade & expand road networks, particularly key market access roads & roads in villages with little or no access to areas having basic services	x		x	x	x
Develop regional infrastructure plans, by subsector, focusing on most cost-effective systems, and expand community involvement in infrastructure planning	x		x	x	x
Conduct demonstration projects on alternative energy sources	x		x	x	x
Improve capacity of public, quasi-public & private organizations to design/adapt & manage infrastructure financial systems & to recover costs of related services	x		x	x	x
Expand electrification to villages without services & upgrade existing equipment	x		x	x	x
Develop/adapt certification & standards for standards for physical infrastructure personnel for use in initial and on-going assessment of skills among municipal & quasi-public employees	x		x	x	x
Expand communications systems, using appropriate, low-cost technologies	x		x	x	x
Expand integrated electrification system, using low-cost, appropriate technologies	x		x	x	x
Expand road network & link with Israeli & Jordanian road networks	x		x	x	x

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Table 2, continued  
 Linkage Between Sectoral Recommendations & Development Objectives

Recommended Sectoral Activities	GOAL	Objectives	public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population	Improved use of renewable resources
	Improved economic & social well-being of the population	Increased productivity & marketing of agricultural & manufactured goods			
<b>Trade</b>					
Conduct marketing studies & surveys to generate require trade-related data	X	X	X	X	
Expand & improve linkages between Palestinian firms and trade institutions & foreign institutions, firms, & business & trade institutions	X	X	X	X	
Expand & improve economic infrastructure which improve domestic & import markets (e.g., capital projects & systems for monitoring quality control)	X	X	X	X	
Expand Palestinian trade missions & related short-term visits to foreign countries	X	X	X	X	
Develop trade-related data & information systems & clearinghouses (linked to regional & international information systems)	X	X	X	X	
Upgrade capacity of Palestinian firms to have competitive advantages (e.g., in new product development, quality control requirements of trading partners, marketing techniques)	X	X	X	X	
Develop multi-national trade data & information systems	X	X	X	X	
Develop/expand free trade zones	X	X	X	X	
<b>Water &amp; Sanitation</b>					
Design & implement small-scale water & sanitation projects in the West Bank & Gaza Strip, using the most appropriate technologies	X	X	X	X	X
Immediate design & implementation of wastewater recycling, large-scale water-catchment & other related projects in the Gaza Strip	X	X	X	X	X
Design & implement small- and medium-scale sanitation projects	X	X	X	X	X
Upgrade capacity of Palestinian institutions to conduct water quality & other environmental studies	X	X	X	X	X
Conduct water, air and other environmental studies, focusing initially on high risk areas	X	X	X	X	X
Improve capacity of municipal & private companies to plan, manage & evaluate water & sanitation services & systems, including improving their capacity to recover costs of services	X		X	X	X
Improve capacity of skilled & semi-skilled employees, focusing on technologies & processes	X		X	X	X
Conduct study of water pricing & utilization	X		X	X	X
Develop/improve water & sanitation information systems	X		X	X	X
Develop a water and sanitation data & information clearinghouses	X		X	X	X
Plan & implement large-scale water & sanitation projects, as necessary	X		X	X	X
Expand support for multi-national water & sanitation projects in Middle East	X		X	X	X

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Table 2, continued  
 Linkage Between Sectoral Recommendations & Development Objectives

Recommended Sectoral Activities	GOAL		public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population	Improved use of renewable resources
	Improved economic & social well-being of the population	Increased productivity & marketing of agricultural & manufactured goods			
<b>Trade</b>					
Conduct marketing studies & surveys to generate require trade-related data	X	X	X	X	
Expand & improve linkages between Palestinian firms and trade institutions & foreign institutions, firms, & business & trade institutions	X	X	X	X	
Expand & improve economic infrastructures which improve domestic & import markets (e.g., capital projects & systems for monitoring quality control)	X	X	X	X	
Expand Palestinian trade missions & related short-term visits to foreign countries	X	X	X	X	
Develop trade-related data & information systems & clearinghouses (linked to regional & international information systems)	X	X	X	X	
Upgrade capacity of Palestinian firms to have competitive advantages (e.g., in new product development, quality control requirements of trading partners, marketing techniques)	X	X	X	X	
Develop multi-national trade data & information systems	X	X	X	X	
Develop/expand free trade zones	X	X	X	X	
<b>Water &amp; Sanitation</b>					
Design & implement small-scale water & sanitation projects in the West Bank & Gaza Strip, using the most appropriate technologies	X	X	X	X	X
Immediate design & implementation of wastewater recycling, large-scale water-catchment & other related projects in the Gaza Strip	X	X	X	X	X
Design & implement small- and medium-scale sanitation projects	X	X	X	X	X
Upgrade capacity of Palestinian institutions to conduct water quality & other environmental studies	X	X	X	X	X
Conduct water, air and other environmental studies, focusing initially on high risk areas	X	X	X	X	X
Improve capacity of municipal & private companies to plan, manage & evaluate water & sanitation services & systems, including improving their capacity to recover costs of services	X		X	X	X
Improve capacity of skilled & semi-skilled employees, focusing on technologies & processes	X		X	X	X
Conduct study of water pricing & utilization	X		X	X	X
Develop/improve water & sanitation information systems	X		X	X	X
Develop a water and sanitation data & information clearinghouses	X		X	X	X
Plan & implement large-scale water & sanitation projects, as necessary	X		X	X	X
Expand support for multi-national water & sanitation projects in Middle East	X		X	X	X

Table 2, continued  
 Linkage Between Sectoral Recommendations & Development Objectives

Recommended Sectoral Activities	GOAL		Objectives		
	Improved economic & social well-being of the population	Increased productivity & marketing of agricultural & manufactured goods	Strengthened capacity of both public & private sector institutions to plan & manage on-going & development policies, programs & projects	Improved educational attainment, health, and participation in the workforce on the part of the population	Improved use of renewable resources
<b>Finance &amp; Credit</b>					
Expand community-based savings & credit institutions (e.g., credit circles)	X	X		X	
Improve capacity of banks, credit institutions & insurance companies to plan, manage & evaluate their activities	X	X			
Develop finance & credit data and information clearinghouse	X	X	X	X	
Expand credit for the productive private sector (e.g., loan guarantees)	X	X	X	X	
Develop the management infrastructure for the finance & credit sector (e.g., policy instruments for financial regulation & standardized credit applications)	X	X	X	X	
Conduct study of capacity of existing institutions to manage larger loans to the productive sector	X	X	X	X	
Conduct study of & plan for broadbased insurance needs	X	X	X	X	
Improve capacity of Palestinian institutions to carry out planning & devise policies & programs at the macroeconomic & microeconomic levels	X	X	X	X	X
Expand credit for productive private sector through loan guarantees, etc., through donor agencies, and international, regional and national banking institutions	X	X	X	X	
Expand banking & credit services (branches of existing banks or credit unions or new banks or credit institutions to geographic areas in which no such services exist)	X	X	X	X	