



دَوْلَةُ فَلسِطِينَ
STATE OF PALESTINE

National Development Plan

2014-16

State Building to Sovereignty

2014

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Foreword: National Development Plan 2014-16

This National Development Plan (NDP) 2014-16 is our guiding framework for achieving our supreme national goal: to realise our dream of liberty from the Israeli occupation and establishment of our sovereign State on the June 1967 borders with East Jerusalem as its eternal capital. This, along with all our other national aspirations and interests, are the key drivers of the NDP 2014-16.

As we move forward in this sensitive phase of our history, the NDP 2014-16 comprises policies and strategies designed finally to materialise our sovereign State and consolidate its control over our natural resources, develop the so-called Area C, particularly the Jordan Valley, and restore East Jerusalem and Gaza. This plan also signals our determined effort to boost our national economy, bolster our economic independence, and enhance the private sector's ability to build its productive capacity, its competitiveness and its capacity to create jobs for our people. The NDP 2014-16 continues the national endeavour to keep on strengthening the institutions of our future State, ensuring financial stability whilst delivering quality public services efficiently and sustainably.

In implementing the NDP 2014-16, we will be redoubling our effort to ensure a decent standard of living for all Palestinians. In doing so, we will take account of the differing needs and conditions of our people. We will diligently work towards alleviating poverty, reducing unemployment, and promoting equality and social justice. We will continue to strive for a robust democratic political system, grounded in the rule of law, pluralism, separation of powers, and peaceful transition of power. With due respect to human rights and fundamental freedoms, our political system is anchored in values of citizenship, integrity, transparency and accountability. The NDP 2014-16 also envisages enhancement of the role of the State of Palestine in Arab, regional and international forums as well as accession to international treaties and conventions. In support of this endeavour we will continue working to align our legislative framework and institutional structures with international norms.

With absolute belief in this plan, the government reiterates its full commitment to the principles of transparency, accountability, and respect for human rights, including first and foremost women's rights. The government also reaffirms its continued constructive approach to state-building, despite the occupation, to underpin comprehensive, balanced and sustainable development. The NDP 2014-16 will therefore build on achievements of successive Palestinian governments to ensure our public institutions remain ready to govern in the State of Palestine.

The long-standing and effective partnership of our public institutions with local and international agencies will continue to reinforce our effort to achieve our national goals. Strengthened by such partnerships we will, first and foremost, sustain social care initiatives and an inclusive and integrated social protection system capable of providing a decent standard of living for our people without discrimination on any grounds whatsoever. With special attention paid to poor and vulnerable groups, this social safety net will ameliorate pronounced development gaps and inequalities within our society. It will further ensure equality and equitable opportunities for our people. Further, we will ensure a high-quality social service delivery, with a particular focus over the coming period on strengthening the education sector. We must renew our efforts to enable

our children and youth to engage fully and actively in the development of our nation. The healthcare system will be developed, with focus on delivering higher quality health services.

In line with this strategic vision, we will continue to work with all our determination and persistence. We will remain energised by our national leadership and the on-going diplomatic efforts. We will continue to raise and consolidate international awareness of our national cause. At all regional and international forums and human rights organisations, we will make heard the voice and suffering of our political prisoners held in Israeli prisons. We will strive to secure legal representation for our political prisoners in the Israeli courts. We will provide education, social assistance, healthcare, rehabilitation and social reintegration to all released prisoners. They shall not be forgotten and they shall not be left alone.

East Jerusalem is the eternal capital of our State. The development of the so-called Area C is an intrinsic part of the NDP 2014-16 framework. Our dream of sovereignty and freedom in Palestine is rooted in this land and the rich natural resources it holds for our people. Our effort does not hinge on mere hopes; it is propelled by a real will to guarantee the perseverance of our people in their homeland. Every inch of our land, particularly in East Jerusalem and Area C, must be part and parcel of our national development effort and the building of our national economy. There should be not a shred of doubt; our effort to engage ever more local and international support for our national struggle and our development agenda will continue unabated.

This strategic framework, which guides and regulates the work of government, embodies President Mahmoud Abbas' vision of reaching a just political solution, which asserts our national rights on the basis of international legitimacy and relevant UN resolutions. Our policies, our development goals and our on-going work to implement them are consistent with his vision and the national interest of the people.

I am hopeful, and yet confident, that our national plan will bring success. We have worked hard to develop it, and we have worked hard to strengthen mechanisms and capacities to ensure that its goals and targets are achieved. The hard work of our people, in government, in the private sector and in civil society, will make this a success story of comprehensive, sustainable development and an empowered national economy that will drive growth and prosperity for future generations. We look to our international partners to lend their efforts and resources too for, whilst we aspire to sovereignty, freedom and self-reliance in a state of our own, we need their support.

Rami Hamdallah
The Prime Minister

Executive Summary

Approach: continued improvement of the national planning and budgeting process

The National Development Plan (NDP) 2014-16 is our third tri-annual national plan. It reflects the further embedding of integrated planning and budgeting, a strategic reform through which we are ensuring a comprehensive, coherent, participatory and results-based approach to policy development and implementation. It provides a strategic policy framework, agreed between all stakeholders, including the government, private sector, and civil society, that will guide government operations and development spending over the next three years. Linked to the macro fiscal framework and annual budgeting process, it targets the optimum and transparent allocation of available resources, and the effective and efficient use of those resources.

The NDP is structured along the lines of four key sectors: Economic Development and Employment, Good Governance and Institution Building, Social Protection and Development, and Infrastructure. It is informed by performance evaluations and lessons learned from earlier plans, providing a structured framework to monitor and evaluate effective and efficient policy implementation and public sector management.

In the effort to build and improve upon previous national plans, the preparation of the NDP was informed by a set of principles and guidelines approved by the Council of Ministers on 2 May 2013.

Table 1: Seven pillars of the approach to developing NDP 2014-16

- Enhanced national ownership of the national planning process
- Broad, effective participation
- Results-oriented planning and budgeting framework
- Realistic and achievable outputs
- Institutionalised planning processes and enhanced accountability and transparency
- A gender-responsive approach
- Respect for human rights

The Ministry of Planning and Administrative Development (MoPAD), alongside relevant government bodies, conducted a brief review of the process for preparing the NDP 2011-13. With some important refinements, the review process confirmed the need to adopt a similar approach in preparing the NDP 2014-16.

Table 2: Key refinements of the approach to developing NDP 2014-16

- Ensure a more participatory approach to preparing the NDP 2014-16: preparation of the plan was grounded in broad-based consultations, involving relevant specialists and stakeholders from across the public and private sectors as well as civil society.
- Mainstream gender equality throughout national planning process: in addition to upgrading the *Guidance on Updating Sector Strategies from a Gender Perspective*, Gender Unit staff were included in membership of planning and budgeting committees at all ministries and government agencies. A *Cross sector Strategy for Promotion of Gender Equality and Empowerment of Women 2014-16* was developed, with relevant priority policies disseminated to the heads of National Sector Strategy Teams.
- Institutionalise a human rights-based approach to preparing the NDP: several workshops were organised with a view to mainstreaming international human rights standards in the planning process. This effort culminated in the development of *Guidance on Human Rights Integration into National Development Plans* authorised by the MoPAD and Ministry of Justice.

Challenges: a volatile and uniquely challenging policy environment

Our supreme national goal is to realise the dream of our citizens to be unshackled from the Israeli occupation and to live safely in a sovereign State of Palestine, with East Jerusalem as its capital, in which their basic human rights and freedoms are respected and protected. Accordingly, our policy priorities, and the challenges we face in implementing them, must be seen through the lens of this vision of freedom. The UN recognition of Palestine as an observer state, and of its border on the territory occupied by Israel in 1967, added momentum to the struggle for our freedom and our rights, and the primary policy challenge for the coming three years is to build on this momentum and make the State of Palestine a reality.

Achievement of our policy agenda is subject to a complex set of intertwined external and internal challenges. The key challenges lie in the complex dynamics of international and domestic politics and the deleterious consequences of these on our economic situation and the living conditions of our citizens.

Table 3: Key challenges to NDP implementation

The Israeli occupation

- De facto control over the lives and resources of the Palestinian people, including borders, farmland, natural resources and aerial space, and determination to undermine our progress and development
- Pervasive control of a significant, resource-rich, part of the West Bank, including East Jerusalem and the Jordan Valley
- Blockade of Gaza; massive human insecurity and de-development
- Wall construction, ongoing settlement expansion, land grabs and home demolitions
- Isolation of East Jerusalem; intimidation and displacement of its Arab residents
- Restricted Palestinian trade and movement, effectively annexing the Palestinian economy
- Violations of Palestinians' basic human rights, including murder, arrests, detention without trial, displacement and destruction of property

Internal political and administrative divide

- Distraction from the effort to realise national independence and statehood
- Rendered the legislative council dysfunctional in both the West Bank and Gaza, obstructing democratic accountability
- Entrenched unbalanced and inequitable development across the homeland; undermining alleviation of poverty and delivery of quality social services
- Disrupts national policy and planning, creating fiscal imbalances inconsistent with the need to meet the needs of all members of Palestinian society over the long-term

Deteriorating economic situation and financial crisis

- Declining economic growth rates, moving towards stagnation; growth driven by unsustainable, externally-financed spending and expansion in non-productive sectors
- Israeli restrictions on movement and access; denial of access to resource-rich areas that hold

the most potential for propelling economic growth

- Ballooning trade deficit and plummeting private investment
- Economic decline exacerbating fiscal crisis, placing downward pressure on revenues
- Shortfalls in pledged donor support, resulting in inability to meet fiscal liabilities

Poverty and unemployment, particularly affecting women and youth

- Poverty among individuals is 25.8% - substantial discrepancy between the West Bank and Gaza, 17.8% and 38.8% respectively
- 12.9% suffer from extreme poverty, 7.8% in the West Bank and 21.1% in Gaza
- Unemployment rate of 23.7% - 19.1% in West Bank, 32.5% in Gaza
- 43% unemployment of young people aged between 20 and 24 – 35% among males and 75% among females
- Disenfranchisement and marginalisation – high proportion of youth are contemplating emigration; female participation in the labour force is low

Implementation of the NDP will be highly sensitive to changes, both positive and negative, in the political context. Accordingly, we will need to keep the NDP under constant review and adapt to significant contextual changes. For example, tangible, irreversible steps towards ending the Israeli occupation would necessitate a major rethink of our macroeconomic and fiscal projections to deal with the likely impact on business confidence and investment. On the other hand, further shortfalls in external donor financing, absent any improvement in political conditions would likely lead to economic contraction and fiscal collapse.

Policy priorities: state-formation under occupation

In this context of an extremely challenging political situation driving a prolonged and debilitating economic and social crisis, our major priority is to put an end to its proximal cause – the occupation of Palestine and the blockade imposed on its people. However, and until we achieve this, the existing extraordinary context, including the peculiarities of state-formation under occupation, extreme and volatile political conditions and the uncertainties of the ongoing negotiations process, necessitate a focus on several parallel and overlapping priorities.

Table 4: Key policy priorities

- In line with the two-state solution and on the basis of the 1967 border, establish state sovereignty and assert control over natural resources. Special attention will be paid to Area C, particularly the Jordan Valley and Dead Sea area, as well as to development of East Jerusalem and Gaza.
- Recover and build a knowledge-based national economy, reinvigorate the private sector, enhance corporate social responsibility, and enhance productive capacity and fair competition, especially in agriculture, industry, tourism, and information technology.
- Continue the institution building process, achieve fiscal stability, improve effective state functions, and develop capacity to deliver equitable, high-quality public services.
- Alleviate poverty and unemployment and promote social justice, taking account of discrepant needs and conditions of various social groups on the basis of gender, age, disability, and geographical regions.
- Enact a democratic political apparatus and promote community safety on grounds of respect of human rights, integrity, transparency and accountability.
- Enhance the visibility of the State of Palestine in Arab, regional and international forums and meet necessary conditions to accede to various international treaties and conventions. To this end, and to meet the higher national interest, national legislative and institutional structures will be developed in line with the requirements of these treaties and conventions.

These policy priorities drive the strategic approaches and objectives at the level of the four main sectors: Economic Development and Employment, Good Governance and Institution Building, Social Protection and Development, and Infrastructure. Many of these strategic objectives will take more than the three-year planning timeframe of the NDP to be achieved. However, we will track progress towards achieving these objectives through our monitoring and evaluation system.

Economic Development and Employment sector

Our efforts in the Economic Development and Employment sector are aimed at safeguarding the right to productive work and a decent standard of living for all Palestinian citizens. We plan to tackle poverty and unemployment head-on, working closely and constructively with the private sector. We will focus on facilitating sustainable growth in the productive sectors, as well as progress towards a more knowledge-based economy. We will also work on liberating the economic potential of the Jordan Valley and other resource-rich areas of the West Bank.

It is clearly a massive challenge to reverse the effects of decades of occupation and de-development of our economy, especially in neglected but resource-rich areas such as Gaza, East Jerusalem and the Jordan Valley. There are no quick fix solutions and it is important that all donor-sponsored economic initiatives are implemented as part of the Strategic Economy Transformation Programme, linked to the NDP. Only through such a programme will we be able to end economic hardship and lay the economic foundations of a sustainable, independent state. Furthermore, strong political will on part of the international community is essential to ensure that Israel relinquishes its restrictions and control over the primary levers of the Palestinian economy.

Table 5: Strategic objectives: Economic Development and Employment

Strategic approach of the Economic Development and Employment sector	Establish more robust foundations for an independent, equitable and sustainable national economy, which materialises sustainable development, provides decent employment opportunities to citizens and enhance their productivity.
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1. Investments creating employment opportunities have increased
2. An enabling environment for balanced economic growth and development is in place
3. National productive capacity and the competitiveness of Palestinian businesses has improved
4. Entrepreneurial and innovative initiatives among the youth and women in the economy sector have expanded, both quantitatively and qualitatively

Good Governance and Institution Building sector

Our public institutions are ready to perform functions and carry out responsibilities of a sovereign state – reports of the International Monetary Fund, UN agencies, and the World Bank have repeatedly confirmed this. Over the past five years, the security situation has improved markedly, and so has the wider security sector performance in ensuring public order and rule of law. Public perceptions of security and safety have underpinned increasing trust and confidence in the security and justice sectors, with citizens turning to formal security and judicial institutions in search of impartial justice. Recognising the need for inclusive, regionally-balanced development, we have continued to support and strengthen local government. We have also strengthened the public financial management apparatus, on both the revenue and expenditure sides consolidating transparency, accountability and anti-corruption activity within the public sector.

However, our institution-building efforts and achievements are undoubtedly under threat from the effects of the physical, political and administrative divide between the West Bank and Gaza. Resumption of the normal operation of the legislative council and legislative processes is essential to ensuring long-term, sustainable good governance in the State of Palestine. Reunification would also enable the executive branch of government to implement policies to ensure balanced, equitable and sustainable public services and development throughout Palestine.

Table 6: Strategic objectives: Good Governance and Institution Building

Strategic approach of the Good Governance and Institution Building sector	Institution building on the grounds of respect of human rights, fundamental freedoms and citizenship rights. Citizens will enjoy protection of the law without discrimination under an independent, effective and efficient judicial authority and a professional security establishment. In addition to effective and efficient national and sub-national governments that are capable of high-quality, proficient public service delivery, this strategic approach ensures public participation and a decentralised approach to decision-making and public accountability processes.
<ol style="list-style-type: none"> 1. More effective, efficient and transparent management and allocation of public finances 2. Local Government Units throughout governorates are more capable of a better public service delivery 3. More effective delivery of, and equitable access to, public services 4. Enhanced ability to provide security and access to justice 5. More effective Palestinian presence in Arab and international forums as well as within Palestinian communities in the Diaspora 	

Social Protection and Development sector

We will continue to focus efforts on enhancing and sustaining social services and ensuring equitable access to those services. Service delivery will continue to be organised within a framework of partnership and operational integration with the private sector, civil society, and various UN agencies. We will ensure an inclusive, integrated social protection system that, without discrimination, ensures a decent standard of living for all citizens, particularly the poor and other vulnerable groups. However, we are resolved to empowering our citizens, helping them manage the transition from dependency to self-reliance, thereby achieving prosperity and a decent way of life. We also recognise that strategic and sustained investment in quality education is indispensable to building national human capital and unleashing our potential to consolidate a growing, knowledge-based economy in a free and democratic state of our own.

Ensuring social justice is our top priority in the near-term. We will work towards reducing development gaps and inequities within our society on grounds of gender, age or community. Resources and effort will be focused on the most marginalised areas and groups. We will continue to build on and develop partnerships with the private sector, civil society and UN and international agencies to address and alleviate the high rates of poverty and unemployment, which pose a threat to our social fabric. Recognising its importance to social cohesion and the morale of the nation, we will also invest resources to safeguarding our national culture and heritage.

Furthermore, we are determined to ensure comprehensive and meaningful participation of women and the youth in national decision-making, the economy, and the broader national development process. To fail to do so would be not only be a grave injustice, it would also be a neglect to employ some of our best resources in the national endeavour to establish our democratic state and a thriving economy.

Table 7: Strategic objectives: Social Protection and Development

Strategic approach of the Social Protection and Development sector	Continue to provide sustainable, high-quality, rights-based and gender-sensitive social services, contributing to maintaining social justice between social groups and areas. These will provide protection and empowerment to children, women, young people, the elderly and people with disabilities in a society governed by a pluralistic, innovative national culture, which safeguards its heritage and preserves its social cohesion and solidarity.
<ol style="list-style-type: none"> 1. A rights-based, gender-sensitive, and a more inclusive, integrated and sustainable social protection system to alleviate poverty, marginalisation and social exclusion 2. Education, higher education, and TVET systems ensure high-quality education for all without discrimination, linked to the labour market and society needs, and keep pace with scientific and academic advancements 3. A more integrated healthcare system, providing high-quality, equitable public health care services for all 4. More accessible cultural activities, promoting a pluralistic, open and innovative national culture, which denounce all forms of discrimination, as well as preserving and renewing cultural heritage 5. Palestinian youth, including males and females, are more capable of participation in the labour market and social, political, cultural and sports events, and contribute more effectively to national development 6. An empowered Palestinian woman who enjoys more protection and better participation in the labour market and public life, with easier access to all basic services and with equitable opportunities without discrimination 	

Infrastructure sector

Provision of quality public infrastructure plays a critical role in our effort to deliver fundamental human rights to our citizens, including the right to free movement, the right to adequate housing, and the rights to affordable energy and clean water. Investment in infrastructure is also a central component of our strategy to facilitate private-sector driven growth of our economy. Whilst we have recorded some major successes in infrastructure development, our main challenge remains in ensuring infrastructure connectivity in regional networks and in construction and rehabilitation of key national infrastructure systems. We could address this situation, if we were free to manage our own natural resources, especially in Area C, and move freely throughout and between the West Bank and Gaza. Instead, for example, compulsory connection with Israeli grids, effectively ceding control of the quality and quantity of the supply of public utilities to external actors, results in lower quality services at higher prices.

Finalisation of the National Spatial Plan (NSP) represents a key milestone in our effort to develop our national infrastructure networks. The NSP is currently being developed in partnership with the private sector and civil society. It will provide spatial development policies and priorities for the future State of Palestine and provide more focus on alternative energy sources and environmental conservation. However, as past experience has demonstrated, these improvements in national infrastructure are highly susceptible to indefinite delay and even destruction at the hands of the Israeli government and army.

Table 8: Strategic objectives: Infrastructure

Strategic approach of the Infrastructure sector	A sustainable, equitable Palestinian infrastructure, which contributes to promoting economic development, independence, social justice and connectivity within Palestine and with the outside world.
<ol style="list-style-type: none"> 1. Safer and more effective and efficient transportation system and road networks in line with international standards and integrated with Arab and international networks 2. Energy secured and supplied to consumers in sufficient quantities, at reasonable prices, and in line with technical and environmental specifications that meet international standards 3. A Palestinian water and wastewater management sector that is more organised and more capable of securing water rights for citizens and materialising a fair distribution for all purposes 4. A less contaminated Palestinian environment and safeguarded cultural heritage and natural environment, which are managed in a more sustainable manner 5. An adequate, affordable and culturally appropriate housing sector, which ensures secure tenure, allows access to public services, and meets citizens' needs more effectively and efficiently 	

Macroeconomic and fiscal framework: coping with a precarious fiscal outlook

Economic and fiscal projections in the NDP 2011-13 assumed the progressive removal of externally-driven constraints placed on Palestine's economy. This included the removal of all obstacles to movement and access, the lifting of the Gaza blockade, and an adequate financial support from the international community. Under this scenario, real GDP growth was expected to reach 12% by the end of 2013. However, the required steps forward in the international political context did not materialise; Israel has continued to impose constraints on the movement of people and goods and the ongoing occupation prevented any restoration of business

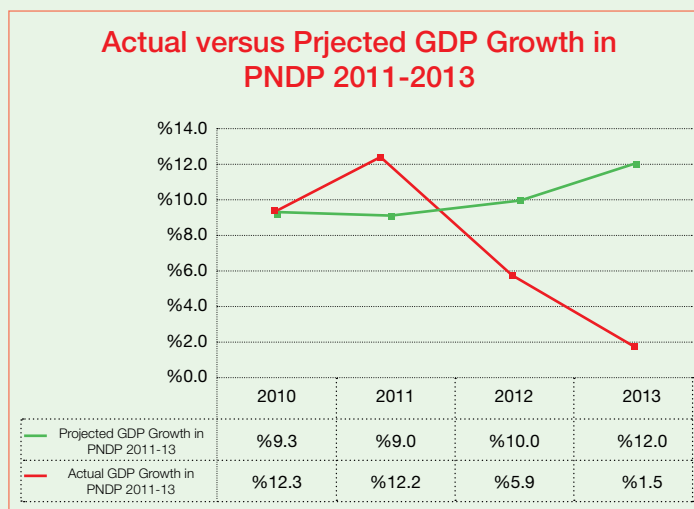
confidence and investment. With ever increasing restrictions on crossing points, Israel has continued its blockade of Gaza and to constrain the movement of goods and people both within the Palestinian territory and into the outside world. Israel has also continued to destroy Palestinian homes and businesses, as well as to seize and deny access to our natural resources. These practices continue to undermine our efforts to build a strong economy and achieve fiscal independence.

Successive Palestinian governments have worked towards reducing the budget deficit and a progressive reduction in dependency on external aid by growing domestic revenues. Compared to 14.9% in 2010, we managed to reduce the budget deficit to 12.2% of GDP in 2013. Rationalisation of expenditure yielded a decline in recurrent spending and net lending to 32.7%, compared with 36.9% in 2010. However, primarily due to the poor economic trajectory described above, we could not elevate revenues, which declined to 20.5% of GDP in 2013 compared with 22% in 2010.

Despite our efforts to achieve fiscal stability and progressively eradicate reliance on external aid, we have been frustrated by Israeli obstacles, stalling national reconciliation, and a national economy in stasis. Consequently, we remained in need of significant external support to cover public expenditures. However, donor financial support has been unpredictable and volatile. It dropped as a percentage of the GDP over the past three years, particularly in 2011 and 2012. Compared to 13.8% in 2010, external aid decreased to 7.6% of GDP in 2012 before rising again to 11.7% of GDP in 2013.

In the light of past experience and recognising the need for prudence to prevail over optimism, the baseline scenario of the NDP 2014-16 macro framework assumes continuation of the status quo in relation to political, and hence economic, conditions. Under this scenario, GDP growth is projected to fall in 2014-16 and reach 1% in 2016. The baseline scenario assumes that government revenues (as a proportion of GDP) will not see a substantial rise absent the tailwinds of economic growth and investment. Recurrent expenditure is projected to drop, declining to 32.1% of GDP in 2016 primarily through wage bill restraint.

The baseline scenario also assumes that donors will continue to provide substantial support to finance the budget. In 2014-16, external support is projected to remain around the same as 2013 (in % of GDP terms). Any shortfall in external financing of the recurrent budget will drive up net lending, public sector arrears and



borrowing from commercial banks at high interest rates, deepening the fiscal crisis. On the other hand, real progress towards dismantling of the machinery of the occupation and unfettered access to our national resources over the next three years (the optimistic scenario) could easily yield GDP growth in the region of 12% by 2016 and set us firmly on the path to fiscal independence.

Table 9: External financing (baseline scenario)

	USD millions						
	Actual				Projected		
	2010	2011	2012	2013	2014	2015	2016
External financing – recurrent	1,147	814	775	1,255	1,329	1,485	1,488
External financing - development *	131	169	156	106	300	300	300
Total	1,278	983	931	1,361	1,629	1,785	1,788

* Amounts do not include off-budget external development financing

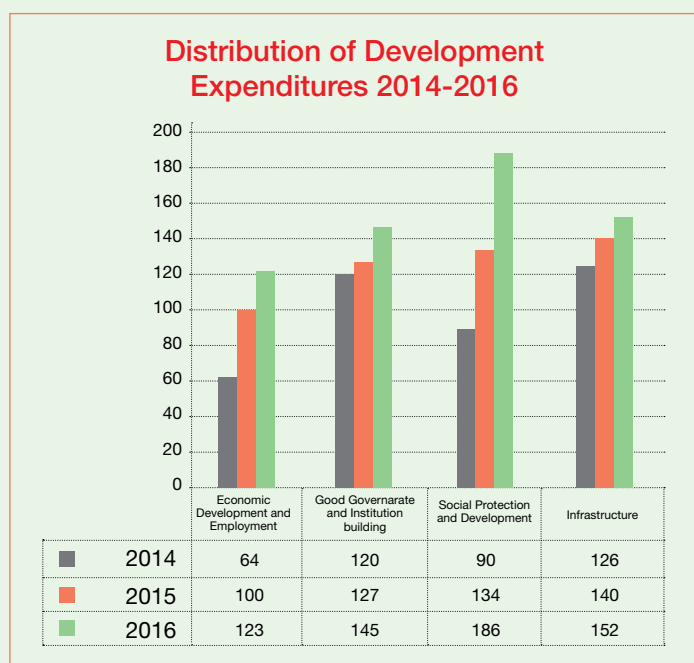
Public expenditure plan: investing in growth, tackling unemployment and poverty

Due to the unstable political and economic situation, the Public Expenditure Plan 2014-16 is framed by the modest baseline scenario of the macroeconomic and fiscal framework. During the next three years, projected total operating and development expenditures will amount to almost US\$ 13.45 billion, including US\$ 11.95 billion for operating expenses and US\$ 1.5 billion for development spending. While operating expenditures are not expected to show a significant increase over the next three years, development expenditures are projected to rise from US\$ 400 million in 2014 to US\$ 500million in 2015, and reach US\$ 600 million in 2016.

Table 10: Project expenditures (baseline scenario)

Expenditures(US\$ million)	2014	2015	2016	Total
Recurrent(including net lending)	3,866	3,982	4,101	11,949
Development (on & off budget)	400	500	600	1,500
Total	4,266	4,482	4,701	13,449

For each of the four major sectors, and their underlying subsectors and programmes, we will appropriate a defined operating and development budget. These appropriations will be aligned with development priorities and reflect our determination to make targeted investments to stimulate economic recovery, tackle unemployment and fight poverty. Notwithstanding the anticipated rise in the absolute value of development expenditures across the four major sectors, resources will be redistributed in line with policy priorities. Accordingly, we will increase investment in the Economic Development and Employment sector as a proportion of total development spending. Similarly, investment in the Social Protection and Development sector will rise significantly. On the other hand, growth in investment in the Good Government and Institution Building sector and the Infrastructure sector will be more modest.



The public sector cannot carry the burden of financing national development and growth alone and over the long-term. We will continue to partner with the private sector, nongovernmental organisations and international partners in order to build the foundations of a thriving economy that will ensure a decent standard of living for all citizens, reducing reliance on social assistance and public investment.

Implementation: managing for results

Programme budgeting and project cycle management

Provided the current political and context does not take a severe turn for the worse, the NDP 2014-16 will be a reasonable guiding framework for budget preparation and execution over the next three years. Budget programmes developed by line ministries and other government bodies will guide implementation of the NDP 2014-16. These link specific programme goals, objectives and outputs, alongside the related financial inputs, to the NDP policy framework. Development initiatives, whether funded internally or externally, will be integrated into these programmes.

In the light of the protracted financial crisis, public expenditure will remain dependent on donor financing. Achievement of our national policy agenda will require therefore ever stricter application of prudent, effective and efficient allocation and use of available resources. To this end, we will work with international partners to align aid with the NDP 2014-16 priorities. We will coordinate with international partners to ensure aid is delivered, to the greatest extent possible, through the proper institutional channels and, in all cases, in compliance with national laws and regulations. We will work vigorously with development partners towards implementing our "one-gate policy" to drive optimum allocation of external aid, ensuring efficient and effective utilisation of available resources, eliminating wasted and duplicated efforts, and ensuring that aid effectiveness is not jeopardised.

Table 11: Improvements in implementation mechanisms: project cycle management

- To institutionalise the discipline of the "one-gate policy" and minimize aid that falls outside of the NDP framework, and hence outside national priorities, we are developing a Project Cycle Management System (PCMS).
- Expenditure and results in relation to these projects, whether financed by the government or by donors, will be rigorously monitored through integration of the PCMS with the process of developing budget programmes.
- Government ministries and agencies will otherwise be fully responsible for the management of their respective development projects.
- The roles MoF and MoPAD will be limited to providing guidance, quality assurance and monitoring of consistency and effective coordination between government bodies.
- A Project Registry will be developed to track progress in each project cycle – this will provide additional data to contribute to aid management and coordination.

Monitoring and evaluation

In 2009, the Council of Ministers approved the establishment of the MoPAD Monitoring and Evaluation Directorate. The directorate has developed a national framework of indicators along with baseline data that allows measurement of achievements over time. The accountability of government ministries and agencies is enforced by measuring performance against targets set through the national planning process.

The M&E system operates at three levels:

1. Micro-level (programmes and projects): Government bodies responsible for policy implementation monitor performance of each of their projects and programmes and provide periodic reports to the MoPAD M&E Directorate.
2. Intermediate level (strategies, sector objectives and policy components): In consultation with line ministries and government agencies, MoPAD establishes and operates a monitoring framework based on sector level indicators.
3. Macro-level (national goals and objectives): MoPAD establishes and operates a monitoring framework of national indicators used to assess national achievements as well as make regional and international comparisons.

MoPAD will continue to provide annual and semi-annual M&E reports to provide updates on progress on implementation of the NDP. At the same time, MoPAD will continue to work to upgrade M&E systems and procedures at all levels of government so as to improve the quality of, and accountability for, policy implementation.

Conclusion: status quo or real change?

As we enter our third tri-annual national planning cycle, there is much to be proud of. The security and justice sectors have made great strides in bringing peace and the rule of law in the areas they have access and control. We have made marked progress in improving transparency and accountability in our management of public finances, as well as improving revenue collection. There have also been notable improvements in public infrastructure and public service delivery, despite the constraints on basic operations and development activities imposed by Israeli restrictions. The World Bank, IMF and UN agree that we have built sufficient institutional capacity to complete the establishment of a free and democratic state of Palestine. These agencies have also concluded that the machinery of the occupation, including restrictions on movement and access within and the territory occupied in 1967 and into the outside world, is a primary impediment to a healthy economy that is not dependent on external aid.

There have also been significant improvements in the national planning process itself. We are moving towards a system of programme budgeting and project cycle management that will consolidate linkages between planned outputs and outcomes with resource inputs, including off-budget external financing for development initiatives. This, along with redoubled efforts to enforce our one-gate policy for external aid, will further add to accountability for, and the effectiveness of, all government expenditure and external aid for the benefit of both our citizens and our development partners. We have also embedded gender mainstreaming and human rights-based planning and budgeting through a suite of institutional reforms and this has been the most participatory national planning process in the history of the PNA.

Our previous national plan assumed an end of the occupation and robust economic growth, leading to

a peaceful, stable and prosperous Palestine. This turn of events did not materialise. To the contrary, the occupation, and indeed settlement expansion and land grabs continued, leading to a retreat in economic growth, rising unemployment and poverty, and a fiscal crisis that was further exacerbated by shortfalls in external aid. Compounded by the ongoing political and administrative divide between Gaza and the West Bank, this has undermined the freedom, quality of life and optimism of our citizens, most particularly in embargoed Gaza, isolated East Jerusalem and vast swathes of the West Bank that are cut-off from regular public service delivery by the PNA.

In this national plan, we are compelled to base our public expenditure plan on a more pessimistic scenario that does not assume significant progress on the political front and hence a period of economic contraction and stagnation. Nevertheless, though we will continue efforts to contain our public expenditures, primarily through public sector wage bill restraint, even this scenario assumes that external financing will remain roughly at 2013 levels, rather than the depressed levels witnessed in the prior two years as donor fatigue apparently reached a peak. Should external aid decline once again, we will be forced to review and revise our national plan before the end of the three-year period with a view to assessing if and how we can avert total fiscal collapse.

There is no doubt that we are in dire need of new initiatives to inject confidence and investment into our economy in order to drive growth. This is a key priority of the NDP, as a means of addressing spiralling unemployment and poverty. However, experience of the last few decades clearly demonstrates that such initiatives will only have material and lasting impact if they are part of a strategic programme of initiatives, aligned with national priorities and proceeding against the backdrop of progress on the political front that leads to timely, orderly and irreversible dismantling of the occupation regime. Indeed, if such a state of affairs does emerge, our projections indicate that GDP growth could easily reach 12%. Crucially, we believe that, in pursuing the NDP agenda of investing in productive sectors of the economy and responsible utilisation of resource-rich areas such as the Jordan Valley, this growth would be both sustainable and, under judicious stewardship, would indeed have a positive environmental impact.

Of course, economic growth alone is not our objective. If that is all we achieve over the coming three years, we will have failed to meet the just aspirations of our people. We can settle for nothing short of an end to the occupation and a free, unified and democratic state of Palestine in which our human rights are respected and protected. Only then can we start to reverse decades of de-development and injustice that are now most acutely felt by women and young people across our territory, most particularly in embargoed and isolated areas such as Gaza, East Jerusalem and the 'seam zone' around the Separation Wall, as well as those languishing in Israeli prisons. We therefore urge our international partners to renew and increase their political and economic support in order to finally bring fruit to our effort to build a safe, prosperous and free Palestine on the 1967 borders that enjoys constructive and productive relations with all its neighbours and the international community as a whole.

1. Introduction

The National Development Plan (NDP) 2014-16 is the product of the third comprehensive tri-annual national planning process, the first of which was initiated in 2007. The NDP process is designed to enhance the integration of national planning and budgeting processes. Underpinned by planning experience derived from previous national planning cycles, the NDP 2014-16 further embeds national planning and budgeting integration through a streamlined, coherent, comprehensive and results-based approach. In particular, this NDP is informed by experience and lessons learnt from the NDP 2011-13 process.

The NDP 2014-16 provides a strategic policy framework, which sets Palestinian directions and priorities for the next three years. These are agreed between all stakeholders, including the government, private sector, and civil society. The NDP represents a framework that guides government functions and development interventions and ensures the optimum allocation of available or projected resources, enabling a transparent, effective and efficient use of those resources. It also represents an effort to ensure fiscal stability as well as a realistic, sustainable and equitable development expenditure plan.

Through the current national planning process, the government has paid special attention to promoting and consolidating efforts and achievements made through implementing previous development plans in each of the four key sectors: Economic Development and Employment, Governance and Institution Building, Social Protection and Development, and Infrastructure. To maintain and build on prior achievements in line with national needs and aspirations, the NDP is informed by performance evaluations and lessons learnt from earlier plans¹. In turn, like the 2011-13 plan, the current NDP provides a practical framework to monitor and evaluate effective and efficient policy implementation and public sector management over the coming cycle. Overall, the NDP 2014-16 will enhance management of the development process. In advance, it will identify and validate anticipated results and monitoring mechanisms. Accordingly, the right decisions will be made to ensure tangible achievements.

1.1 NDP 2014-16 Development Policy Principles

The NDP 2014-16 is informed by a set of policy principles and guidelines defined by the Development Framework of the National Development Plan 2014-16, approved by the Council of Ministers on 2 May 2013. The guiding principles are as follows:

1. **Enhanced national ownership of the national planning process:** The new NDP will be compiled by national experts and specialists. National actors from across the spectrum, including line ministries and government bodies, will be involved in an organised, integrated planning process that identifies and meets all citizens' needs and aspirations. This is designed to establish a broad consensus on national goals and priorities.
2. **Broad, effective participation:** Broad, effective involvement of all relevant actors in the NDP process is essential to secure a national consensus on major issues and challenges as well as strategic policy priorities and approaches to implementing them. Many stakeholders will also contribute to implementing the NDP and supporting the achievement of national goals. To this end, the participatory approach of the previous national planning cycle will be enhanced to ensure broader participation, coordination,

1. In addition to MoPAD-issued NDP 2011-13 Monitoring and Evaluation Reports, these include sector review results compiled by National Sector Strategy Teams in the context of developing and upgrading sector and cross-cutting strategies.

and consultation between all relevant actors. These include the political leadership, public and private sectors, civil society organisations, and relevant international agencies.

3. **Results-oriented planning and budgeting framework:** The NDP 2014-16 will be designed to improve and build on previous national planning exercises. It will further align government policymaking and planning functions with resource allocation and budgeting processes. Ultimately, government performance and public service delivery will tangibly improve as a result.
4. **Realistic and achievable outputs:** The NDP preparation process is not an end per se. The NDP must be an effective and efficient tool to streamline decision-making and to manage and support development activity in Palestine. The NDP must be realistic and responsive to national needs and priorities. To this end, the new NDP will include specific policies and clear, realistic targets in line with a reasonable fiscal framework and a definite timeframe.
5. **Institutionalised planning processes and enhanced accountability and transparency:** Bringing greater transparency and accountability to government policy-making and implementation is essential to ensuring the credibility of the NDP. The NDP 2014-16 must be prepared in a fashion that further institutionalises key processes within all ministries and government agencies. Specialised departments will be established and/or reinvigorated to ensure more effective planning, monitoring and evaluation of the NDP objectives and activities.
6. **A gender-responsive approach:** Recognising the significant role of both women and men in the national development process, the government believes that all Palestinian men and women should have equitable access to available resources. The new NDP will build on previous plans to better integrate gender-related issues in national plans and budgets. It will ensure fair distribution of resources between various social groups and secure an adequate level of sustainable development and social justice. This is consistent with the Council of Ministers' decisions on the integration of gender into national plans and public budgets, including the 2009 Council of Ministers' Decision on the Adoption of Gender-responsive Budgets.
7. **Respect for human rights:** The NDP process will be informed by a human rights-based approach. Within national development policies, plans and projects, the NDP will incorporate binding international standards enshrined in relevant conventions and treaties, particularly the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and International Covenant on Economic, Social and Cultural Rights.

1.2 Approach and Methodology

At the outset of the process of preparing NDP 2014-16, the Ministry of Planning and Administrative Development (MoPAD), alongside relevant government bodies, conducted a rapid review of the process for preparing the NDP 2011-13. With some important refinements, the review process confirmed the need to adopt a similar approach in preparing the NDP 2014-16. The process enshrined the following guiding principles:

- Implement an approach that appropriately combines bottom-up and top-down planning methodologies. This requires that the centre of government develops high level policies for all government agencies and national sectors to establish a guiding, strategic planning framework. At the same time, government bodies need to be allowed space to identify priorities on an institutional and sector level in line with the guiding framework.
- Maintain the strategic approach applied in the NDP 2011-13 process. National policies and targets will

be identified through preparation of sector strategies that establish medium-term priorities in line with a long-term vision.

- Update strategies and policies based on available evidence and data. Previous strategies and policies will be reviewed in light of actual results as well as changes in the context, thus laying the foundation for new strategic goals and policies.
- Ensure a more participatory approach to preparing the NDP 2014-16. The approach will be grounded in broad-based consultations, involving relevant specialists and stakeholders from across the public and private sectors as well as civil society.
- Entrench a negotiation-based planning approach. Clear cooperation and coordination mechanisms will be established and appropriate forums created to ensure consensus and coordination in inter-agency planning and implementation.
- Grounded in principles of equality and fairness, the NDP process will mainstream gender equality throughout national planning process. In addition to upgrading the Guidance on Updating Sector Strategies from a Gender Perspective, Gender Unit staff will be included in membership of planning and budgeting committees at all ministries and government agencies. A Cross-sector Strategy for Promotion of Gender Equality and Empowerment of Women 2014-16 will also be developed, with relevant priority policies disseminated to heads of National Sector Strategy Teams (SSTs). These will be taken into account in the development of individual sector strategies. In addition to capacity building measures, planning and budgeting teams will receive necessary technical support to develop gender-responsive plans and budgets.
- To institutionalise a human rights-based approach to preparing the NDP, and in line with the Palestinian Basic Law, several workshops were organised with a view to mainstreaming international human rights standards. This effort culminated in the development of the Guidance on Human Rights Integration into National Development Plans. On 15 January 2014, the document was duly authorised by the MoPAD and Ministry of Justice (MoJ).

The most significant enhancement to the planning and budgeting process underpinning the NDP 2014-16 was the adoption of programme-based budgeting and performance measurement approach across all ministries and government agencies. The NDP 2014-16 also features a consolidation of recurrent and development expenditures into a single budget, representing a shift from budgeting on a line-item basis to programme-based budgeting. This has allowed further deepening of the integration of planning and budgeting, resulting in better alignment and consistency between the two functions, and ensuring that available resources are realistically allocated to various sectors in line with national priority policies. These enhancements are part and parcel of the government's ongoing public financial management reform programme.

This integrated planning and budgeting approach comprises three key levels:

On the topmost level, the NDP provides the national vision, strategic goals, sector policies, and medium term expenditure framework (MTEF).

On the second level, sector and cross-sector strategies provide a more detailed account of the NDP vision, strategic goals and policies in relevant sectors and subsectors. The NDP and national policy development teams are guided by these sector and cross-sector strategies as they present a detailed perspective of each sector and subsector. These are developed in line with the general framework of the national vision and policies. Accordingly, the NDP and sector strategy development is a reciprocal, complementary process

designed to establish a unified, consistent development view.

Budget programmes represent the **third layer** of the integrated framework. As expenditure and management hubs in line ministries and government agencies, implementation of budgetary programmes drives the execution of public service delivery in line with strategic goals at the sector and national levels. Budgetary programmes are minutely detailed, ensuring financial resource allocation in line with the annual national budget, and are linked to anticipated results in relation to outputs and public service delivery.

The preparation of cross-sector and sector strategies establishes linkages between the national vision and policy priorities and the budget programmes. Hence, the above three levels are interlinked and mutually reinforcing in terms of providing a guiding framework for policy implementation that is realistic in the context of available financial resources.

Figure 1 below illustrates this integrated, three-tier system, including the institutional arrangements at each level. Coordinating with all relevant public, private and civil society stakeholders, the MoPAD leads development of the National Policy Agenda (NPA) and the overall NDP preparation processes. Various government bodies are responsible for leading the preparation of sector strategies through SSTs, including experts from concerned public, private and civil society sectors. The MoPAD monitors and supports the process of developing sector strategies, providing guidance and support to SSTs as needed. With supervision and support from the Ministry of Finance (MoF) and MoPAD, government bodies are responsible for preparing budget programmes. Finally, in collaboration with the MoPAD, the MoF incorporates all programme-based budgets within the MTEF as well as within annual general budgets.

Figure 1: Integrated Policy-making, planning and budgeting system and relevant institutional arrangements

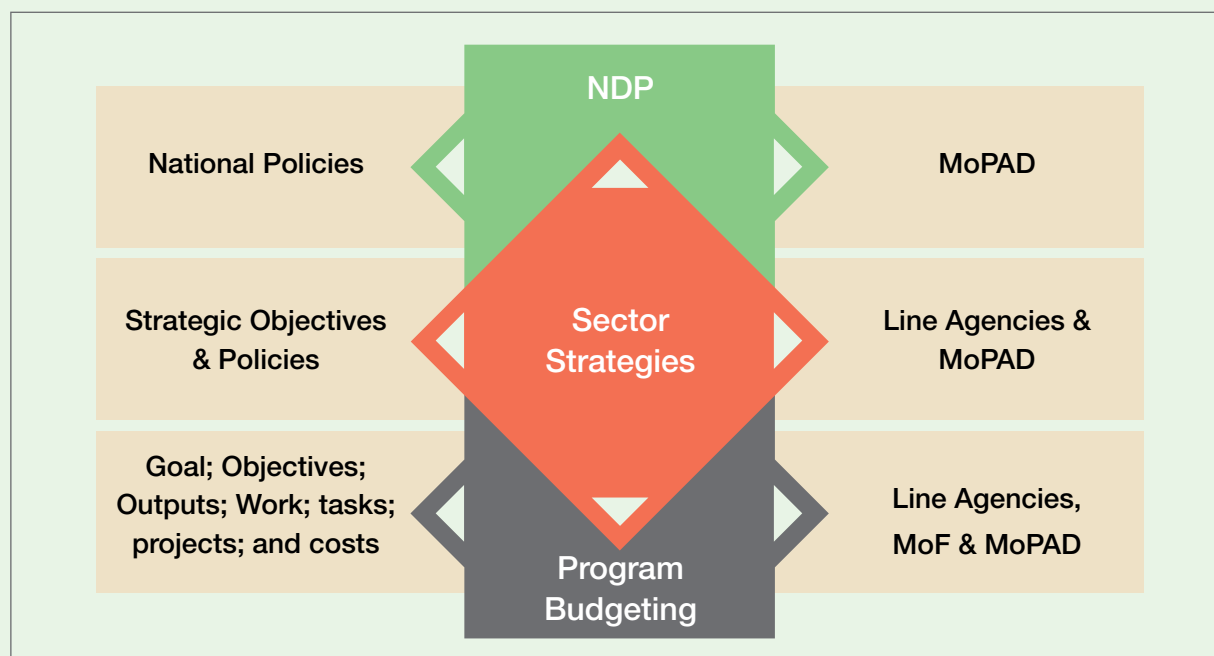
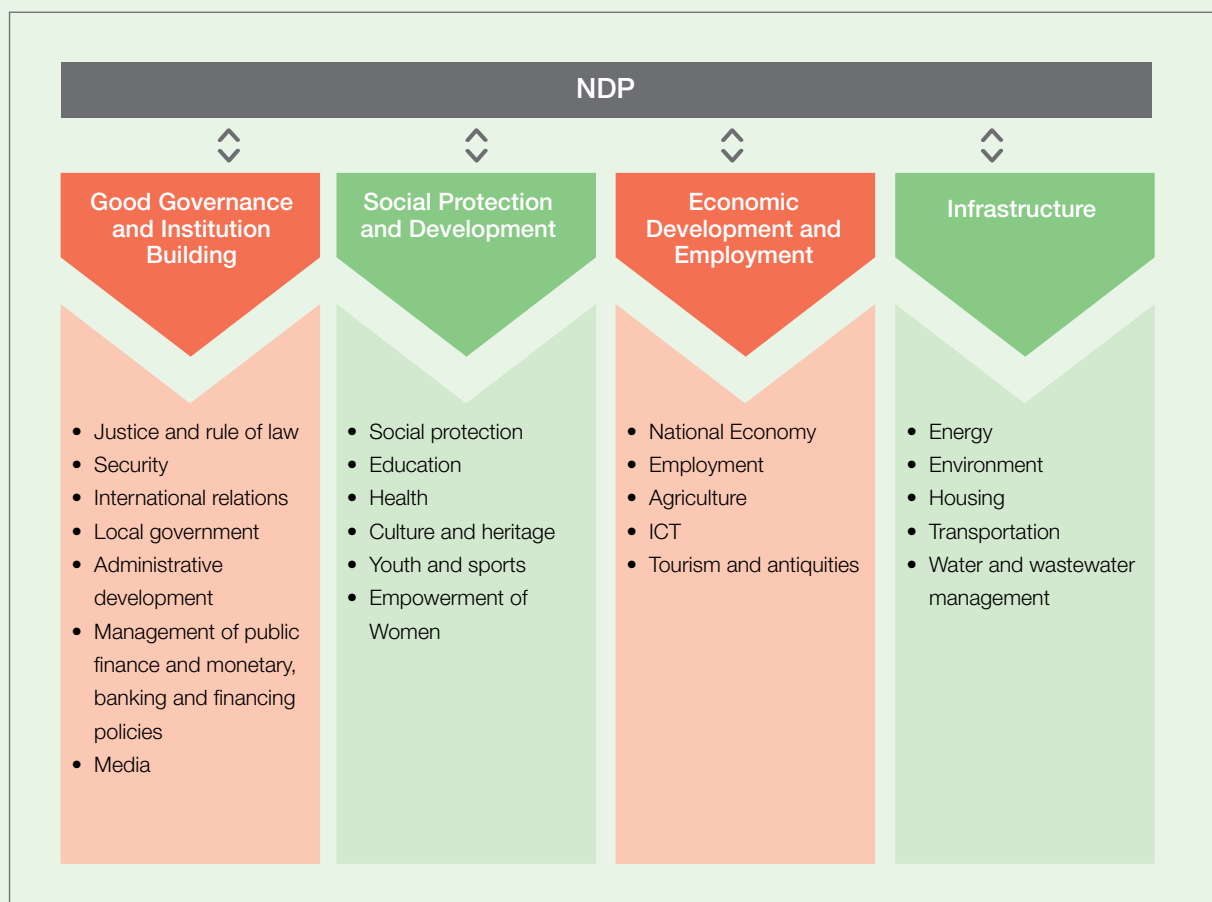


Figure 2: NDP sectors and subsectors

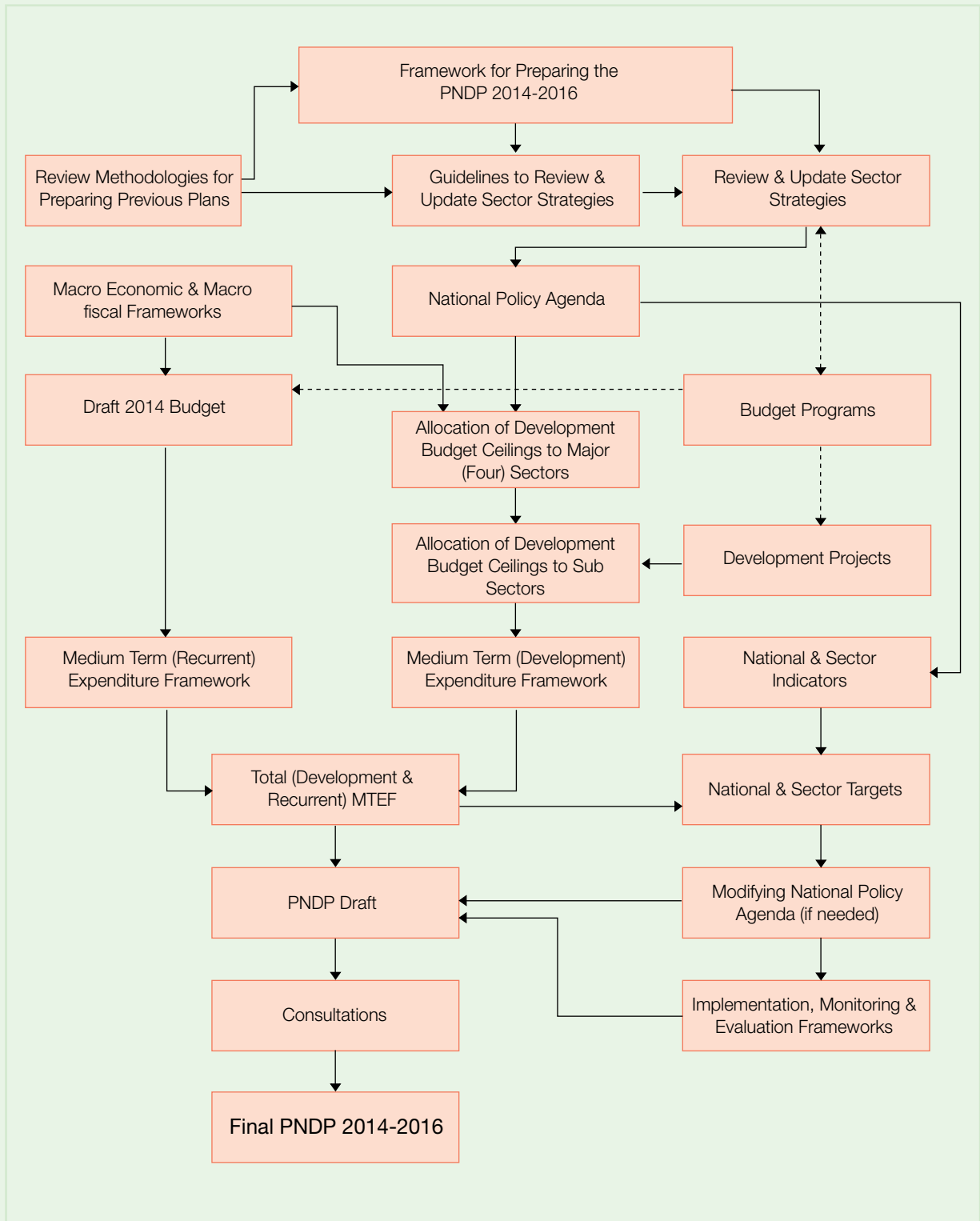


1.3 NDP Preparation Process

As shown in Figure 3 below, the NDP 2014-16 was prepared through a multi-step process.

1. In partnership with relevant government bodies, previous approaches in preparing national plans, particularly the NDP 2011-13, were reviewed. Accordingly, the **Framework for Preparing the National Development Plan 2014-16** was developed and approved by the Council of Ministers in its Session 54 of 2 May 2013. An ad hoc ministerial committee was established to supervise the NDP 2014-16 development framework and priorities. Chaired by the Prime Minister, membership of the ministerial committee included the Deputy Prime Minister for Economic Affairs, the Minister of State for Planning and Administrative Development, the Minister of Finance, the Chairman of the Palestinian Energy Authority (PEA), and the Chairman of the PWA. The committee was responsible for supervising and guiding the NDP process.

Figure 3. NDP 2014016 Planning Steps



2. Guidance manuals were developed to review and update sector strategies.
3. Sector and cross-sector strategies were reviewed and updated by SSTs. The SSTs included representatives of public, private and civil society actors. The review and updating process was informed by broad-based, national consultations, including the public and private sectors and civil society organisations. International agencies were afforded an opportunity to take part in the consultation event as key partners in the national development endeavour and they submitted comments on draft sector and cross-sector strategies.
4. Based on national strategic goals and sector policies, a draft NPA was developed and extensively debated amongst government bodies, private sector bodies, civil society organisations, international agencies, and the broader donor community. To ensure transparency and to foster public participation, the NPA was also posted on the MoPAD Facebook page.
5. In line with the policy agenda, indicators of achievement of national and sector strategic goals were identified, ensuring that relevant baseline data was in place.
6. In parallel, and in consultation with the MoPAD, the MoF developed the macroeconomic and fiscal framework, including two scenarios: a baseline scenario and an optimistic, scenario.
7. Grounded in the macro-fiscal framework and budget programmes of all ministries and government agencies, the 2014-16 Development and Recurrent Expenditure Plan was compiled. The Plan incorporates development projects to address NPA priorities, to be implemented by line ministries and government agencies.
8. National targets were identified on the basis of the objectives of budgetary programmes and development projects.
9. To further improve the accountability of government bodies, and in coordination with other MoPAD departments and relevant government bodies, the MoPAD Monitoring and Evaluation Directorate developed an NDP Monitoring and Evaluation Framework, including a set of specific, realistic and measurable indicators and targets. These take into account projected financial resources over the upcoming three years.
10. Informed by the NPA, sector and cross-sector strategies and 2014-16 macroeconomic and fiscal frameworks, a draft NDP 2014-16 was compiled. Broad consultations were held with local and international partners. The draft Plan was posted on the MoPAD website to allow public access, comments, and proposals for further enhancement. Finally, the draft NDP 2014-16 was presented to and approved by the Council of Ministers.

The following chapters of the NDP 2014-16 present: the NPA in the four key sectors (Economic Development and Employment, Good Governance and Institution Building, Social Protection and Development, and Infrastructure); the macroeconomic and fiscal framework; the estimated operating and development expenditure plan; the framework for implementing, monitoring and evaluating the MOP, and a framework for risk management.

2. Challenges and Priorities

Political conditions have had a decisive impact on development in Palestine. The Palestinian situation under occupation presents a unique example of this, in which political forces intertwine, overlap and interfere with development. The impact of these forces is seen clearly in the current economic and social conditions, and it continues to shape the characteristics and the future of Palestinian society. Throughout the existence of the Palestinian National Authority (PNA), Palestinians have undergone and been affected by a series of political disruptions and transformations. The mission of finalising liberation and emancipation from the occupation has gone hand-in-hand with preparations to build the institutions of an independent state. The shape, content, culture and values of the future Palestinian society, as defined in the Palestinian Declaration of Independence, will be refined as we complete the transition from resistance to democracy.

The UN recognition of Palestine as a non-member, observer state, right to self-determination and statehood on the territory occupied by Israel in 1967², added momentum to the Palestinian struggle. The Palestinian national movement is now focused determinedly on ending the occupation and materialising the UN resolution by establishing an independent, sovereign Palestinian state on the land occupied in 1967.

2.1 Challenges

Our national development faces a set of intertwined external and internal challenges.

The Israeli occupation

The forty-seven-years long Israeli occupation is the primary and most significant challenge to Palestinian development. Israel continues to control a significant portion of the West Bank, including East Jerusalem and the Jordan Valley, and to impose a severe blockade on Gaza. Besides Wall construction, ongoing settlement expansion and land grabs, Israeli has unrelentingly sought to isolate East Jerusalem and displace its Arab residents.

Israel continues to exercise control over the livelihoods and resources of the Palestinian people, including borders, farmland, natural resources and aerial space. The Israeli authorities have further fragmented the Palestinian territory and restricted Palestinian trade and movement, effectively annexing the Palestinian economy to Israel's. At the same time, Israeli forces and settlers have continued to breach and encroach on Palestinians' rights, through such means as murder, arrests, displacement and destruction of property. In order to impose an illegal and unjust political solution, Israel seeks to intimidate and coerce the Palestinian people, debilitate our infrastructure and economic structures, dismantle our achievements, and undermine the status of the State of Palestine and its future role in the international community of nations.

2. UN General Assembly Resolution 19/67, 29 November 2012.

Internal political and administrative divide

The domestic political scene remains complicated. Along with the political and administrative divide, the de facto physical separation of the West Bank and Gaza has continued to adversely impact our spirit and morale, and distracted us from our effort to realise national independence and statehood. In spite of the need for balanced and equitable development across the homeland, the political and administrative split renders extremely difficult the resolution of our international political predicament, as well as the alleviation of poverty and the delivery of quality social services. At the same time, the internal split disrupts national policy and planning and creates fiscal imbalances that are not consistent with the need to meet the needs of all members of Palestinian society over the long-term. As a result of this divide, the Palestinian Legislative Council (PLC) has been dysfunctional in both the West Bank and Gaza, obstructing democratic accountability in line with international human rights standards.

Deteriorating economic situation and financial crisis

Against the backdrop of this challenging political situation, Palestine has seen a declining economic performance, reflected in a low growth rate, increasing unemployment and poverty, inadequate investment, and a trade deficit. Israeli policies and practices are the dominant and proximal factor driving this prolonged economic crisis.

Economic indicators show major fluctuations in economic growth. Compared to 2010, GDP marked a growth rate of 12.2% in 2011. However, GDP declined to 5.9% in 2012. The 2011 GDP rise was propelled by the growth rate of 17.6%³ in Gaza, resulting primarily from construction projects funded by international agencies, offset by a lower rate of 10.4% in the West Bank. This growth was predominantly in the service sector, rather than the more sustainable productive sectors. The declining growth rate is attributable primarily to volatility in external financial support and plummeting private investment.

The trade deficit climbed in 2012 to almost 51.3% of GDP (Palestine Monetary Authority (PMA), 2012 Annual Report). This demonstrates the vulnerability of the Palestinian economy to external economies, particularly that of Israel. Ministry of Finance (MoF) projections indicate that declines in GDP growth will continue if the political situation remains unaltered, leading to economic stagnation. GDP growth dropped to 1.5%⁴ in 2013 and projected to be 2%, 1.5% and 1.0% in 2014, 2015 and 2016 respectively.

Economic decline has exacerbated the fiscal crisis, resulting in the government's inability to meet liabilities and pay down salary arrears. Total public debt by the end of 2013 reached USD 4.638 billion, or 41% of nominal GDP.⁵ This is primarily a result of tax evasion and inability to track the full amount of value added tax levied on merchandise imported from or through Israel. As utility bills were not paid by some consumers, Israel deducted due amounts from Palestinian clearance revenues. Decline of the national economy has also been driven by insufficient external budget support, and the declining financing of development projects, including from the Arab Financial Safety Net. Economic decline has also suppressed government revenues, including domestic taxes, customs revenues, value added tax, and non-tax revenues. To alleviate the fiscal crisis, the government was forced to take on short-term debt from domestic commercial banks at exorbitant rates of interest. A large portion of international aid has been earmarked to service this debt, whilst accumulating public expenditure arrears due to the private sector has undermined confidence and economic growth. The overall economic and liquidity crisis has also driven price increases and declining public trust in the government.

3. Growth set off from a low base (2010 is the baseline year). In Gaza, the economic situation was so deteriorated. In fixed prices, the GDP marked almost US\$1,409 million and reached US\$ 1,656 million, reflecting a major rise of the growth rate when it occurred.

4. MoF preliminary estimates. Official statistics have not yet been released by the Palestinian Central Bureau of Statistics (PCBS).

5. MoF estimates. 2013 final accounts have not yet been published by the PCBS.

Poverty and unemployment

The political and economic situation has led to declining living standards. Despite the concerted efforts that have been made to promote social cohesion, deliver social justice and equality among Palestinians, and bridge any gaps on the basis of sex, age, community or geographical area, poverty, unemployment and expanding social gaps are still substantial challenges to national public policy, limiting inclusive, sustainable development throughout our society. Poverty rates continue to be high, particularly in Gaza. According to monthly consumption patterns, poverty among individuals was 25.8%, with substantial discrepancy between the West Bank and Gaza – 17.8% and 38.8% respectively. Of these, 12.9% suffer from extreme poverty, including 7.8% in the West Bank and 21.1% in Gaza, further increasing the burden on social protection programmes and demand for basic social service delivery.

Poverty is closely linked to unemployment. In Q4 of 2013, the unemployment rate among labour force participants was 25.2%. Disparity between the West Bank and Gaza remains significant. During the reporting period, unemployment was 38.5% in Gaza, compared with 18.2% in the West Bank. Unemployment gender gap (the difference between the male and female unemployment rates) continues to be significant, marking 23.1% among men and 33.5% among women. At 43.9%, unemployment of young people aged between 20 and 24 is the highest, reaching 39.4% among males and 62.1% among females. A large number of young people are contemplating emigration, auguring a loss of the spine of Palestinian society and the locomotive of future economic development. Women's participation in the labour market remains low, and renewed efforts will be required to cope with discrimination on the basis of gender, as well as age, community, and other social classifications.

2.2 Priorities

Despite our commitment to reach a political settlement that brings occupation to an end, the extraordinary context, including the peculiarities of state-formation under occupation, extreme and volatile political conditions and the uncertainties of the ongoing negotiations process, necessitate a focus on several parallel and overlapping priorities:

Palestinian sovereignty and realising economic potential

One of the highest national priorities in the near-term is to build upon the international recognition of Palestine, and thereby exercise sovereignty over the Palestinian resources and territory occupied in 1967, liberating our economic potential, particularly in Area C and East Jerusalem. In addition to its spiritual and cultural significance, both domestically and internationally, East Jerusalem is the capital of the independent State of Palestine, a hub of political, geographical, economic and cultural life, and emblem of the Palestinian national identity. Israel has applied a systematic displacement policy, relentlessly seeking to expel Arab Jerusalemites and obliterate the Arab identity of East Jerusalem. We will challenge these policies, working to preserve, consolidate and promote the physical and cultural manifestations of the city's Arab Palestinian identity. Beyond doubt, what we need today is to support steadfastness of and reduce the burdens placed upon Palestinians in Jerusalem. We will preserve and strengthen the role of Palestinian Jerusalemite institutions and we will move on to be proactive in confronting Israel's policies, stepping-up measures to ensure the status of East of Jerusalem as the capital of the State of Palestine. To this end, and in light of accelerating events, we need to work diligently and assertively to shift from a reactive policy stance to one of taking the initiative.

Reflected by increases in related budgetary allocations, improving the conditions in East Jerusalem will be a

high priority of line ministries and government agencies. Based on an integrated, cross-cutting national strategy, the government will work jointly with the private sector, civil society actors, and international organisations towards developing East Jerusalem, providing protection to Jerusalemites, and building Palestinian institutions in the city. We will work to ensure increased domestic, regional and international political, financial and moral support of the Palestinian vision of East Jerusalem as the capital of the State of Palestine.

East Jerusalem: A capital under occupation

- Since it was occupied in 1967, Israel has imposed substantial changes in East Jerusalem. Affecting both the Palestinian land and people, Israel has pursued a system of policies to obliterate the Arab character of East Jerusalem. These policies are intended to undermine the significance of East Jerusalem as the capital of the State of Palestine and capital of Arab culture and to distort the spiritual and religious status of East Jerusalem.
- Israel has imposed a severe closure system on East Jerusalem, effectively isolating it from its Arab and Palestinian surroundings geographically, politically, economically and socially. This is facilitated by Wall construction, racist legislation, displacement, home demolitions, land grabs, and settlement construction and expansion. Israel has further designed and implemented policies and measures targeting Palestinian Jerusalemite land and its population.
- Allocated for construction and expansion of Jewish settlements, Israel confiscated 35% of the area of East Jerusalem. In addition to 30% which is designated as a zoning area where construction is not allowed, 22% of East Jerusalem is designated as “green areas”, where construction is also prohibited. Only 13% of the total area of East Jerusalem is left to accommodate natural growth of the Jerusalemite population (304,000 residents). Illegal settlement construction in East Jerusalem has resulted in a sharp increase of a new Jewish settler population, not present in the city before 1967. Today, more than 200,000 of these settlers live in East Jerusalem.
- Since East Jerusalem was occupied in 1967, the Israeli authorities have implemented a systematic policy targeting demolition of Palestinian homes. This practice is designed to displace and transfer Palestinian families out of the city. It also seeks to change landmarks and features of the holy city. Statistics indicate that, since 1967, Israel has demolished over 3,400 Palestinian homes and that Palestinian Jerusalemites are in dire need of at least 60,000 housing units.
- The Israeli authorities have set an upper limit of three construction licences to be issued per month. Up to eight residential flats can be constructed per licence. To obtain a licence for construction of a flat with a surface area of not more 120 m², a fee of ILS 180,000 is levied. As a result, Palestinians have been forced to build houses without the required licences. Approximately 2,400 buildings have been constructed without a licence. Of these, 480 buildings are under the threat of demolition. Estimates show that almost 15,500 Palestinian homes are “unlicensed” in East Jerusalem.
- Between 1967 and 2013, the Israeli authorities withdrew over 14,500 ID cards from Palestinian residents of East Jerusalem. This practice has affected more than 20% of Palestinian families living in the city. In the period between 2006 and 2013 alone, Israel withdrew almost 7,250 ID cards, representing 50% of all identification documents seized from Jerusalemites.
- Due to Israel's taxation policy, particularly income and property taxes, more than 200 Palestinian commercial premises are susceptible to closure and seizure by the Israeli authorities.
- The Wall physically isolates 99,000 Palestinian residents of East Jerusalem from the metropolitan centre of the city. Affected areas include the Shu'fat refugee camp, Dahiyat As-Salam, Ras Khamis,

Kafr Aqab, and Samiramis. Residents of these communities are forced to cross overcrowded checkpoints to reach health, education, and other service facilities.

- In addition to excavation works underneath the Al Aqsa Mosque, Israel's continues to pursue systematic and provocative practices in the Old City of Jerusalem and Al Aqsa Mosque compound as part and parcel of a unilateral agenda to create new facts on the ground and maintain exclusive control over the future of the holy city.

In an effort to confront these countless challenges and threats, we will support the steadfastness of Palestinian residents of East Jerusalem. East Jerusalem-based institutions will also be supported and strengthened as the government moves on to an advanced stage of confronting Israeli policies and measures by building and consolidating the status of East Jerusalem as the capital of the State of Palestine.

The NDP 2014-16 highlights our commitment to previous pledges regarding East Jerusalem. The government will implement the *Strategic Multi Sector Development Plan for East Jerusalem* (SMDP) which has been in place since 2011. The SMDP focuses on:

1. Protecting and safeguarding the national identity of Palestinians in East Jerusalem;
2. Enhancing the living conditions of Jerusalemites;
3. Protecting and strengthening the role of national institutions in East Jerusalem, as well as expanding institutional participation and linkages with the broader Palestinian society.
4. Restoring and developing the Palestinian economy in East Jerusalem; and
5. Providing capacity building to accommodate the largest number of Palestinians living in Jerusalem.

Comprising 61% of the West Bank area, Area C (particularly, the Jordan Valley and Dead Sea) is a strategic resource of the State of Palestine and its citizens. Numerous Palestinian and international studies and reports have confirmed this fact. In October 2013, the World Bank report *West Bank and Gaza: Area C and the Future of Palestinian Economy* asserts that "Area C is the key to future Palestinian economic development". This report examines the economic benefits of lifting the restrictions on movement and access as well as other administrative obstacles to investment and economic activity in Area C. The report concludes that the "Palestinian economy incurs a yearly loss of almost US\$ 3.4 billion as a result of denied Palestinian access to Area C". Area C is rich in natural resources, which Palestinians cannot access or invest in. These include fertile farm land, water resources, Dead Sea minerals, stone, and various archaeological and natural sites. Area C also represents space for natural growth of currently confined communities in Areas A and B, the construction of affordable housing projects, the development of the telecommunications sector and other infrastructure networks, the building of industrial parks, and other national development projects. Estimates indicate that liberating economic activity in Area C could add almost 40% to the Palestinian GDP⁶. Indeed the financial condition of Palestine would improve a great deal as a result of this increased space for economic activity, including an increase in annual government revenues of at least US\$ 800 million. This would cut the budget deficit in half, reduce dependence on external aid, advance fiscal stability, business and public confidence, and drive up private investment. This would also create and abundance of job opportunities, driving down unemployment and poverty.

To realise the strategic value and utilize the potential of Area C, a concerted effort will be needed to mobilise domestic and international efforts and resources to develop Area C, restore economic activity, and consolidate development and geographical linkages with the rest of Palestinian territory occupied in 1967. The national economy can only thrive by treating the whole Palestinian territory as one, integrated territorial and economic unit as stipulated in various agreements.

⁶ Unlocking Statehood, The Government of Palestine's Report to the Ad Hoc Liaison Committee, September 13, 2013, New York, USA.

The Jordan Valley: Palestine's Eastern Gateway and Strategic Reserve for Palestinian National Development

- Comprising 28.8% of the West Bank, the Jordan Valley and Jordan River area, including the northern Dead Sea region, measure 1,612km². 87.5% of this area is located in Area C, and the rest, including the city of Jericho, is in Area A and B. Despite the fact that it harbours the largest land reserve in the West Bank, the Israeli authorities deny access to Palestinians to 85.2% of this land. Palestinians are prohibited from residing, constructing or tending livestock in the Jordan Valley. Israel uses various pretexts, including a claim that affected areas are extensions of Israeli settlements, closed military zones, military training fields, landmine fields, or nature reserves.
- Approximately 60,000 Palestinians live in the Jordan Valley. A quarter of these, including 7,900 Bedouins, reside in Area C. Almost 3,400 Palestinians live on a permanent or temporary basis in closed military zones, at risk of forcible transfer, displacement and destruction of property at any moment. Palestinian residents of the Jordan Valley, particularly those who live in Area C, face challenges created by Israeli restrictions. Overall, these negatively impact on the economic and social conditions of Palestinians in the Jordan Valley. In this area, poverty and unemployment rates are among the highest in the West Bank. Palestinians can only access the Jordan Valley through six main routes. Of these, four roads are under effective control of the Israeli army. Severe restrictions are imposed on access to Palestinian vehicles. Throughout the Jordan Valley, Palestinian movement is restricted by dozens of checkpoints, roadblocks, and trenches, denying access to farmland, water sources, pastureland, and public service centres. Farmers cannot access markets to sell their agricultural produce.
- In light of natural resources, favourable climate, historical landmarks and cultural heritage sites, the Jordan Valley and Dead Sea are the richest in the West Bank. Located along the Jordanian border, the Jordan Valley is Palestine's gateway to the outside world. These characteristics offer major growth prospects, enabling the Jordan Valley to serve as a primary driver of national economy, create new employment opportunities, and carry on the national development process. The Jordan Valley includes the largest and most fertile agricultural land. It also enjoys ideal climate conditions for intensive farming. Located on the eastern aquifer in the West Bank, the Jordan Valley is also a rich water source. In addition to furnishing a tourism competitive advantage, the Dead Sea provides a large supply of minerals and salts. Once Palestinians are able to extract potash, bromine, magnesium and other minerals, the World Bank estimates that the Palestinian GDP would rise by 9% per annum. In addition to the Dead Sea beach, the Jordan Valley houses approximately 80 archaeological and cultural sites, which can be developed for local and international tourism.
- Although the Jordan Valley houses huge artesian wells, Palestinians are denied access to, or use of, groundwater. Due to restricted access to water supply, per capita water consumption is approximately 20 litres/day only. This is in stark comparison to the World Health Organisation (WHO) recommended consumption of 100 l/c/d. On the other hand, Jewish settler per capita water consumption is 300 l/c/d.
- Successive Palestinian governments have paid special attention to developing economic prospects in the Jordan Valley and promoting national, cultural and tourist status. Governments have also delivered basic services to residents of the Jordan Valley with a view to support their

presence and their steadfastness in front of Israeli displacement measures. They have further worked towards promoting the Jordan Valley residents' contribution and participation in the national development process. However, Israeli measures have thwarted implementation of many development programmes and projects, including those developed by the government, civil society actors, private sector, or international organisations.

Steadfastness and resistance

Steadfastness and resistance of the Palestinian people should be supported and encouraged throughout the Palestinian territory, particularly in East Jerusalem, Area C and Gaza. Palestinians will be supported to persevere on their land and in their homeland. In addition to economic and social empowerment, Palestinian rights and interests will be maintained and protected. This endeavour will be facilitated by efforts to improve the living conditions of all citizens and providing social security and decent living standards. Furthermore, structures destroyed during the Israeli offensive on Gaza will be restored and development gaps between the West Bank and Gaza will be reduced.

Gaza: Blockade and Development Challenges

- As an integral part of Palestine, the sustenance and development of Gaza is a topmost priority. We are determined to drive development throughout Palestine and bridge the socio-economic development gap between the West Bank and Gaza. We are maximising efforts to consolidate cooperation with local and international development partners with a view to implement more development projects in Gaza spanning the humanitarian, social, economic and infrastructure sectors.
- Gaza residents comprise over one third of the Palestinian population. Projected to rise to 2.13 million by 2020, the Gaza population was 1.7 million in 2013. Gaza residents live on 365 km². Population density is estimated at 4,661 persons per km². Gaza is one of the most overpopulated areas in the world. Population distribution includes 81.5% in urban centres, 2.7% in rural areas, and 15.8% in refugee camps. Refugees comprise almost 80% of the Gaza population.
- Compared to the West Bank, the population in Gaza mainly comprises young individuals. Persons in the 0-14 years of age are estimated at 43.4% of the total population. The 15-29 age group marks 29.8%, but is expected to drop to 28.8% by 2020.
- A severe blockade has been imposed on Gaza for seven years. Around 2,300 Palestinians were killed and 7,700 others injured by the Israeli forces. Almost two thirds of these casualties were reported during Operation Cast Lead. Over a quarter of those killed were women and children. More than 12,000 Palestinians ended up homeless as they could not afford to rebuild their destroyed homes. Currently, Gaza is in need of around 71,000 new housing units.
- Despite the economic growth reported recently, it is still worse than the growth seen in the 1990s. In Q3 2013, economic growth marked 1.3% compared to Q2 2013. In contrast, economic growth rose by 2.6% compared to Q3 2012. The baseline year is 2004. In Q3 2013, GDP per capita was US\$ 272, registering a drop of 0.7% compared to Q3 2012. The decline is attributed to the continued siege and restrictions imposed over an extend period of time. Constraints have been further tightened after 2007, impeding or completely denying movement of persons and goods from and to Gaza as well as inside Gaza itself.
- In parallel to declining GDP per capita, unemployment registered as a high rate as 31% in 2012. Unemployment is particularly acute for young people and women. According to monthly consumption patterns, poverty rose to 38.8% in 2011. Of these, 21.1% suffered from extreme poverty. Compared to 17.5% in the West Bank, poor female-headed households comprised 39.4%. Also, 57% of the households in Gaza were affected by food insecurity. Marking a low standard of living, household spending on food averaged 40.8% of total individual consumption, indicating a continued rise in the number of Gaza residents who need social protection services.
- In spite of increasing school enrolment rate across Gaza, promoting quality education is still a major challenge due to shortage of schools. In 2013, Gaza schools comprised 694 out of 2,753 schools across Palestine. These included 399 government schools (259 basic and 140 secondary schools), 245 UNRWA schools (all basic), and 50 private schools (39 basic and 11 secondary schools). A total of 463,567 students were enrolled in schools, including 87.1% in basic schools and 12.9% in secondary schools. Of these 224,976 students went to government schools, 222,032 to UNRWA schools, and 16,559 to private schools. Compared to 34.7 in

secondary schools, average number of students per classroom was 36.2 in basic schools. 76.4% of government schools and 86% of UNRWA schools operated double-shift schooling. Only 30% of young children were enrolled in licensed kindergartens.

- Thirty hospitals operate in the Gaza governorates, including 13 public hospitals and 17 private hospitals. These provide a total of 2,324 beds. Compared to 1.2 beds in the West Bank, 1.4 beds per 1,000 people are provided in Gaza. 234 healthcare centres operate in Gaza, with a ratio of 10,896 people per centre. In spite of efforts made by all partners, the health sector still labours under increasing demand for medical care and often delivers low healthcare quality. Intermittent electricity supply disrupts medical devices and impedes surgical operations at hospitals.
- A major proportion of power is supplied to Gaza by Israel (120 mw) and Egypt (22 mw). The Gaza electricity generation plant produces 100 mw of power. In ideal circumstances, 242 mw is supplied to Gaza. Peak demand of electricity is as high as 350 mw. However, the Gaza population experiences electrical power failure of 12 hours a day on average. The inability to meet electricity demand is compounded by shortages in fuel required to operate the Gaza electricity generation plant. Electricity cut offs affect private companies, households, healthcare facilities, wastewater treatment stations, schools, and hospitals. A significant number of establishments rely on reserve electricity generators.
- The Gaza population continues to suffer from an incessant water crisis, which the World Bank and United Nations Environment Programme (UNEP) described as “dangerous”. Lacking permanent water resources and in view of scarce rainfalls, Gaza almost completely relies on the coastal aquifer, which has been depleted by excessive extractions to meet local needs. Groundwater has receded and Mediterranean Sea water has intruded the aquifer, resulting in salinity rising above WHO standards of potable water. Meantime, groundwater has been contaminated with nitrates because of untreated wastewater and excessive use of chemical fertilisers on agricultural land. Untreated, 90% of Gaza’s groundwater is unfit for drinking. Available potable water is limited for the majority of the Gaza population. Depending on the season, average water consumption per capita is 60-70 l/c/d. This is less than the WHO requirement of 100 l/c/d.
- Gaza also suffers from inadequate wastewater treatment and disposition. Almost 90,000 cm (around 33 mcm a year) of raw or partly treated wastewater is drained into the Mediterranean Sea and neighbouring areas every day, causing contamination and hazards to public health and the fishing industry.

National unity

Addressing the internal Palestinian political and administrative divide is a top priority. Beyond doubt this is predominantly a political issue. The future of Palestine is pinned on the commitment of the political elite and all Palestinian people to bringing about a national reconciliation. The Palestinian political system must work to restore unity and hence play its proper role in accomplishing freedom, independence and statehood. Ending the internal divide is first and foremost of our national priorities; it will be an immediate action, which implies establishment of a national consensus government of competent national figures and holding of national elections under its leadership. In the medium term, national reconciliation can and will be materialised through creating a conducive environment for reconciliation. This will hinge upon efforts to develop and consolidate the Palestinian democratic experience, to encourage dialogue on grounds of coexistence, pluralism and acceptance of the other, and to promote a culture of tolerance and peaceful conflict resolution under the rule of law. In addition to respect for human rights principles, public freedoms will be safeguarded, including freedoms of belief, expression and assembly. These measures will also create platforms of expression and social debate, promote concepts of citizenship and allegiance, consolidate the state institutions and legal system, and entrench principles of good governance, integrity and accountability.

Economic recovery and fighting poverty and unemployment

Regardless of the outcome of negotiations, all Palestinians have the right to a decent standard of living and right to work. The Palestinian economy will, therefore, be empowered. Efforts will be concerted and intensified to lay more robust foundations of an independent national economy, which challenges the status quo established by the occupation. More attention will be paid to capacity building and development of domestic resources as primary drivers of national development. In addition to creating a positive, enabling investment environment, the private sector will be supported to develop a knowledge-based, open economy that provides higher value-added and competitive goods and services in the domestic and international markets, further expanding the productive base, reducing unemployment, increasing exports, creating new employment opportunities, jumpstarting economic growth and income rates, reducing unemployment, and alleviating poverty.

Effective public institutions

Public institutions are a cornerstone of our national endeavour to maintain the social fabric of the Palestinian society. We will continue to improve the efficiency and effectiveness of the institutions of the future State of Palestine. Service delivery will be expanded and service quality will be scaled up. High quality social services will be provided, along with a better social justice to all citizens.

Fiscal stability

The government will tackle and overcome the current financial crisis. Fiscal stability is a compelling need, essential to restoring economic stability, creating an enabling investment environment, and achieving sustainable economic growth. To this end, international financial support need to be secured to repay government debt and reduce the budget deficit. Public expenditure will be rationalised and revenues increased. The government will also continue to implement internal reforms, progress towards self-reliance, and empower state institutions to bear responsibility for ensuring citizens' perseverance in the face of difficulty, fulfilling its commitments and ensuring high-quality service provision.

Accordingly, the NDP 2014-16 will focus on achieving the following priorities:

1. In line with the two-state solution and on the 1967 border, establish state sovereignty and assert control over natural resources. Special attention will be paid to Area C, particularly the Jordan Valley and Dead Sea area, as well as to development of East Jerusalem and Gaza.
2. Recover and build a knowledge-based national economy, reinvigorate the private sector, enhance corporate social responsibility, and enhance productive capacity and fair competition, especially in agriculture, industry, tourism, and information technology.
3. Continue the institution building process, achieve fiscal stability, improve effective state functions, and develop capacity to deliver equitable, high-quality public services.
4. Alleviate poverty and unemployment and promote social justice, taking account of discrepant needs and conditions of various social groups on the basis of gender, age, disability, and geographical regions.
5. Enact a democratic political apparatus and promote community safety on grounds of respect of human rights, integrity, transparency and accountability.
6. Enhance the visibility of the State of Palestine in Arab, regional and international forums and meet necessary conditions to accede to various international treaties and conventions. To this end, and to meet the higher national interest, national legislative and institutional structures will be developed in line with the requirements of these treaties and conventions.

3. National Policy Agenda

The National Policy Agenda (NPA) addresses the challenges and priorities described in the foregoing chapter. The NPA provides a policy framework for the Palestinian national development process in the coming years. The policy framework is set in agreement with and embraced by all relevant partners, including the government, private sector, and civil society actors. It is consistent with the higher Palestinian vision and goals based on the two-state solution, aiming at the establishment of the sovereign and independent State of Palestine on the 1967 border, with East Jerusalem as its capital. The ultimate goal is a State of Palestine that can and will respect and protect the fundamental rights of all Palestinian citizens. In line with national priorities, and consistent with the resources available, this NPA sets medium and long-term (5-10 years) strategic objectives as well as relevant delivery policies.

In line with national priorities, and consistent with the resources available, this NPA lays the foundation for resource allocation to various national sectors and the preparation of annual public budgets. It is based upon sector and cross-sector strategies, which have been developed as part of the NDP 2014-16 process. The agenda is also informed by, and builds upon, other planning and policy initiatives, activities and studies, including those implemented or under implementation by government agencies, local bodies, civil society actors or international organisations⁷. Accordingly, the NPA process has built-upon and broadened well-established partnerships and expertise among Palestinian public institutions and partners, including civil society, private sector, international organisations, and donors. In principle, in spite of difficulties and challenges to the Palestinian development effort, the NPA aims to enhance Palestinians' standard of living, upgrade public service delivery, and bolster economic recovery, attain fiscal stability, alleviate poverty and unemployment, and guarantee social justice. The NPA further seeks to implement a package of interventions that enable the government, to the extent possible, to reduce dependency on external support.

7. These include the National Strategy for the Millennium Development Goals towards 2015, documents and reports developed for the Post-2015 Development Agenda, Palestinian National Early Recovery and Reconstruction Plan for Gaza, East Jerusalem Multi-Sector Development Strategy, Area C Plan, sector and cross-sector strategies, etc.

3.1 Vision

The NPA calls for a sustained Palestinian development action towards realisation of Our Vision of the State of Palestine, a vision which continues to govern and guide all Palestinian national policy and planning initiatives.

Our Vision of the State of Palestine⁸

Palestine is an independent Arab state with full sovereignty over the West Bank and the Gaza Strip on the 1967 border, with East Jerusalem as its capital. Jerusalem, the cradle of civilisation and of the three monotheistic religions, will shine as a beacon of humanitarian values and religious tolerance across the world.

Palestine is an Arab state which values highly its national and cultural identity, social capital, and social cohesion and solidarity. Palestine is the state of Palestinians wherever they are. It will forever be a peace loving state that rejects violence. It is committed to peaceful coexistence with the world community of nations.

Palestine will be a stable democratic state with a pluralistic political system. Transfer of governing authority is smooth, peaceful and regular in accordance with the will of the people, expressed through free and fair elections conducted in accordance with the law.

The State of Palestine respects human rights and fundamental freedoms and guarantees equal rights and duties for all citizens. Its people live in safety and security under the rule of law, safeguarded by professional security services and an independent judiciary.

Consistent with this vision and based on recent UN recognition of Palestine as a non-member state, all future efforts will be concerted to **realise the State of Palestine's sovereignty over the whole of the Palestinian territory on the 1967 border, with East Jerusalem as its capital. Palestine will enjoy an empowered economy, sustainable and equitable development, effective and efficient institutions, and international recognition.** This requires a sustained effort towards ending the occupation, enhancing access and providing support to Area C and East Jerusalem, and protecting them against Israeli measures. Similarly, further efforts are needed to establish unity between the West Bank, Gaza and East Jerusalem.

2.3 Sector Approaches and Policies

A realistic approach will be adopted, striking a consistent and coherent balance between various priorities and needs. This approach will focus on the most compelling, far-reaching needs and priorities, which can be fulfilled in the current political, economic and social context and within the framework of available resources. In light of the deteriorating economic situation and crippling financial crisis, the upcoming national planning endeavour will focus on developing, strengthening and promoting necessary requirements to put an end to the economic decline and consolidate economic independence. This activity will also reinvigorate the private sector, promote social contribution, and enhance productive and competitive capacity. In this vein, the government will promote investment in promising sectors with the highest economic return with a view to ensuring a stable and sustainable source of employment opportunities. Besides providing necessary infrastructure, particular attention will be paid to agriculture, including plant and livestock production, tourism,

⁸ Palestine Declaration of Independence, Palestinian National Council, Term 19, Algiers, 15 November 1998.

manufacturing, and IT. In this context, the government will focus on the development of strategic areas, including the Jordan Valley, Dead Sea, East Jerusalem, and Gaza. These provide a relatively significant added value to developing natural resources and expediting economic growth. In parallel, the government will continue to empower Palestinian citizens, promoting national perseverance and resistance to the Israeli occupation. As a high national priority, special attention will be paid to empowering residents of East Jerusalem and improving their living conditions. In addition to economic empowerment, a concerted effort will be made to improve the quality of education as a pivotal, strategic component to building an educated, productive society. Equipped with know-how advances, all members of the Palestinian society will be an integral part of, and capable of keeping pace with, human, civilizational and scientific breakthroughs. To create a healthy, prosperous, effective and efficient society, we will further improve the health sector by sponsoring a qualitative and quantitative development of healthcare service delivery to all citizens. We will also maintain development achievements and service delivery improvements in other sectors, ensuring alignment with new needs arising from natural population growth.

The following sections address in more detail strategic objectives and sector policies covered by the NPA in each of the four key sectors: Economic Development and Employment, Good Governance and Institution Building, Social Protection and Development, and Infrastructure. These sectors work in synergy to achieve the aforementioned national priorities.

3.2.1 Economic Development and Employment

Context

Efforts made in the Economic Development and Employment sector are designed to safeguard the rights to productive work and to a decent standard of living for all Palestinian citizens. Despite substantial efforts made in the course of implementing economic and investment development programmes through previous national development planning cycles, achievements have been limited. This is primarily due to Israel's continued and increasing control over the main levers for economic development, which is generally exercised in a negative and inhibitory manner. The current difficult economic situation is portrayed by a variety of indicators: a slow growth rate, rising unemployment and poverty, a rising public budget deficit, and increasing trade deficit. Perhaps the most worrying of these indicators is soaring unemployment, which has reached record highs, particularly among higher education graduates. Only one out of four Palestinian job seekers is able to find employment.

All annual indicators clearly show a fragile Palestinian economy that is vulnerable to external political conditions and fluctuations. The Palestinian national economy is almost entirely dependent on the Israeli economy and international aid. It is further crippled by inadequate foreign investment and limited control of natural resources. One positive note, though limited, the indicators show greater fiscal self-sufficiency and rise of domestic revenues – a major achievement given the persistently restricted productive base of the economy, especially in the agriculture and industry sectors.

Government spending, financed by international aid, and the services sector are the primary contributors to economic growth. These are not reliable, sustainable growth drivers. Furthermore, economic growth did not produce employment opportunities and was unable to stem the spiralling growth in unemployment. As a result, economic growth has not reflected favourably on a reduction of unemployment rates, particularly among women. MoF projections indicate that the declining GDP growth will continue over the upcoming three years if the current situation remains as it is. This presages real difficulties in financing of the NDP 2014-16. The current international interest in the negotiations process, as well as international initiatives to support the Palestinian economy, may provide an opportunity to meet the projected deficit. However, this depends

to a great extent on the outcomes of this process, highlighting once again the vulnerability of the Palestinian economy both quantitatively and qualitatively.

Against this backdrop, major changes are needed in line with an inclusive national programme of economic transformation, including an implementation mechanism to propel implementation of the NDP 2014-16. This will provide the hub of government action to secure support from both donors and investor community. In this vein, several initiatives have recently been suggested to boost the Palestinian economy. Most significant of these is the *Economic Initiative for Palestine*, declared by US Secretary of State John Kerry. The initiative is designed to empower and encourage Palestinian and foreign investors to invest approximately US\$ 11 billion over the upcoming six years in a broad package of projects in eight vital sectors: construction and construction materials; water; agriculture; industry; tourism; information and communications technology (ICT); and energy. It is anticipated that implementation of these projects will ensure a higher economic growth rate and create tens of thousands of employment opportunities. In the same vein, and in line with investment exercises driven by the Economic Initiative announced by Kerry, the Palestine Investment Fund recently announced the launch of two major investment funds: (1) *Sharakat* is a unified investment and financing platform, which targets specific vital economic sectors, such as industry, agribusiness, ICT, and microfinance. (2) *Inma'* is an investment fund which targets major infrastructure, natural resources and tourism projects. Designed to develop and promote the Palestinian national economy, these investments are to be implemented in the spirit of cooperation between the public and private sectors as well as with international investment agencies. The private sector and various international institutions have launched many other initiatives which, together, can make a significant contribution.

These promising economic initiatives, implemented as part of the Strategic Economy Transformation Programme, linked to the NDP, have the potential to yield substantial long-term benefits. Under the *status quo*, however, these benefits will not materialise. Indeed, any such economic transformation is critically dependent on strong political will on part of the international community to secure the enabling removal of Israeli restrictions and control over the primary levers of the Palestinian economy. Economic transformation also requires broad-based support and collective action throughout Palestinian society, including the private sector, youth, women, civil society actors and government agencies.

These combined and concerted efforts must be guided by a framework of partnership and coordination – nothing short of a national programme of economic transformation within the NDP framework will suffice. Only through such a programme will we be able to address and resolve the prevailing economic hardship and lay the foundations of a sustainable, independent state.

Strategic approach of the Economic Development and Employment sector	Establish more robust foundations for an independent, equitable and sustainable national economy, which materialises sustainable development, provides decent employment opportunities to citizens and enhance their productivity.
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Sector strategic objectives of the Economic Development and Employment sector

The strategic objectives below are derived from sector strategies and reviews carried out in the following national sub-sectors: national economy development, labour, agriculture, ICT, and tourism.

Table 1: Economic Development and Employment Sector strategic objectives 2014-16

1. Investments creating employment opportunities have increased
2. An enabling environment for balanced economic growth and development is in place
3. National productive capacity and the competitiveness of Palestinian businesses has improved
4. Entrepreneurial and innovative initiatives among the youth and women in the economy sector have expanded, both quantitatively and qualitatively

1. Investments creating employment opportunities have increased

This objective is designed to encourage the local private sector and external investors, particularly Palestinian expatriate businesspeople, to invest in sectors with greater potential to create new, sustainable employment opportunities for both men and women. Observing occupational safety and health standards, proper working conditions will be created, including a commitment to minimum wage and a social security system that is in line with prevailing conditions. Adoption of procedures and regulations which encourage implementation of job creation programmes and create new employment opportunities as well as a tripartite dialogue between employers, labour unions and government will make a substantial contribution to achieving this strategic objective. In this context, the law on the minimum wage was enacted and the Law on Investment Promotion is currently under a comprehensive review. Key challenges include limited investment of local economic resources, lack of access to and exploitation of natural resources. To achieve this strategic objective, the government will implement the following priority policies over the upcoming three years:

- Promote investment in income-generating SMEs throughout Palestinian governorates, provide credit facilities and loan guarantees, and help establish up-stream and down-stream linkages between them.
- Promote investment in East Jerusalem and Area C, support businesses in Jerusalem, and provide essential utilities infrastructure.
- Put in place processes and incentives needed to leverage domestic resources.
- Continue to implement job creation programmes, gradually shifting to permanent employment, and set processes and incentives to promote employment-generating investments.
- Encourage public-private partnerships, notably in the tourism, agriculture, ICT and infrastructure sectors as they have the potential for high economic growth rates and job creation. Concerted efforts will also be made to develop underpinning and enabling legislation and institutional arrangements.
- Continue to provide awareness building, guidance, inspection and oversight services with a view to enhancing gender-responsive occupational safety.

2. An enabling environment for balanced economic growth and development is in place

We aim to provide infrastructure, technical support and the necessary funds, as well as a modern institutional and legislative framework, to create a more enabling environment for economic development, investment, keeping up with technological advances, and the optimal exploitation of local resources. To be sustainable, this activity requires a fair distribution of development across governorates and social groups. It also requires enhancement of infrastructure networks and development of strategic areas of national significance and high potential to yield a positive impact on economic growth, including Gaza as well as the Jordan Valley and Dead Sea (a major portion of which is located in Area C). In spite of challenges and constraints on economic activities, we will continue, to the greatest extent possible, reclaim agricultural land, expand cultivated areas, ensure efficient water source management, enhance water harvesting, develop alternative sources, and use the latest technology. Realisation of this objective will require determined and concerted national and international efforts. To this end, the government will implement the following priority policies over the next three years:

- Develop a legislative framework that enables economic growth, updating laws and regulations that govern and promote private sector operations and investments, and provide capacity building to judicial bodies to put into effect these laws and regulations.
- Develop institutional, administrative, planning and oversight capability of government agencies involved in economic development.
- Develop effective, efficient and reliable infrastructure (utilities, telecommunications, road networks, etc.) to provide affordable services and facilitate private sector operations. In collaboration with the private sector, specialised industrial parks (e.g., for developing the ICT sector) will be established in many Palestinian governorates. Storage and packaging facilities will be built especially in governorates where natural resources and raw materials are available.
- Support economic development in East Jerusalem, building linkages to the rest of Palestine.
- Develop adequate processes to facilitate access to finance for Palestinian corporations, particularly small firms and individuals.
- Encourage a sustainable green economy.
- Expedite land registration process.
- Enhance Palestine's outreach and contact with other countries, facilitate technology transfer, and generally promote the exchange of information and expertise. This will be achieved by organising international conferences and exhibitions and continuing to implement the plan for data migration, i.e., conversion from analogue to the digital radio and TV transmission.

3. National productive capacity and the competitiveness of Palestinian businesses has improved

More robust foundations of an independent national economy need to be established with a view to challenging the status quo created by the occupation, to address structural weaknesses in the national economy, and to uphold economic perseverance and independence. Accordingly, more investment is needed in those productive sectors with a clear competitive advantage. These have high potential to benefit from local resources and generate significant employment growth. Further, our Export Strategy focuses on increasing and diversifying Palestinian exports, particularly products which are competitive in international markets. These include marble and stone, olive oil, food products, agricultural produce, textiles, leather, shoemaking, furniture, and services. The Export Strategy also pays attention to developing tourism and IT

sectors. These sectors have a high potential to leverage local resources and create jobs. Achievement of this objective will depend on practical and optimal utilisation of technology, technical expertise and available natural resources.

We will implement the following priority policies over the upcoming three years:

- Promote investment in productive sectors, particularly agriculture (including both horticulture and livestock), light industries, and value-added services, such as ICT and tourism.
- Create and align a metrology, standardisation, testing and quality (MSTQ) system with international standards with a view to enhancing the competitiveness of national production, increase exports, and contribute to reducing trade deficit.
- Improve Palestinian workers' productivity through high quality technical and vocational training and education, and the general development of the Palestinian human capital.
- Continue to expand cultivated land and provide adequate irrigation water, ensuring efficient water management and use.
- Enable small and medium agricultural producers so that they can adapt to the market needs by making available agricultural inputs, including provision fertilisers and seeds at reasonable prices and activating the Risk Mitigation and Agricultural Insurance Fund.
- Develop agricultural and handicraft cooperatives and agricultural councils under public-private sponsorship, provide agricultural guidance and research services, and provide capacity building in animal and plant health.
- Enact legislation and implement necessary measures to facilitate and regulate exports and imports, ensuring a balance with local market needs. Palestinian products will also be promoted and marketed abroad by rejuvenating Palestinian commercial representative offices and bilateral agreements, as well as by organising exhibitions of national products. This activity will also ensure implementation of international conventions with a view to removing and alleviating the impact of logistics obstacles at border crossing points.
- Consolidate control and enforce relevant legislation to organise the domestic market, protect Palestinian consumers, and ensure that the Palestinian market is clear of Israeli settlement products and smuggled commodities that do not comply with national standards.

4. Entrepreneurial and innovative initiatives among the youth and women in the economy sector have expanded, both quantitatively and qualitatively

According to national statistics, the Palestinian youth and women are subject to the highest unemployment rates. Unemployment is particularly high amongst higher education graduates. In Q4 2013, PCBS statistics showed that unemployment among young graduates reached 31.3%. Unemployment among graduates in education and teacher training was the highest at 39.6%. In contrast, unemployment rates among law school graduates were significantly less (10.1%). Although women's participation in economic activity has improved in comparison to past years, it is still well below international norms, reaching 18.3% in Q4 2013 compared to 70% among males. Male and female participation in the labour market comprised 44.5%. Palestinian women who have completed 9-12 years of education are largely excluded from the labour market. Accordingly, women on both ends of the education chain (i.e. those with either low or high educational background) are more involved in the labour market than women who attained "average education".

A female-male pay gap persists – in 2010, the average real wage of women was ILS 60 compared to almost

ILS 72 of men. Women's wages continue to drop at a higher pace than men's. In 2003-2011, women's real wage has plummeted by almost 12% in comparison to 5% for men (PCBS, 2012).

Youth and female participation in the labour market will be encouraged. In addition to providing employment opportunities, entrepreneurial and innovative initiatives will be supported and opportunities made available to launch private enterprises, providing youth and women a real chance to benefit from and contribute to national growth and development. Targeting male and female youth, the technical and vocational education and training (TVET) system will be upgraded with a view to adapting to labour market needs and technological advancement. Besides enhancing community awareness of TVET, the generally negative public perception of TVET will be tackled. A more enabling environment for women's participation in the labour market will also be created. This can be materialised by enacting legislation, which ensures equal opportunities and eliminates discrimination between men and women. In light of employment opportunities and economic empowerment they provide to women, small enterprises will be further facilitated and promoted. Policies will be made with a view to removing obstacles that deny women's access to finance. Below are priority policies which the government will implement over the next three years:

- Improve TVET initiatives that target women and young people by developing vocational training centres and upgrading curricula in line with the labour market. The stereotypical image of TVET will be changed. Regular rehabilitation will be provided to TVET graduates with a view to enhancing training quality.
- Provide capacity building to women and the youth to introduce innovative economic initiatives. They will also be enabled to run and manage their own SMEs.
- Rejuvenate business incubators with a view to sponsor, support and offer advice to women and young people.
- Boost cooperatives, particularly those run by the youth and women, encouraging them to launch entrepreneurial and innovative enterprises. To this end, we will promote cooperative activity among citizens and establish a fund targeting cooperative societies.
- Support Jerusalem-based women's and youth organisations, which play an effective role in creating employment opportunities, protecting the social fabric, and maintaining the Palestinian national identity of the city.

3.2.2 Good Governance and Institutions Building

Context

Successive Palestinian governments have established and embraced a democratic governance system, in the service of the wider national interest. Governance is safeguarded and coordinated jointly by an independent judicial authority and a professional security sector. Governance institutions consolidate the rule of law, human rights, fundamental freedoms, and citizenship. They also safeguard citizens' rights and duties on an equal footing and build bridges of mutual trust and cooperation across society. They also seek to mobilise potential of the Palestinian society to end the occupation and establish an independent Palestinian state, where all Palestinians can live in stability and prosperity.

To translate these goals into practice, state institutions have redoubled their effort to develop and build a governance apparatus that can deliver the fundamental ingredients of good governance. Our state institutions are now fully ready to perform functions and carry out responsibilities of a sovereign state – reports of the International Monetary Fund, UN agencies, and the World Bank have repeatedly confirmed this. Over the past five years, the security situation has improved markedly, and so has the wider security sector performance in ensuring public order and rule of law. Additionally, the government has developed accountability systems in the security sector.

Judicial service delivery has seen a noticeable improvement as a result of focused interventions implemented by the government and Judicial Authority to develop the justice sector in Palestine. Consequently, public perceptions of security and safety have underpinned increasing trust and confidence in the security and justice sectors, with citizens turning to formal security and judicial institutions in search of impartial justice.

Recognising the need for inclusive, regionally-balanced development, the government has continued to support local government. We have worked over the past years towards developing infrastructure and institutional capacity of local government, promoting guidance, oversight and accountability mechanisms within local government units (LGUs), promoting community participation in local government functions, building partnerships between LGUs, private sector and local communities with a view to enhance LGUs' role in the development endeavour.

The government has, over the past several years, strengthened the public financial management apparatus, on both the revenue and expenditure sides. In line with internationally recognised standards and approaches, we have made concerted efforts to consolidate transparency, accountability and anti-corruption activity within the public sector. To this end, the government has worked diligently towards developing a modern, effective and efficient general budget management and increasing sources to finance the public treasury. This has enabled the development of the public revenue and expenditure management system that has delivered a substantial rise in revenue collection and a strict control of public expenditures. This has contributed somewhat to alleviating the crippling financial crisis that has been beleaguering the government since 2011, but these measures alone cannot prevent further fiscal collapse.

We have continued to work to shift from budgeting on a line item basis to programme-based budgeting with a view to produce a more effective and efficient use of inputs, attain high-quality outputs, and achieve better outcomes. We have also paid special attention to developing budgets that are responsive to human rights and gender, through procedural change, as well as sensitisation and training exercises.

We also made notable progress in the public procurement reforms. Procurement Law by Decree of 2014 was signed by the President to maximise the benefit of public expenditure and promote the principles of transparency, integrity and equality. The Higher Council of Public Procurement Policies was also established to carry out key functions of top-down control of procurement processes and issue standardised forms of

contracts and tender documents.

Additionally, we promoted public media outlets to help keep up with regional and international developments. In this context, draft laws on regulation of the media sector were finalised.

However, the governance and institution building processes still faces many challenges, which may undermine achievements made over the past years. These include:

- Limited security control and jurisdiction: Israel's occupation hinders effective and efficient provision of security and justice services to citizens across Palestine, particularly in Area C and East Jerusalem.
- Suspension of the electoral system: Disrupted legislative and presidential elections negatively impact on the legitimacy and capacity of governance bodies. In spite of the internal political divide, free local elections were held throughout West Bank governorates. However, in the light of a dysfunctional Palestinian Legislative Council, normal checks and balances are absent, adversely affecting the effective management of government bodies.
- Divergent institutional and legislative systems: The 2007 political divide has led to an almost entire institutional and administrative split between the West Bank and Gaza. There are now two institutional apparatuses, one in the West Bank and one in Gaza. The continued split prevented legislative elections in early 2010. The increasing, compelling need to regulate and upgrade some laws has necessitated the promulgation of laws by Presidential decrees in line with Article 43 of the Basic Law. Meanwhile a parallel legislative and judicial apparatus has emerged in Gaza, mostly in contradiction with previously applicable laws or those in force in the West Bank.
- The divide has also entrenched unbalanced institutional capacities between the West Bank and Gaza. While institutional capacities are being supported and built in the West Bank, these are effectively lacking in Gaza. After national unity is restored, consolidation of the current institutional and legislative systems will be a major challenge. Hence, studies will be conducted to explore mechanisms and costs associated with restoring institutional and social unity.
- Limited public participation in policy and decision-making processes: Despite all efforts made to promote the youth's and women's role in the policy and decision-making processes, the contribution of these and other significant social groups is not institutionalised within decision-making circles, legislative bodies and political parties.
- International challenges: Some international players still oppose and impede Palestine's accession to international agencies, depriving Palestine of the benefits and privileges given to full-member states. Nevertheless, Palestine's accession to UNESCO is an important accomplishment, furthering its international status. UNESCO is now an important platform to defend Palestinian rights and such achievements need be supported and consolidated.
- Financial crisis: Palestine has been affected by a chronic financial crisis, which is projected to continue in the medium-term. Austerity policies to increase revenues and streamline expenditures will continue to be in place to address this financial crisis and promote stability. These will focus on increasing revenues and streamlining expenditures. An analytical study on operating expenditures will be developed, together with a vision to streamlining these expenditures.

Despite these challenges, the government will continue to strengthen governance, including security, justice, local government, public financial management, administrative development, and international relations. This will be informed by, and build upon, achievements made over the years but, where necessary, policies will be adjusted in light of lessons learnt. We will focus on local government, administrative development, and public finance, land administration, information and statistics, civil service reform, and public oversight. These are pivotal to strengthening the Palestinian economy and promoting financial stability of the government.

Strategic approach of the Good Governance and Institution Building sector	Institution building on the grounds of respect of human rights, fundamental freedoms and citizenship rights, including freedom of expression and the right to access information. Citizens will enjoy protection of the law without discrimination under an independent, effective and efficient judicial authority and a professional security establishment. In addition to effective and efficient national and sub-national governments that are capable of high-quality, proficient public service delivery, this strategic approach ensures public participation and a decentralised approach to decision-making and public accountability processes.
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Sector strategic objectives of the Good Governance and Institution Building sector

The strategic objectives below reflect input of sector strategies and reviews carried out in the following national sub-sectors: justice and rule of law; security; international relations; public financial management; monetary, banking and finance policies; local and administrative government; and administrative development.

Table 2: Good Governance and Institution Building Sector Strategic Objectives 2014-16

1. More effective, efficient and transparent management and allocation of public finances
2. LGUs throughout governorates are more capable of a better public service delivery
3. More effective delivery of, and equitable access to, public services
4. Enhanced ability to provide security and access to justice
5. More effective Palestinian presence in Arab and international forums as well as within Palestinian communities in the Diaspora

1. More effective, efficient and transparent management and allocation of public finances

In recent years, the government had made great strides to develop and strengthen the public financial management system. In collaboration with the Ministry of Planning and Administrative Development (MoPAD), the MoF has introduced an integrated policy-making, planning and budgeting system. Informed by a rational, logical, integrated and results-oriented approach, the new system brings coherence between planning and budgeting processes and more concentration on promoting effective, efficient and transparent resource allocation in line with national priority policies. The system is also governed by a national development, policy and strategic framework, designed to streamline decision-making and to facilitate the monitoring and evaluation of effective and efficient public sector management. MoPAD and MoF are continuing the work of reforming the public budget preparation process, shifting from line-item budgeting to programme-based budgeting, and combining recurrent and development expenditure requirements within a consolidated, gender-sensitive budget. The shift to programme-based budgeting provides a basis for a realistic medium term expenditure framework (MTEF) and enhance the transparency of annual public budgets. It will also help government bodies to better identify, manage and implement relevant development investments in line with available resources. The shift to programme-based budgeting ensures that budget programme management will be results-focussed. Setting and linking goals, objectives, outputs, targets and costs of budgetary programmes will ensure more effective delivery by those government bodies responsible for their implementation, ensuring monitored implementation and informed achievements of these programmes.

The government has sought to maintain fiscal stability by reducing annual recurrent budget deficit. It has

developed stringent expenditure controls to contain the public sector wage bill and reduce net lending. In 2009 and 2011, the government achieved good results. Revenues rose by 26.3% between 2010 and 2013. For the first time since the PNA was established, public revenues reached the US\$ 1.832 billion mark in 2010. Total revenues continued to rise, climbing to US\$ 2.314 billion by the end of 2013. During the same reporting period, recurrent expenditures dropped considerably. As a percentage of the GDP, net lending also declined from 10.3% in 2007 to 2.8% in 2010. However, the fiscal position deteriorated in 2012 as a result of the dramatic decline of external aid by almost 40%. As a result of expenditure controls, total expenditure (including net lending) in 2013 rose by almost 2% compared to 2012. By the end of 2013, the budget deficit reached US\$357 million a drop of 11.3% in comparison to 2012.

Over the past year, the banking sector has continued to play a pivotal role in supporting national policies. Promoting sustainable economic development, the banking sector financed a significant portion of the government budget and supported lending targeting local economic development.

To cope with the challenges mentioned above and ensure a more stable financial position, the government will implement the following priority policies during the new national planning cycle. These are designed to ensure modern, effective and efficient expenditure management, linked to planning and performance appraisal exercises, to increase revenues, to ensure informed implementation of rational fiscal, customs, monetary and financing policies, to maintain the institutional building effort, and to upgrade human resources capacity.

- Create an integrated policy-making, planning and budgeting system, which is responsive to gender and human rights. This will be duly monitored, evaluated and institutionalised across government bodies with a view to develop a results-based management approach, including a gradual shift from budgeting on a line-item basis to programme-based budgeting.
- Develop the administrative system, develop human resources to ensure alignment between budgets and delivery of results, create enabling IT systems, and communicate and ensure application of due fiscal and administrative processes.
- Consolidate all tax departments, provide capacity building to local tax management, use a computerised revenue management system, and monitor Israeli deductions of clearance revenues, ensuring legal and accurate application. These policies will contribute to increasing revenues, reforming tax management, expanding the tax base, and fighting tax evasion.
- Comprehensive computerisation of all functions of the Property Tax Department, including a central electronic archive, and implement all powers of attorney pending on property tax registers. In addition to registering all properties inside and outside municipal borders, a comprehensive valuation of all properties will be completed in line with internationally recognised standards.
- Expand the tax base horizontally, by increasing the number of committed taxpayers and creating a mechanism for cooperation and information exchange between the MoF, Ministry of National Economy (MoNE) and LGUs. Taxpayer data will be upgraded. At the same time, tobacco industry will be regulated and import prices will also be re-evaluated.
- Revise tax exemptions, monitor tax compliance by the Large Taxpayers Unit, reinvigorate collection priorities and the compulsory implementation system.
- Develop the Palestinian Customs service in line with requirements of the World Customs Organisation and work towards accreditation of Palestine as an independent customs area. Besides finalising the Customs Book, customs clearance areas will be established by extending Palestinian control over commercial activity.

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- Streamline public expenditure, optimise use of public finances, and align operating expenses with the natural increase of inflation and population growth with a view to bridge the budget deficit.
 - Reduce the fiscal burden of the wage bill by maintaining control over wage increases and headcount limits. The wage bill will be contained within a limit of 17% of GDP.
 - Design the public retirement programme with a view to realising fiscal stability, provide gradual payments to the Pension Fund's appropriations, and maintain commitment to monthly transfers of current employees to the Fund. An agreement will be made with the Pension Fund on all deductions and transfers.
 - Reform the public procurement system by putting into effect the Law by Decree of 2014 on Public Procurement and enacting necessary regulations. Also, create a unit to process relevant complaints and disputes; approve an incremental use of ICT applications; create and manage a portal for procurement in Palestine; and introduce needed legislative amendments with a view to promoting transparent and accountable public procurement and streamlining expenditures.
 - Exercise oversight of patient transfers and introduce as well as implement reforms within the Ministry of Health (MoH) with a view to auditing respective expenditures.
 - Put in place effective and efficient monetary management, ensure an optimum use of liquidity to cover budget line items, reinvigorate financial oversight of disbursement, and develop and implement a decentralised approach to internal auditing in tandem with international standards and best practice. Government accounting and reporting processes will also be improved.
 - Gradually reduce fuel support to a reasonable level (to almost ILS 40 million a month) and construct central storage tanks in order to eliminate wastage, contain costs and maintain a petroleum reserve.
 - Redouble efforts to attract donor aid to finance significant strategic development projects aligned with national priorities.
 - Continue to upgrade public administration, ensure lean government agencies, enhance civil servants' performance, finalise legislative framework of financial and administrative reforms, and improve oversight and information processes and systems.
 - Promote and rejuvenate all oversight bodies, particularly the State Audit and Administrative Control Bureau with a view to consolidating control and accountability of public finances, ensure transparent financial operations, and promote community participation in public budget preparation and discussion.
 - Strengthen the role of the Palestinian Anti-Corruption Commission and implement processes to combat corruption, ensuring public finance is not wasted, but well invested to serve and develop the society as a whole.
 - Finalise procedures to convert the Palestine Monetary Authority into a central bank, enact legislation to materialise monetary and banking stability, and create an upgraded and well-developed banking system.
 - Urge the banking sector to continue to channel and increase credit targeted at economic activity. Banks and specialised lending institutions controlled by the Palestine Monetary Authority will provide and increase lending to SMEs.
 - Create an enabling environment to ensure effective, competitive and committed activity in the financial markets in line with the best international standards, improve legislation and processes, and invigorate the role of the Palestine Capital Market Authority in this process.
 - Create an enabling environment to maintain stable prices and fiscal stability. In this context, sensitisation

programmes will be launched to raise public awareness of the non-banking financial sector. Needed laws and regulations will be finalised to promote corporate governance. The National Strategy on Financial Education will also be developed.

- Develop legislation, including laws, bylaws and regulations, on public financial management reform. This includes amendment of tax and revenue regulations, as well as review and upgrading of draft laws, regulations, standards and code of professional conduct that regulates internal auditing. Besides approving the Law on the Right to Access Information, efforts will be concerted to finalise review and promulgation of secondary legislation on securities, mortgage, insurance, and financial leasing.

2. LGUs throughout governorates are more capable of a better public service delivery

The Palestinian government has developed physical, human and institutional capacities of the local government sector to enable LGUs to possess an effective and efficient capacity to reach out to citizens and deliver high-quality services. The government has also provided assistance to LGUs to be more democratic, transparent, and receptive to public participation. Partnership between LGUs, private sector and civil society has been consolidated to further enable LGUs to generate necessary income, sustain functions and service delivery, and improve the local economic situation.

In the local government sector, major achievements during the previous planning period included municipal elections throughout the West Bank. In line with the amalgamation policy implemented by the Ministry of Local Government (MoLG), the number of LGUs was reduced. As part of its Strategic Plan 2011-13, the MoLG prioritised development of LGUs in Area C. The Ministry also registered progress in developing financial management systems, budget preparation and approval, and LGU capacity to deliver planning and public outreach functions. The Municipal Development Lending Fund (MDLF) has played a significant role in supporting, lending and developing LGUs. The mechanism used by the MDLF to support and lend to LGUs has been a focus of attention by other Palestinian and international agencies in light of tangible results achieved, particularly in relation to consolidating donor efforts.

Still, the local government sector faces several institutional, legislative and regulatory challenges. The crippling financial crisis has delayed and disrupted financial transfers, particularly tax and fee allocations collected for the benefit of LGUs. The government has to cope with LGU accumulated utility debt, which Israel deducts from clearance revenues. Added to this is the major predicament posed by the Israeli occupation, which restricts LGUs' ability to expand and utilise the national resources in Area C for the benefit of the communities they serve.

Firmly believing in its significant contribution to the national development process and taking account of the challenges it faces, the Palestinian government will pay even more attention to the local government sector during the next national planning phase. To create a streamlined local government sector that is capable of realising sustainable development and boosted by effective community participation, the government will work unrelentingly towards reducing the development gap between communities. Below are the priority policies which the government will implement over the upcoming three years:

- Expand the territorial scope of LGUs, particularly in Area C, by adding new vital areas to current master plans. Also, develop master plans for all residential communities in Area C, enhance infrastructure networks, ensure geographical and service contiguity with the rest of the Palestinian territory, and improve public service delivery in these communities.
- Develop an LGU classification policy, encourage inter-agency cooperation either by consolidation or amalgamation, and create legal mechanisms to facilitate this process, while at the same time maintaining

the identity of relevant communities. It will encourage LGUs to provide public services and implement joint projects to enable effective and efficient administrative, technical and financial capacities. Coordination and integration between LGUs will also be consolidated in line with an integrated approach and sound planning. The MoLG will also promote representation and coordination delivered by The Association of Palestinian Local Authorities (APLA).

- Promote better LGU financial resource management and increase and sustain LGU revenues by enhancing fee collection mechanisms, providing capacity building, and developing an informed guidance and oversight system. Transparent and accountable LGU management will be consolidated so that they are more capable sustainable, high-quality service delivery.
- Hold periodic, competitive and fair local elections. LGUs will seek a broader community participation in relevant functions. To further promote transparent and accountable operation, LGUs will encourage residents to express their opinions on issues and priorities of the public interest. Citizens' trust and loyalty to LGUs will be enhanced by developing public participation guidance manuals, setting integrity and transparency standards, and launching public awareness campaigns to promote the concept of citizenship on grounds of rights and obligations. Experience with the Public Service Centres will be extended with a view to consolidating good governance principles and practices.
- Strengthen the district offices of line ministries, including the ministries of health, education, social affairs and labour. To further promote a decentralised approach, ensure coordination between these district offices and LGUs. In relation to health and education services, supervisory powers will be given – if necessary – to LGUs in remote communities and areas isolated behind the Wall.
- Develop a legal framework to build partnerships between LGUs, the public and private sectors, and civil society organisations to jointly contribute to local development initiatives. Mechanisms will be set in place to allow a partnership between banks and LGUs to provide concessional lending for infrastructure and service delivery investments. The private sector's corporate social responsibility will be promoted and guided towards supporting the local government sector.
- Enhance and support LGU capacity to cope with emergencies, including snow storms, floods, and earthquakes. Besides allocating necessary resources, LGU work with relevant authorities, including the Civil Defence, will be coordinated.
- Upgrade legislation, including laws, bylaws and regulations, needed to develop the local government sector and support further decentralisation. In particular, the Law on Local Authorities No. 1 of 1997 will be upgraded to ensure more consistent and clearer roles of local government sector actors.

3. More effective delivery of, and equitable access to, public services

The government employs almost 153,000 civil servants, including 89,000 in the West Bank and 64,000 in Gaza.⁹ The education, health and security sectors are the largest employers, consuming the largest portion of the recurrent budget. Public service delivery is a key duty of the government, particularly in Gaza, East Jerusalem, Area C, refugee camps, rural and marginalised areas, and areas affected by the Wall and settlements.

To achieve better, more effective service delivery, the government has worked over the past years towards enhancing service provision by upgrading the institutional capacity and infrastructure of service centres. The government has also paid attention to implementing administrative reforms, improving administrative development principles, bolstering civil services and civil servants' performance throughout line ministries

9. General Directorate of Salaries, MoF, February 2014.

and government agencies. In this context, the government has developed a draft employment structure for 2013-15 with a view to better regulate government employment procedures. The government is in the process of developing resource allocation on the basis of sound planning precepts. Linking inputs, outputs and results, these processes ensure a better, more accurate prioritisation and contribute to the streamlining of expenditures. Additionally, the government is now enhancing effective and efficient operations of the international aid, monitoring and evaluation system to ensure better implementation outcomes.

Still, a set of challenges impede development of public administration and service delivery. Most notably, recurrent financial crises and volatility driven by the unpredictability of external financial support have negatively affected the implementation of the government's reform agenda. This persistent problem puts in doubt the government's ability to sustain public service delivery.

Likewise, expanding structures, duplication of roles, powers and tasks of some institutions, continue to be a problem with adverse impacts on interdepartmental cooperation and operations. There is also weak monitoring and evaluation tools throughout the government, rendering vague linkages between inputs, outputs and results and weak accountability measures. The dysfunction of the PLC, and hence lack of oversight of the executive branch, adds to the weakness in oversight and accountability. This necessarily requires that, at this time, PLC committees be promoted and capacity building and support provided to the PLC General Secretariat. Community participation will be further encouraged and consolidated. Incorporation of the Anti-Corruption Commission (2010) and amendment of the Law on Illicit Gains are extremely significant steps towards a more effective and efficient oversight and accountability framework in Palestine.

The priority policies which the government will implement over the upcoming three years are:

- Continue to develop results-based administration by developing planning and policy-making processes and a more robust monitoring and evaluation system using reliable statistics and data to ensure effective and efficient institutional operations and service delivery.
- Resolve conflicts and duplications in the roles, tasks and responsibilities of public sector bodies. Adequate organisational structures will be developed. This activity will also ensure professionalization of key functions developing specialised services.
- Amongst civil servants, promote an institutional and professional culture based on mutual respect and service delivery inasmuch as it is a public right. The Code of Professional Conduct for Civil Servants will play a crucial role in this process.
- Develop laws, regulations and processes which ensure access to information and freedom of expression and freedom of the press, particularly among children, young people and women. Volunteerism will also be encouraged in all walks of life.
- Organise and institutionalise participation of civil society actors and the private sector in decision-making processes and promote social accountability for government actions. Besides safeguarding freedom of the press, the government will protect the freedom of expression in the media, both print and broadcast.
- Review current public service prices (including access to justice, utilities, healthcare, education, and social protection), to ensure equitable access for all social groups, and pay more attention to vulnerable groups and marginalised. This priority policy will be tailored to ensure public service delivery to all citizens.
- Avoiding discrimination, ensure high-quality, effective and efficient public service delivery across line ministries and government bodies. To improve e-government, we will focus on ICT development to save time, effort and money and to raise the quality of service provision.

4. Enhanced ability to provide security and access to justice

In recent years, the government has made great strides to establish security and public order in the PNA-controlled territory. It helped consolidate the rule of law, protection of public rights and freedoms, and realisation of community safety. We have rebuilt, rehabilitated and developed security and police headquarters and stations, Civil Defence centres, and correction and rehabilitation centres. We have also enhanced security service delivery, significantly enhancing citizens' feeling of security and improving their economic conditions. Thanks to technical, administrative and professional advancements, the security sector is now fully ready to preserve security of the future Palestinian state.

In light of the close ties between security and justice sectors, gains in public order have given the justice sector a chance to develop and grow stronger. The government has worked to develop the criminal justice system, and provide support to the Judicial Authority to enhance its capacity to tackle its case load more effectively, efficiently and timeously. The government also paid special attention to developing legal aid mechanisms, juvenile justice, forensic medicine, and alternative dispute resolution mechanisms, including arbitration and mediation.

Appointment of female judges has notably increased with special attention paid to violence against women, child abuse and alimony cases. In addition to a greater attention to juvenile cases, an Alimony Fund has been established. Law by Decree No. 7 of 2011 was promulgated, amending the Jordanian Penal Law of 1960 in force in the West Bank and Egyptian Penal Law operative in Gaza. The new Law by Decree suspends enforcement of articles on femicides on grounds of the so-called honour killings.

Gains made in the justice and security sector have contributed to promoting respect of human rights, public freedoms and rule of law. However, all these achievements have been limited to the PNA-controlled territory in the West Bank. The Gaza Strip has been excluded due to political and administrative divide, whilst East Jerusalem and Area C have not benefited due to Israeli control. The Israeli occupation is an overwhelming challenge to the government's effort to bring public order, promote the rule of law, improve respect of human rights, and ensure security and justice for all its citizens.

Still, many internal issues still need to be addressed. Unclear roles and responsibilities need to be resolved. Boundaries between military and civil legislation need to be clearly demarcated. The law needs to be properly enforced in relation to detention conditions.

The priority policies which the government will implement over the upcoming three years are:

- Upgrade legislation, including laws, bylaws and regulations, needed to promote justice and rule of law as well as to distribute roles and powers among all justice sector actors.
- Continue building the forensic system, strengthen the police, and refurbish correction and rehabilitation centres so that they comply with relevant international norms and human rights standards. To ensure a continued effort to develop and promote the criminal justice apparatus, effective and efficient mechanisms will be created to enhance coordination and eliminate overlapping powers and responsibilities between justice sector actors.
- In the context of promoting public safety measures, build and develop the Civil Defence Agency, enhancing its reach across all Palestinian territory.
- To consolidate judicial independence, ensure effective, gender-sensitive service delivery, upgrade infrastructure, and increase the number and capacity of family and regular court judges and prosecutors in various specialisations.

- Rejuvenate judicial inspection and bolster the application of the principles of transparency and good governance to functions of the judicial apparatus, ensuring due accountability.
- Consolidate and expedite processes to execute court decisions, including in relation to infringements of local government regulations.
- Continue to develop legal education in Palestine, localise security and judicial training, and integrate human rights and gender concepts in training curricula targeting security and justice sector staff.
- To promote integrity, transparency and accountability, oversight and inspection systems will also be developed at these agencies throughout security and justice sector actors. Effort will continued to be made to approve and enforce codes of professional conduct.
- Upgrade and enforce laws in line with international standards of human rights, particularly those that ensure protection of women, children, the elderly, and people with disabilities.
- Enhance the role that the Bureau of Legal Counsel and Legislation plays in upgrading and improving drafting of effective legislation. Regulations will be published in the Palestinian Official Gazette in a timely fashion. Capacity building will also be provided to institutions specialising in legislative drafting.
- Employ more women in the Palestinian Civil Police and other security services and enhance women's access to justice sector services.
- Promote the role of the Independent Commission for Human Rights to oversee and ensure a clear and due process of investigation into citizens' complaints.
- Continue to put in place and implement preventive measures against crime, narcotic drugs, blackmail, and cybercrime.

5. More effective Palestinian presence in Arab and international forums as well as within Palestinian communities in the Diaspora

The government has made key achievements on the international level. In November 2012, Palestine was admitted as a non-member state of the UN. The State of Palestine was also admitted as a member of the UNESCO. More than 138 states now recognise the State of Palestine. Palestinian representation has been elevated, particularly in some European countries. Palestinian bilateral and multilateral relations have developed in many areas, including education, trade, culture and tourism. These historic achievements were a fruit of concerted efforts made by the President's Office and government, including the Ministry of Foreign Affairs (MoFA), over the past years. These accomplishments must be built-upon to further strengthen Palestine's diplomatic and political presence on both official and non-official levels. The just Palestinian cause will continue to be publicised. In addition to invigorating diplomatic action, regional and international support will be lobbied with a view to attain Palestinian right to self-determination and statehood on the 1967 border. A just solution of Palestinian refugees will also be reached in line with international resolutions and norms. Besides accession to international agencies, organisations and forums, Palestine will work towards signing relevant conventions and treaties.

The government will implement the following policies over the next three years:

- Lobby and revitalize international political, diplomatic and legal support to materialise the State of Palestine with East Jerusalem as its capital, deter Israeli practices, and hold Israel to account under international law and conventions.
- Develop laws and regulations to qualify Palestine to accede to international agencies and organisations

as well as ratify international conventions and treaties, serving the supreme national interest.

- Take steps towards accession to international conventions on human rights. As a topmost priority, Palestine will first accede to the International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, and Convention to Eliminate All Forms of Discrimination Against Women.
- Promote government expertise and capacity in international law, particularly International Humanitarian Law and International Human Rights Law. We will further enhance communication with UN human rights agencies, contribute to international forums, submit due reports, and provide training to all relevant government bodies.
- Continue to promote international cooperation and exchange of expertise and know-how, especially in economic and commercial spheres. Promote competitiveness of Palestinian products in Arab and international markets, particularly in the tourism, agriculture, manufacturing and ICT sectors.
- Consolidate South-South Cooperation and utilise relevant UN initiatives.
- Strengthen relations and build bridges with Palestinian communities and refugees in the Diaspora on the one hand, and the society from across the spectrum, including refugee camps, in Palestine. Also, efforts and support will be lobbied to rebuild the Palestinian economy and establish an independent Palestinian state.
- Invigorate international popular support for Palestine and resistance of the occupation by developing relations between Palestinian government agencies and civil society organisations throughout the world. Relations will also be upgraded with friendly organisations, civil society actors and international groups and individuals, who support the Palestinian people in their struggle for their legitimate rights. Joint efforts will be made to introduce the Palestinian people, the question of Palestine and Palestinian heritage.
- Promote Palestinian formal and informal participation and representations in international organisations and forums.
- Continue to develop Palestinian consular activity to ensure full readiness to represent the State of Palestine and the representation and protection of the interests of its citizens abroad.
- To serve the Palestinian cause, institutionalise the media sector through an integrated legal framework of all media outlets (both official-government and private).

3.2.3 Social Protection and Development

Context

The government has worked hard in recent years to provide high-quality social services in the education, health and social protection sectors, ensuring equitable opportunities and access to all social groups. To ensure integrated, inclusive, sustainable and cost-effective service delivery, the government has promoted partnership with the private sector, local and international NGOs, and UN agencies, including the United Nations Relief and Works Agency (UNRWA). The achievements in these sectors represent the fruits of these partnerships and the hard work of all concerned. Accordingly, the government is committed to consolidating and developing these partnerships over the years to come. The government has paid special attention to building Palestinian human capital and improving the quality of social service provision, particularly education, with a view to prepare and empower our children and youth (males and females) to positively and effectively engage in our social development endeavour.

The government is determined to maintain and build on the achievements it has recorded in social service access and delivery. Over the coming three years, we will continue to focus efforts on enhancing and sustaining social service provision, including education and health, ensuring equitable opportunities and access to these services. Social service delivery will be organised within a framework of partnership and operational integration with the private sector, civil society actors, and various UN agencies. The government will also develop an inclusive, integrated social protection system, including a social assistance delivery system, social service apparatus, and national social security initiative. This system will be capable, without discrimination, of ensuring a decent standard of living for all citizens, particularly the poor and other vulnerable groups.

Looking forward, the government recognises that increased investment in quality education, including in childhood and early childhood, are indispensable to building human capital – our most precious asset and the backbone of our future socioeconomic development. Furthermore, the government will take necessary measures to ensure full, effective and efficient participation of women and the youth in the development process and in the benefits of future development outcomes. The government is further resolved to empower our citizens, help them manage the transition from dependency to self-reliance, achieve prosperity, and lead a decent life. In this context, the government will create conducive conditions to enable individuals, particularly women and youth, to establish their own productive and income generating enterprises. It will also continue to develop and unleash potential of human resources to build the knowledge-based economy and meet future labour market needs.

Over the next three years, social justice will be of utmost priority in the social protection and development policy agenda. The government will work towards reducing development gaps and inequities within our society on grounds of gender, age or community. Accordingly, resources and effort will be focused on the most marginalised areas and groups. The government will continue to build on and develop current partnerships with the private sector, civil society actors and UN agencies in implementation of development projects throughout the Palestinian territory. The government will work jointly with these organisations to address and alleviate the high rates of poverty and unemployment, which pose a threat to our social fabric. Recognising its importance to social cohesion and the morale of the nation, the government will also dedicate a portion of available investment resources to safeguarding our national culture and heritage.

On the national, regional and international scenes, the government will redouble its efforts to raise and maintain public awareness of, and advocacy for, Palestinian prisoners held in Israeli detention centres. We will continue to lobby for the enforcement of international law and efforts will be tailored to provide protection, enhance detention conditions, and ultimately secure the release of prisoners. Through the

Ministry of Detainees and Released Detainees (MoDRD), the government will continue to provide all means and efforts needed to ensure the legal defence of Palestinian prisoners, particularly before Israeli courts. It will also provide education, social assistance, healthcare, rehabilitation, and reintegration services to released prisoners.

Relief and Development

Under current political and socioeconomic conditions, Palestinian development initiatives cannot be separated from humanitarian support. This is the reality in the context of the occupation, imbalances in living conditions throughout occupied Palestinian land, and unpredictable developments in the political process.

In implementing the NDP 2014-16, the interrelationships between development efforts and humanitarian aid will be considered carefully. All humanitarian aid efforts will be geared towards creating an enabling environment that supports the development process and the achievement of our medium- and long-term goals and aspirations.

In addition to improving living conditions of the poor, a development-oriented approach to humanitarian relief, will help alleviate poverty and promote transition from dependency to self-reliance by investing in economic empowerment and providing capacity building to the poor and vulnerable households.

Creating a link between development and humanitarian aid and ensuring coherence between humanitarian action and government-led development requires concerted effort and coordination between all stakeholders to manage humanitarian support and develop a culture and concept of humanitarian aid that assures an orderly transition from ad hoc, rapid reaction to empowerment and sustainable development. This can be achieved by:

- Institutionalising coordination of humanitarian aid management between Palestinian institutions and other relevant agencies to prevent duplication of efforts.
- Revisiting budget priorities with a view to alleviating poverty, reducing unemployment, improving basic service delivery, and extending service provision to affected, vulnerable and marginalised areas.
- Developing and enacting laws and regulations that provide protection against unemployment, and provide social protection and care for needy and marginalized groups.
- Enhancing social service delivery, particularly to the poor, vulnerable groups, and persons with limited income.
- Ensuring implementation of the minimum wage and developing and putting into effect the Consumer Protection Law with a view to protecting the poor and persons with limited income.
- Focusing on job creation components within humanitarian aid programmes.
- Supporting small loan programmes to empower the poor and vulnerable groups, especially women and households with limited income. To lift them from poverty, these will receive rehabilitation and training to help them establish income generating enterprises.
- To the greatest extent possible, include local products in food baskets delivered to the poor.
- Provide a continuous evaluation of mechanisms and channels of delivering humanitarian aid to the poor, ensuring effective and efficient distribution.

Strategic approach of the Social Protection and Development sector	Continue to provide sustainable, high-quality, rights-based and gender-sensitive social services, contributing to alleviating poverty and maintaining social justice between social groups and areas. These will provide protection and empowerment to children, women, young people, the elderly and people with disabilities in a society governed by a pluralistic, innovative national culture, which safeguards its heritage and preserves its social cohesion and solidarity.
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Sector strategic objectives of the Social Protection and Development sector

The following strategic goals are derived from a consolidation of the social protection and development sector and cross-sector strategies: social protection and development, education and higher education, TVET, health, culture and heritage, youth and sports, and gender.

Table 3: Social Protection and Development Sector strategic objectives 2014-16

1. A rights-based, gender-sensitive, and a more inclusive, integrated and sustainable social protection system to alleviate poverty, marginalisation and social exclusion
2. Education, higher education, and TVET systems ensure high-quality education for all without discrimination, linked to the labour market and society needs, and keep pace with scientific and academic advancements
3. A more integrated healthcare system, providing high-quality, equitable public health care services for all
4. More accessible cultural activities, promoting a pluralistic, open and innovative national culture, which denounce all forms of discrimination, as well as preserving and renewing cultural heritage
5. Palestinian youth, including males and females, are more capable of participation in the labour market and social, political, cultural and sports events, and contribute more effectively to national development
6. An empowered Palestinian woman who enjoys more protection and better participation in the labour market and public life, with easier access to all basic services and with equitable opportunities without discrimination

1. A rights-based, gender-sensitive, and a more inclusive, integrated and sustainable social protection system to alleviate poverty, marginalisation and social exclusion

The government worked towards reforming and enhancing capacity of the social safety network to deliver social services. To ensure social assistance is delivered to entitled beneficiaries, the government has reviewed, consolidated and developed mechanisms to better target and calculate the benefit value of cash assistance programmes. With a total cost of US\$ 128 million, approximately 104,203 households, including 586,024 members, benefited from the consolidated Cash Transfer Programme (CTP) in 2013. Female-headed households comprised 43.6% of total beneficiaries. Besides cash transfers, the Ministry of Social Affairs (MoSA) also delivers a set of social services.

The MoSA has finalised a national poverty database, including 150,000 Palestinian households in the West Bank and Gaza. The Ministry has also launched a comprehensive process to review and upgrade social protection-related laws and regulations. Most importantly, the MoSA developed amendments to the Child Law, a draft Juvenile Justice Law (the first of its kind in Palestine), a draft Law on Protection of Families

against Violence, and a Regulation on Medical Transfers Abroad. In addition, the MoSA developed several national strategies, most notably the National Strategic Framework of People with Disabilities, National Strategy for Care of the Elderly, and National Strategy for the Juvenile Justice Sector. Notwithstanding these efforts, poverty and food insecurity rates continue to be high. According to consumption patterns, the rate of poverty was 25.8% in 2011: 17.8% in the West Bank and 38.8% in Gaza. Of these, 12.9% suffered from deep poverty (7.8% in the West Bank and 21.1% in Gaza). The data also shows a continued decline of food security. In 2012, the percentage of households lacking food security was 34% (57% in Gaza and 20% in the West Bank).¹⁰ In spite of reforms aimed at a more effective and efficient programme, social protection continues to be impaired by several weaknesses, including fragmented service delivery, falling short of what is needed to secure a decent standard of living for all Palestinian citizens.

More effort will be invested to ensure an integrated and rights-based social protection system to provide high-quality, sustainable services to all social groups without discrimination. This system will bridge the development gap between various communities, enjoy fiscal sustainability, reduce dependency on external aid, and link relief assistance to development interventions. It will further provide capacity to poor and vulnerable households, enabling self-reliance and enhancing living standards.

Below are priority policies the government will implement over the upcoming three years:

- Continue to develop integrated, rights-based social protection systems with a view to deliver high-quality services. These will ensure a decent life and allow opportunities for all, particularly the poor, children, youth, women, the elderly, and persons with disabilities.
- Continue to provide services, care and rehabilitation for prisoners, released prisoners, and families of martyrs and the wounded throughout the Palestinian territory.
- Bridge the development gap and regional discrepancies, particularly in Area C, communities adjacent to the Wall, East Jerusalem, and Gaza.
- Develop a database of social welfare needs and services available in East Jerusalem and Area C. Also, enhance effective functions, expand coverage and diversify services delivered by Palestinian institutions.
- Promote a child protection system as a primary framework to deliver social protection to children, ensuring alignment with a broader social protection system.
- Develop a national social security system, which enhances social solidarity and prioritises the poor and marginalised groups.
- Enhance the institutional capacity, legal framework and governance of the social protection sector. Besides promoting a decentralised approach, working relationships between service providers will be strengthened, including the government, NGOs, UN agencies, and international organisations.
- Consolidate coordination and cooperation between stakeholders to eliminate overlapping or duplicate functions, and provide capacity building to all actors, particularly the MoSA, in the development of legislation, policies, social protection systems, and monitoring and evaluation.
- Develop national and sector monitoring and evaluation systems and create a central social protection database.
- Operate systematically and incrementally to manage transition from dependency on relief programmes to self-reliance by enhancing linkages between humanitarian and development aid, investing in economic empowerment, and providing capacity building to the poor and vulnerable households.

10. Palestine Economic Policy Research Institute (MAS), Food Security Bulletin, 9, Autumn 2013.

2. Education, higher education, and TVET systems ensure high-quality education for all without discrimination, linked to the labour market and society needs, and keep pace with scientific and academic advancements

We have launched various initiatives to promote a universal education system, enhance education quality, and align outputs with the labour market needs. We have improved education sector infrastructure, started to implement the Teacher Training and Rehabilitation Strategy, reviewed and enhanced educational curricula, promoted electronic and entrepreneurial education, and approved a new TVET Strategy.

Compared to many countries in the region and world, data show that Palestine registered tangible progress in relation to quantitative indicators, including gender equality in enrolment rates. Data show that the net enrolment rate in basic education is 94.4% among children in the 6-15 age group. Completion of basic education is 88.5%. However, enrolment of children with disabilities in basic education is still low, reaching only 45% of the total children with disabilities in school age. Preschool enrolment also continues to be low (33.8%) due to poverty and the limited number of kindergartens in the smaller and remote communities. Harassment by the Israeli army and settlers also discourages children from travelling to and from educational facilities.

Nevertheless, progress on quality of education has not matched our achievements in relation to quantitative education targets. Despite the progress seen in the achievements of Palestinian students in TIMSS, results are still below average. The ranking of Palestine is still low compared to other countries that take part in the TIMSS. Data from the Ministry of Education (MoE) showed that ordinary life skills measured in fourth, eighth and tenth grades scored around 70% in 2012, a percentage that does not reflect our aspirations.

TVET has also seen modest enrolment rates of 2.94% - though the commercial stream is an exception, recording an enrolment rate of 4.6% in the West Bank and 0.5% in Gaza. Women's enrolment in TVET facilities is also low: 56 females to 100 males. This is mainly ascribed to an inferior perception of vocational education within society, the limited number and low quality of disciplines, and the incompatibility of TVET outputs with the labour market needs.

Higher education continues to enjoy a higher status in society. Approximately 30% of the 18-24 age group is enrolled in higher education institutions. Of these, 54% are women. However, the higher education sector continues to suffer from declining quality as well as limited academic disciplines, which do not match emerging labour market and societal needs. This is especially evident in postgraduate programmes, where graduates experience high unemployment. The higher education sector is expected to remain in a relatively poor state due to the continued financial crises that cripple our universities.

In the education, higher education, and TVET subsectors, the government will implement the following priority policies over the upcoming three years:

- As a human right, ensure the safe and fair enrolment of all Palestinians, including children with disabilities. Special attention will be paid to children living in areas under Israel's control as well as in marginalised and remote communities.
- Increase enrolment in early childhood and preschool education programmes. This will target both boys and girls.
- Create a safe, progressive, fair and students-centred educational environment and improve psychological and social health standards at schools.
- Improve the high school (Tawjih) system, enhance staff capacities, and promote the role of the education system in building the national character.

- Improve quality of general education and TVET , increasing enrolment to TVET especially among girls. TVET will also be adapted to society and labour market needs. Attention will also be paid to entrepreneurial education.
- Continue to deliver training and rehabilitation targeting teachers with a view to promoting quality education and learning.
- Continue to revise and develop curricula from a gender perspective and add educational modules that deal with gender issues throughout all stages of education.
- Reform and restructure the Palestinian school system to ensure alignment and consistence in all phases.
- Develop the education system and promote governance, administrative and financial systems, and the legal framework. To coordinate efforts on the basis of partnership and responsibility, consolidate interdepartmental cooperation within the Ministry of Education and strengthen working relationships with UNRWA and private schools. A decentralised approach in the education sector management will be adopted. Every effort will be exerted to maintain the unity of the Palestinian education system in the West Bank, Gaza, and East Jerusalem, ultimately, throughout Palestinian schools in the Diaspora.
- Construct, develop and rehabilitate infrastructure of schools and educational institutions, especially facilities of girls, throughout the Palestinian territory, particularly in East Jerusalem, Area C, and Gaza.
- Enhance quality of education in East Jerusalem, develop education infrastructure, integrate a larger number of schools within the education apparatus, and confront efforts by Israel to distort Palestinian curricula.
- Reform and develop higher education management and governance within the public sector and throughout academic institutions. Universities will receive assistance to overcome current financial crisis. Joint efforts will be made to expand enrolment, particularly among poor and vulnerable groups, as well as enhance quality of higher education, encourage scientific research, exchange expertise, and adapt outputs to needs of the Palestinian society as well as to the local and regional marketplace both quantitatively and qualitatively.

3. A more integrated healthcare system, providing high-quality, equitable public health care services for all

In comparison to neighbouring countries, Palestine has made notable achievements in relation to health indicators over the past years. In 2012, life expectancy in Palestine was 71 years for men and 74 years for women. In the same year, child mortality rate (under the age of 5 years) dropped to 16.2 per 1,000 live births. Also, infant mortality rate decreased to 13.5 per 1,000 live births in the same year. We have also made progress in the national vaccination programme, registering as high coverage rates as 100%. Epidemic diseases have been well under control. A total of 99% of women receive prenatal care. Of all births registered in 2012, 99.1% of births were delivered in hospital. Also, the maternal death rate dropped markedly. At the same time, however, only 38% of women receive antenatal care and cases of women not receiving any reproductive health services rose by 19.3%.

The achieved relatively high level of healthcare is the fruit of the joint efforts of many agencies and service providers. During the previous planning cycle, the government has developed infrastructure of the health sector, constructing and rehabilitating many healthcare centres throughout the Palestinian territory with a view to enhancing public access to basic healthcare services. Having improved our partnership with civil society actors and private health sector, we have invested in enhancing health sector human resources as well as in continuing health professional education programmes. These endeavours have enabled localisation of many tertiary healthcare services, reducing the need for patient transfers abroad.

In spite of the achievements, there is still more to be done to improve secondary and tertiary healthcare services with a view to bridging gaps between various areas and enhance access to healthcare services. The government will build a sustainable system of healthcare service delivery for all citizens without discrimination. It will also complete the implementation of a computerised healthcare system of primary healthcare abroad.

Moreover, we are striving to cope with Israeli restrictions, which inhibit an equitable public access to healthcare services, and have worked tirelessly to streamline and optimise the use of available resources in light of declining economic situation and irregular foreign aid. These factors have impeded and undermined our ability to maintain and build on our achievements.

Nevertheless, side by side with all relevant national institutions, we are striving to continue to enhance the health sector, particularly primary healthcare. However, recent data show that Palestine is undergoing a far-reaching epidemiological transition as chronic disease spreads within the Palestinian society, especially among women. More death causes are attributable to widespread vascular diseases, heart attacks, diabetes, cancer, and brain strokes. Data shows that an unhealthy lifestyle, including smoking, lack of exercise and unhealthy diet, has deteriorated health conditions. Recently, Palestinian citizens have suffered from increasing psychological-social problems. In 2012 and 2013, these have reportedly affected behaviour of 26% and 38% of the adult population in the West Bank and Gaza respectively.

In light of these, we will implement the following priority policies over the upcoming three years:

- Continue to provide better access for all social groups to high-quality healthcare as a human right. Special attention will be paid to poor and vulnerable persons throughout the Palestinian territory, particularly in remote areas, communities adjacent to the Wall, Area C, East Jerusalem and Gaza. Additionally, the Health for All principle will be duly adhered to.
- Develop and upgrade the infrastructure of hospitals, clinics and healthcare centres, particularly in East Jerusalem, provide necessary support to protect them against dysfunction, and keep up effective and efficient operation. Also, provide qualified staff and cover necessary expenses, comparing these to the cost of medical transfers abroad to ensure economic benefit.
- Improve management of chronic diseases, which overburden the healthcare system. Besides promoting early detection programmes, preventive healthcare will be invigorated. Campaigns will be designed to raise public and individual awareness about healthy lifestyle and behaviour.
- Conduct a comprehensive review of the patient transfer system, invite tenders from Israeli and Jordanian hospitals with a view to contract the best healthcare services in terms of quality and cost. Also conduct a comprehensive review of Israeli deductions from clearance revenues, auditing all invoices. In parallel, invest in human capital and infrastructure in our hospitals in order to reduce the need for patient transfers.
- Enhance health sector development and governance through effective and efficient institutional development and management of the healthcare system. We will work with medical schools and nursing institutes to supply qualified human resources, capable of delivering high-quality services, with a view to minimising reliance on external aid and outside patient transfers, and propelling the health sector to a state of self-sufficiency. Healthcare programmes and service delivery will also be gender-responsive.
- Extend the computerised healthcare service system to include all government hospitals, MoH directorate district offices, and MoH clinics. Over time, the system will be integrated with the health insurance system and central warehouse systems with a view to ensure a comprehensive, computerised government healthcare system.
- Continue to develop primary healthcare service delivery, particularly mother and child care, and reproductive health, with a particular emphasis on postnatal healthcare.

- Develop and integrate psychological and community health within primary healthcare service delivery. The family health approach will also be in place.
- Develop partnership, cooperation, coordination and integration between the MoH, UNRWA, and other health service providers, including private operators and NGOs.

4. More accessible cultural activities, promoting a pluralistic, open and innovative national culture, which denounce all forms of discrimination, as well as preserving and renewing cultural heritage

In cooperation with various cultural actors, successive governments have worked to develop the Palestinian culture and to protect and maintain our cultural heritage. To preserve the national identity, which is being constantly targeted by Israel's systematic attempts to undermine it, we have worked to promote social cohesion and cultural contact between Palestinians both inside Palestine and in the Diaspora, targeting all segments of the society in the West Bank and Gaza, including refugee camps. Over the past three years, the government supported construction and rehabilitation of many cultural centres and institutions, providing essential infrastructure development. Through the Culture Support Fund, the government promoted and sponsored individual and collective cultural events and activities throughout Palestine, with a particular focus on remote and marginalised areas. In spite of these efforts, almost one fifth of the Palestinian population wishing to engage in cultural activities in their spare time could not do so. Particularly in rural areas, cultural institutions and infrastructure are lacking. To address this issue, we are determined to channel investment to develop cultural infrastructure, with a special focus on marginalised and remote areas. Jointly with all local and international partners, the government will make more effort to sponsor cultural activities, rejuvenate the spirit of creativity, innovation and excellence, and consolidate the Palestinian cultural presence on the local, regional and international levels.

In relation to national culture and cultural heritage, the government will implement the following priority policies over the next three years:

- Reinforce and promote a pluralistic, open and positive society, promote cultural awareness and artistic events, and ensure involvement of the Palestinian society from across the spectrum in cultural activities throughout Palestinian cities, towns, villages and refugee camps. Special attention will be paid to East Jerusalem, which is targeted by a relentless campaign to obliterate its Palestinian cultural identity and seclude it from its Palestinian hinterland. The government will continue to build twinning relationships between East Jerusalem and Arab and Islamic capitals.
- Encourage artistic and cultural expression, through support and sponsorship of cultural initiatives and creative and talented individuals.
- Support and maintain contact between Palestinians inside and outside Palestine and expand the scope of cultural exchange with Arab and foreign countries.
- Invest in and provide financial and logistical support to construct and refurbish cultural centres, facilities and infrastructure, especially in marginalised areas and East Jerusalem.
- Encourage and raise public awareness of the significance of reading and coordinate with LGUs to develop and upgrade public libraries.
- Develop and consolidate partnership between government bodies, civil society, the private sector, international organisations and UN agencies, particularly the UNESCO, with a view to protecting and safeguarding our heritage, emphasising its status as an integral part of Palestinian culture and identity.
- Support and develop traditional industries and handcrafts, which contribute to growing the economy

and attracting cultural tourism, by supporting perseverance of and helping to build the capacity of craftsmen and women. Particular attention will be paid to East Jerusalem as these traditional industries and handcrafts highlight the city's Palestinian cultural identity.

5. Palestinian youth, including males and females, are more capable of participation in the labour market and social, political, cultural and sports events, and contribute more effectively to national development

Although they represent our largest population group (30%), the youth's participation in various walks of life is modest. Several political, economic, cultural and social factors underpin this.

The Israeli occupation is the first and foremost impediment. Unrelentingly, Israel restricts our youth's movement and activity, depriving them of their basic freedoms, exercising torture and alienation, and distorting their identity, particularly in East Jerusalem and Area C. More than others, the Palestinian youth suffer from the declining economic situation. Unemployed persons in the age group of 15-29 years comprise almost one third of total unemployment. In Q4 2013, unemployed young graduates reached 31.3%. Unemployment among graduates in education and teacher training was the highest (39.6%). Successive governments have scored notable achievements in relation to developing the youth's skills and capacities, enhancing access to educational, health and psychological healthcare services, developing youth centres and facilities, promoting sport activity, and registering sport accomplishments internationally. However, there is still much scope to develop and unleash the potential of our youth so that they effectively drive Palestinian society forward into the future. The government will strengthen the youth's involvement, role and positive participation in the society. In addition to working to minimise their alienation, we will also seek to minimise the emigration of the youth, with a particular focus on those who live in marginalised areas and East Jerusalem. In cooperation with private and civil society partners, we will earmark more resources to create employment opportunities for young men and women to enable their contribution to, and sharing in, the fruits of our national economy. In this context, we will develop and enhance the outputs of the TVET sector, promote the spirit of entrepreneurship among the youth and women, create opportunities to help them launch their own enterprises, and increase employment opportunities. We will also develop an enabling legal and legislative framework and provide infrastructure that fosters and stimulates youth activities and creative contributions, including sports.

Over the upcoming three years, the government will implement the following priority policies:

- Promote youth access to health, education and TVET services (adapted to meet labour market needs) in order to address youth unemployment and enhance their engagement in national development.
- Promote the political and community participation of the youth, consolidating values of citizenship and loyalty, particularly in East Jerusalem, and strengthening contact between the Palestinian youth both inside and outside the occupied territory.
- Promote and reinforce volunteerism and entrepreneurship among the male and female youth with a view to enhancing their status and promoting their participation in all walks of life, particularly in rural areas, refugee camps, and marginalised areas.
- Review and enact laws and regulations that safeguard and catalyse participation and acceptance of the Palestinian youth's role. A sports-related legal framework will also be developed.
- Provide infrastructure networks and institutional capacity to meet the Palestinian youth activity and sporting needs, taking into account the need for these to cater to the needs of women and persons with disabilities.
- Establish and train Palestinian sports teams to compete locally and internationally.
- Promote participation in sports, including all groups of the Palestinian society.

6. An empowered Palestinian woman who enjoys more protection and better participation in the labour market and public life, with easier access to all basic services and with equitable opportunities without discrimination

In recent years, we implemented numerous policies to consolidate gender equality and empowerment of women. To safeguard due attention to women's rights, the government reviewed and developed legislation and made a decision to initiate gender-responsive planning and budgeting exercises. It also finalised institutional capacities to make sure that public policies take account of gender equality and empowerment of women. In this context, the government established Gender Units across line ministries, Family Protection Units within security services, a National Committee to Combat Violence against Women, a National Committee on Security Council Resolution 1325, and a National Committee on Gender-responsive Budgeting. The government also implemented programmes to provide capacity building in gender-oriented planning and budgeting.

Combined with efforts made by national women's organisations and UN agencies, government initiatives have favourably impacted on female participation in national development process and in public life. However, this improvement remains below our expectations of comprehensive and effective participation of women. Side by side with men, women should contribute to nation building and prosperity. National development programmes still need to be improved in order to meet women's needs, to unleash their full potential, and to promote their participation. The prevalent social culture remains a challenge to women's participation in all aspects of life.

In 2006, women's participation in the PLC reached only 12.9%. In both the West Bank and Gaza, women's participation in LGUs reached only 18% in the 2004-05 local elections. Women's participation rose to 20.6% in the 2012 local elections, which took place in the West Bank only. According to 2013 data, women's participation in the civil service reached 29.1%, though participation is higher in middle ranking positions, the number of women in upper management roles is low. In spite of high education rates among Palestinian women, female participation in the labour force is among the lowest in the world. Women's employment concentrates in the agriculture and service sectors, particularly in the informal economy. In comparison to 52.4% who worked in the service sector, 23.7% of working women were employed in the agriculture sector. Unemployment among women is increasingly higher than men – compared to 20.5% amongst men, female unemployment reached 32.9% in 2012.

Violence against women is still a phenomenon in our society, posing a challenge to the empowerment of women. Data show that about 37% of women who have been married were exposed to some form of violence by their husbands. This includes 29.9% in the West Bank and 51.1% in Gaza Strip. Additionally, women are subject to various forms of violence exercised by the Israeli military and settlers. The most severe form of violence is femicides. According to the Women's Centre for Legal Aid and Counselling, 27 women were murdered during 2013. In response, more efforts are being exerted to promote socio-cultural rejection of violence against women.

We will work jointly with all our partners to empower Palestinian women to continue in national struggle side by side with men on the political, socioeconomic and institutional levels. We believe that sustainable and nationwide development will only be attained by a concerted and integrated exercise of all our potential and expertise. Empowerment of women is not an end per se, but a means to materialise independence, security and wellbeing for our society and to establish a democratic system that safeguards the rights and freedoms of all. Over the next three years, we will put in place the following priority policies:

- Finalise reviews of effective laws and regulations and ensure the integration of women's rights.
- Consolidate gender equality and justice by integrating gender-related issues in national, sector and cross-sector policies, programmes and public budgets. Gender-based accountability and oversight mechanisms will be further enhanced.
- Coordinate activities to improve women's participation in the workforce and allow decent employment opportunities in all sectors of the economy on an equal footing with men. Women will also have easy access to concessional lending.
- Protect women against all forms of violence and continue to enact and amend legislation to promote easy access to justice and help women secure their rights. Particular attention will be paid to the most vulnerable women in rural areas, refugee camps, Wall-adjacent areas, East Jerusalem, and Gaza. In particular, we will provide protection to women against Israeli persecution and practices, especially in female prisons and detention centres.
- Ensure that social and public service provision is gender-sensitive and enhance women's access to these services.
- Create a conducive social and cultural environment to enable women's participation in political, community and cultural life, as well as decision-making processes.

3.2.4 Infrastructure

Context

Provision of appropriate infrastructure is an intrinsic part of ensuring fundamental human rights, including the right to access and movement, right to adequate housing, and right to energy and clean water. Infrastructure supports the government role in delivering equitable access to these public goods. To drive an inclusive socioeconomic development process, the PNDP 2008-10 and NDP 2011-13 sought to develop infrastructure networks across Palestine. Over the past years, we made progress in developing the infrastructure sector, with positive impacts on economic growth and private sector development and enabling provision of more high-quality and cost-effective public services to all citizens.

In addition to energy and telecommunications networks, we constructed safe public road networks and installed water networks so that every citizen has access to safe drinking water. Major achievements were scored, including regulation and policy-making in the transportation sector, promoting traffic safety and enhancing government service delivery.

In relation to water and wastewater management, we raised connectivity to water supply networks across Palestinian communities. In addition to rehabilitating old networks, internal water supply and sewerage networks were installed in unserved communities. The Palestinian Water Authority (PWA) has worked diligently to provide needed support to establish a desalination plant to supply Gaza with clean and potable water. This project is still at a preparatory phase.

In the energy sector, we carried out several projects, including renewable energy, electricity generation, and rehabilitation of distribution networks, resulting in an increasing number of homes and facilities connected to the electricity networks.

In the environment sector, we paid special attention to conserving and protecting natural resources against contamination. Concerted efforts were made to combat desertification. We made real progress in solid waste collection and its safe disposal in sanitary landfills, and many random, unsanitary dump sites were closed.

Challenges remain in ensuring infrastructure connectivity in regional networks and in construction and rehabilitation of key infrastructure systems. We continue to face the challenge of compulsory connection between Palestinian and Israeli grids, which debilitate Palestinian control of quality and quantity of public service delivery in several sectors, including energy and water, resulting in higher prices. Local resources and incomes are further attenuated by a weak fee collection system. We could address this situation, if we were free to manage our own natural resources, especially in Area C, and move freely throughout and between the West Bank and Gaza.

Finalising the National Spatial Plan (NSP) is probably the key entry-point to developing infrastructure networks, identifying the appropriate geographical distribution of development interventions and the spatial distribution of public services, and identifying urban or economic growth areas. The NSP is currently being developed in partnership between the public and private sectors as well as relevant civil society actors. It will provide spatial development policies and priorities for the future State of Palestine. Informed by the NSP (once completed), we will be able, over 2014-16, to consolidate our achievements in various infrastructure subsectors, with more focus on resource allocation to alternative energy sources and environmental conservation. Also, we will continue to upgrade utilities and telecommunications networks, construct and rehabilitate public transportation networks, providing connectivity with international land crossing points, seaports and airports and ensuring easy, safe and efficient movement of people and goods. We will pay

special attention to developing infrastructure needed to boost the private sector and bring about economic transformation, particularly in transportation, energy, sewerage, telecommunications, tourism, industry, and international trade crossings, including with Egypt and Jordan.

In particular, we will provide adequate irrigation water to boost agricultural production, install telecommunications networks and provide energy and water supply to serve new industrial parks, and boost connectivity to the national road network to facilitate access to domestic and external markets. We will develop the construction sector inputs (including stone, plastics, etc.) to ensure provision of essential inputs to projects, including in the housing sector. Currently, the government is developing a policy and working model to empower public-private partnership in the infrastructure sector. Over the next three years, an utmost priority is to rehabilitate and develop infrastructure in Gaza, with particular focus on energy and water and wastewater management.

Strategic approach of the Infrastructure sector	A sustainable, equitable Palestinian infrastructure, which contributes to promoting economic development, independence, social justice and connectivity between Palestine and the outside world.
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Sector strategic objectives of the Infrastructure sector

The following strategic goals are derived from the following infrastructure sector and cross-sector strategies and reviews: transportation, energy, water and wastewater management, environment, and housing.

Table 4: Infrastructure Sector strategic objectives 2014-16

1. Safer and more effective and efficient transportation system and road networks in line with international standards and integrated with Arab and international networks
2. Energy secured and supplied to consumers in sufficient quantities, at reasonable prices, and in line with technical and environmental specifications that meet international standards
3. A Palestinian water and wastewater management sector that is more organised and more capable of securing water rights for citizens and materialising a fair distribution for all purposes
4. A less contaminated Palestinian environment and safeguarded cultural heritage and natural environment, which are managed in a more sustainable manner
5. An adequate, affordable and culturally appropriate housing sector, which ensures secure tenure, allows access to public services, and meets citizens' needs more effectively and efficiently

1. Safer and more effective and efficient transportation system and road networks in line with international standards and integrated with Arab and international networks

Over the previous national planning cycle (2011-13), we implemented many projects in the transportation sector, including construction, rehabilitation and maintenance of several internal and regional roads. In collaboration with the European Investment Bank, the Ministry of Transportation (MoT) has commenced development of a Master Plan of Roads and Transportation in Palestine.

To provide safe, efficient, cost-effective and environmentally-friendly transportation, the government has worked, through the Ministry of Transportation (MoT), towards restructuring and organising the public transportation sector by merging bus companies within three public transportation unions (concession areas) in the West Bank. We will provide modern, comfortable buses in line with international technical standards and environment safety principles. The MoT has already invited tenders to purchase new bus fleet. We also began to redistribute and regulate internal transportation networks.

We paid special attention to enhancing traffic and road safety by adopting international guidelines on road safety. We also established the Higher Council for Traffic, which works with relevant line ministries, the private sector and civil society actors to protect citizens against traffic hazards and minimise irregularities, road accidents and resultant losses. In addition to promoting traffic awareness and education, the Council also promotes positive behaviour of road users, particularly drivers.

In spite of achievements registered in the transportation sector over the past years, we were not able to implement all plans, particularly the more strategic planning initiatives. Reasons are manifold, but restrictions posed by the Israeli occupying authorities are most challenging. Many planned transportation projects to be implemented in the Palestinian territory are located either wholly or partly in Area C. Israel also denies access to basic construction materials to Gaza. In relation to air transportation, for example, Israel has continued to prevent reconstruction of the Yasser Arafat International Airport since 2001. The Israeli authorities have not transferred responsibility over the Jerusalem Airport to the Palestinian government, as was previously agreed. In 2010, we decided to construct the Palestine International Airport in the Al Buqei'a area in the vicinity of Jerusalem. A preliminary study has been finalised, and an agreement with Israel is pending to commence construction of the airport. Similarly, Israel has refused to allow reconstruction of the Gaza Port, which was disrupted in 2003. The fishing harbour is degraded and, lacking essential equipment, does not meet minimum requirements posing risks to fishermen, fishing boats and other users. Implementation of the railroad network is still at the inception stage. The MoT has demarcated the Hijaz railroad route and identified encroachments on rights of way in preparation for the compilation of necessary studies and plans to reactivate the railroad project in the future.

Guided by the NDP 2014-16, the government will create an integrated, multimodal transportation system, connecting land transportation grids, including roads and railroads, with air and sea transportation. Transportation networks will be organically linked to transportation systems both regionally and internationally. This is indispensable to building the national economy, promoting contiguity between Palestine and the outside world, and providing easy, free and safe passage and movement of persons and goods, particularly perishable products. However, achievement of this endeavour is currently impossible due to Israel's control of the Palestinian territory and obstruction of any infrastructure development initiative.

We will prioritise construction and rehabilitation of local and regional roads for a better and safer road networks. It will facilitate public access, especially for residents of areas that are remote from public service delivery centres. We will also construct a main road, which connects north and south West Bank, and then extends to Gaza. Particularly in city centres, solutions will be devised to cope with traffic congestion, which rises day by day due to the growing population and increasing volume of vehicles. Over the next three years,

we will continue efforts to develop land, air and sea crossing points to reconnect the Palestinian territory to regional and international networks, free-up the movement of people and goods, stimulate and enable the Palestinian economy, and secure sustainable economic development. The government will provide needed support to enable the Ministry of Public Works and Housing (MoPWH) to provide and monitor regular maintenance of the Palestinian road network.

The priority policies in the transportation sector over the next three years are:

- Continue to construct, rehabilitate and develop internal and regional roads and road networks, provide regular maintenance, and ensure effective and efficient use with a view to alleviating burdens on citizens and providing modern, safe and sustainable transportation to all communities in line with international standards. Adapted to the needs of all citizens, especially women and persons with special needs, road construction and rehabilitation will abide by environmental conservation norms and avoid pollution.
- Establish and develop an integrated and multi-modal transportation system, connecting land transportation networks (roads and railroads) to air and sea transportation systems, organically connected to transportation systems in neighbouring countries and beyond. We will invest in developing land crossing points, seaports and airports, with particular attention paid to land border crossings with Egypt and Jordan.
- Improve the traffic flow in cities and enhance road safety.
- Encourage the private sector to invest in the transportation sector with a view to ensuring quality, cost-effective and timely services to citizens.
- Encourage the development of public transportation and improve transport-related public service delivery, including registration and licensing of vehicles, issuance of drivers' licences, licensing of taxis, control of taxi operation, etc.

2. Energy secured and supplied to consumers in sufficient quantities, at reasonable prices, and in line with technical and environmental specifications that meet international standards

In light of scarce energy sources and Israel's control and restrictions of these sources, to achieve energy security requires us to seek new/alternative sources of energy, including solar energy and petroleum. We will work to better exploit our domestic sources, especially renewable energy, and reduce dependency on Israel. Thereby, our energy supplies will not be entirely monopolised by Israel or subject to fluctuating political, security or economic relations.

We have made some progress in the energy sector. Through the Palestinian Energy Authority (PEA), the government commenced construction of transmission stations in the West Bank and Gaza, implemented a number of projects targeting development of the energy distribution system, and promotion of efficient energy use.

To reduce net lending, the government has made decisions and developed processes needed to reduce the electricity bill debt by:

- Implementing the prepaid meter project to ensure efficient energy consumption, increased collection, and enhanced economic efficiency of the energy sector.
- A Council of Ministers' Decision (05/21/16), providing for rescheduling of debt due by all electricity distribution companies, commitment to timely payment of monthly bills, and enforcement of legal and financial measures against those who do not comply.

- Establishing the Palestinian Electricity Transmission Company (PETL), responsible for transmitting electricity and improving the electricity grid with a view to reducing leakages. To reduce prices, the PETL will also conclude and manage purchase agreements with electricity providers.
- Transferring electricity bill collection from municipalities to electricity distribution companies. Financial performance of these companies will be improved to reduce leakages, eliminate thefts, and increase collection. With direct payments being made to electricity importers, the phenomenon of electricity bill deductions from clearance revenues will come to an end. Accordingly, the MoF will reduce net lending to LGUs and electricity companies.

We also restructured the electricity sector, upgraded relevant laws and regulations, and promoted effective and efficient operation of sector bodies. In addition to establishing the Electricity Regulatory Council and North Electricity Distribution Company, we have started to restructure and readjust the other electricity distribution companies. Using the SCADA system, we will establish the National Electricity Distribution Company Control Centre to ensure an uninterrupted power supply, follow up on network maintenance, and repair damage on an ongoing basis.

To diversify electricity sources and promote energy independence, we paid special attention to exploiting renewable energy sources and for which a relevant strategies, laws and regulations have been developed. In Jericho, a 350kwp station was constructed and activated and work is underway to establish a 200kwp station in Tubas. With a total capacity of 5mwp, we have commenced implementation of the Palestinian Solar Power Initiative, including small stations with a capacity of 1-5kwp.

Given its importance to economic growth and standards of living, we will continue to maintain a sustainable supply of energy, ensure energy security, diversify energy sources, invest in clean and renewable energy, and look for more alternative sources. We will also install new networks, repair current networks, construct warehouses for fuel reserves, and establish regional connectivity grids.

We will continue to develop and regulate the energy sector, enhance effective energy distribution, and promote efficient energy use. We will meet the increasing demand and deliver energy security for our citizens and private sector. We will construct gas-powered electricity generation plants, provide electricity connection with neighbouring countries, and create integrated, automated systems to ensure uninterrupted energy transmission and distribution. Taking into account the need for consolidating and upgrading the legal framework, we will also continue to develop and enhance energy companies, ensuring appropriate powers and functions, and delineate the roles of, and working relationships between these companies. We will encourage the private sector to invest in the energy sector and develop enabling laws and regulations for such investment. Partnerships will also be built with the private sector in line with the Electricity Law No. 13 of 2009 and Council of Ministers' Decision (16/127/13).

Additionally, we will pay special attention to developing gas and petroleum production, exploit oil and gas fields on the Gaza coast as well as those recently discovered in the West Bank. Including representatives of the MoF, MoNE and PEA, the Hydrocarbon Committee was established to follow up on all activities of the gas and petroleum sector and to develop a strategy, including needed legislation, oversight and regulation.

To realise these, the government will implement the following priority policies over the next three years:

- Diversify energy sources and provide a strategic reserve, with a particular focus on increasing local production and developing renewable energy sources.
- Adopt strict international standards to provide a safe and high-quality energy supply and meet the needs of citizens' and the economy as a whole.

- Build international relationships, concluding large-scale regional and Arab agreements, and connecting with regional electricity networks in neighbouring countries with a view to promoting a sustainable energy supply and ending Israel's monopoly.
- Rationalise energy consumption, finalise the development and reform of the energy sector, and develop efficient and effective energy generation, transmission and distribution systems.
- Develop and exploit oil and gas fields, enacting appropriate governing laws and regulations.
- Reform legal and regulatory frameworks to enable and encourage private sector investment in the energy sector.

3. A Palestinian water and wastewater management sector that is more organised and more capable of securing water rights for citizens and materialising a fair distribution for all purposes

Even more so than in other sectors, the water management sector is dominated by restrictions and impediments posed by Israel. Israeli practices are still affecting the Palestinians, including: refusal to practice fair and equitable sharing of the water resources; restricted access to, and exploitation and development of water sources; and constraints on construction, development and rehabilitation of water and wastewater management infrastructure. The sector is further hampered by extraordinary delays, difficult procurement of equipment, and untenable licences to drill new wells and construct wastewater treatment plants, especially in Area C, negatively reflecting on broader economic and social development across Palestine.

In terms of quantity and quality, Palestinian water resources are inadequate to cover increasing needs for domestic, agricultural, industrial or tourism-related purposes across the country, but most particularly in Gaza. Ensuring citizens' rights and access to clean, adequate water has been a top priority of successive Palestinian governments. Unrelentingly, the government has channelled investments to raise water supplies, promote their efficient use, and enhance our water infrastructure. We have also developed water supply and sewerage networks, reduced water losses, drilled new wells, constructed several wastewater treatment facilities, promoted the use of treated wastewater for irrigating crops, expanded rainwater harvesting systems, improved irrigation efficiency, and developed crop patterns. Resolved to continue to invest in this sector, we will make every effort to regulate water sources. We will install and rehabilitate water supply and sewerage networks, ensuring access for all citizens, with a particular focus on Gaza and remote and marginalised communities in Area C. Fulfilling approved specifications and quantities, the government will provide a sufficient water supply for domestic, agricultural and industrial uses. We will also redouble our effort to rehabilitate wells and water supply networks, as well as to drill new wells in an orderly and regulated fashion. We will allocate public investment to start construction of the Gaza desalination plant. Currently, preparatory and feasibility studies are being compiled. Towards 2017, the plant will provide a production capacity of 55 mcm as a first phase. This will be raised to 129 mcm by 2035. The government will also launch small enterprises to desalinate low-saline spring water in the West Bank. In addition to enhancing irrigation systems, we will promote rainwater harvesting techniques by building small dams and rainwater harvesting cisterns. We will continue to restructure the water and wastewater management sector with a view to developing capable bodies to meet government responsibilities. We will also construct wastewater treatment plants.

Based on the Water Sector Reform Plan, the PWA is working towards eliminating overlapping powers and tasks. The recently approved Water Law ensures better management of water sector development, planning and water supply services. The PWA will also work to establish a national water undertaking to take charge of developing additional sources and supplying water to distribution agencies. In Gaza, the PWA and

MoLG established the Coastal Municipalities Water Utility (CMWU) to manage potable and domestic water supply throughout Gaza governorates.

In 2014-16, we will implement the following priority policies:

- Optimise water supply service delivery and reduce water losses, promoting water and food security as well as equitable economic development.
- Develop conventional and unconventional water resources with a view to meeting the most urgent sector needs and ensuring equitable water distribution to all communities and economic sectors.
- Improve sewerage networks and wastewater treatment plants, reuse treated wastewater in the agriculture and industry sectors, reduce pollution, and protect water sources.
- Create a legal and institutional environment that is capable of an informed water management and technical and financial sustainability.
- Approve and apply the water and wastewater tariff system across municipalities. Informed by fair economic and social norms, transparent tariff systems will be put in place.

4. A less contaminated Palestinian environment and safeguarded cultural heritage and natural environment, which are managed in a more sustainable manner

Israel has incessantly implemented its policies of settlement expansion, home demolitions, uprooting of trees, destruction of the natural environment and biodiversity, solid waste dumping on Palestinian land, and maintaining its grip on Palestinian natural resources, including land and water. These have posed a major challenge, thwarting tangible progress in environmental conservation and development. In spite of scarce resources, we have registered some progress over the past years. We implemented many solid and liquid waste management projects, including a sanitary landfill in southern West Bank to serve the Hebron and Bethlehem governorates. While a number of random dump sites were closed, preparations are underway to construct another sanitary landfill in central West Bank. In Gaza, work is ongoing to develop solid waste management, including construction of the Sufa dump site and expansion of the Juhor ad Dik landfill. In addition, the government launched initiatives to recycle cardboard, wheel tyres, metals and plastic. According to MoLG data, households with access to solid waste collection service reached almost 95% in 2013 in comparison to 80% in 2009. In relation to waste water, many treatment units have been installed on the community and municipal levels.

We developed and endorsed the National Plan for Protection of Natural Resources and Historic Landmarks in preparation for development of the NSP. In addition, the Anti-desertification Strategy and National Strategy for Environmental Awareness and Education were finalised. Through the joint efforts of the Palestinian Environmental Quality Authority and PCBS, the 2013 Report on Sustainable Development Indicators was released. Activities have also been launched to develop plans to regulate, manage and develop nature reserves. In the context of the Green Palestine project implemented by the Ministry of Agriculture (MoA), almost one million trees were planted.

We also reviewed and developed laws and regulations on environmental protection. We promulgated by-laws of the Environment Law as well as regulations on the control and monitoring of the quantity and quality of agricultural fertilisers and pesticides used. Additionally, we worked towards raising environmental awareness and addressing climate change.

During 2014-16, we will develop and ensure public compliance with deterrent laws and regulations to protect natural heritage sites. An environmental review will be incorporated in all infrastructure projects, providing

an impact assessment before construction commences. Besides promoting environmental oversight and inspection, an environment police department will be established and, in parallel, environmental awareness and education programmes will be launched.

The government will implement the Anti-desertification Strategy, continue to plant forest trees, and promote processes and provide capacity building to Palestinian institutions to adapt to climate change. Besides closing or rehabilitating random solid waste dump sites, the government will finalise construction the sanitary landfill in central West Bank.

To achieve these goals, we will pursue the following priority policies:

- Regulate various sources of environmental contamination and develop capacity to cope with emergencies and environmental disasters.
- Improve solid, liquid and hazardous waste management systems, including collection, transportation, and safe disposal. Where possible, the government will encourage recycling.
- Protect the landscape, preserve heritage sites, and rehabilitate and manage nature reserves and our coastline.
- Regulate land use and promote sustainable exploitation of natural resources.
- Regulate the use of chemical fertilisers and pesticides.
- Combat desertification and promote adaptation to climate change.
- Promote environmental protection awareness and behaviours.
- Upgrade the legal and institutional framework to protect the environment and promote international cooperation, acceding to relevant international conventions.

5. An adequate, affordable and culturally appropriate housing sector, which ensures secure tenure, allows access to public services, and meets citizens' needs more effectively and efficiently

Successive governments have worked to improve the standard of living by encouraging the provision of affordable housing, and ensuring an optimal use of land and natural resources. They also sought to encourage use of locally manufactured construction materials and strengthening the Palestinian construction industry. The current government continues to play an effective role in empowering and regulating the housing sector. As the majority of investments are driven by the private sector, the government produces necessary studies and develops laws, regulations and processes to create an enabling environment for construction and development of affordable housing. With a view to enable citizens to have adequate, healthy and affordable houses, and increase access to housing finance, the government has further introduced new construction patterns and provided institutional capacity building to housing organisations. In this context, we developed a set of draft laws to regulate and stimulate growth in the housing sector, including the Lease and Tenancy Law and Mortgage Law. We also established the Advisory Council for the Construction Sector as well as a laboratory for testing construction materials, which serves as a focal point for developing locally manufactured materials and improving their quality. We set standards for public-private partnership with a view to promote joint activity and develop new housing projects. Meanwhile, the private sector has constructed several housing projects, residential neighbourhoods and new cities. Examples of these include Al-Rihan and Al-Jinan neighbourhoods, the Diplomatic Quarter, and the new town Rawabi , for which we provided essential external infrastructure and connected housing projects to surrounding areas, integrating them into the urban fabric.

Over the next three years, we will continue to support this vital sector, which helps sustain the Palestinian economy, alleviate unemployment, and reduce poverty. We will consolidate our partnership with the private sector and transform housing into a productive sector for the benefit of all citizens, particularly the poor and households with limited income. In addition to establishing external infrastructure for major housing projects, we will pay special attention to providing safe, affordable housing to all Palestinians, with a particular focus on marginalised areas and communities affected by the Israeli occupation, including East Jerusalem, Wall-and settlement-adjacent areas, and Gaza. To achieve these objectives, we will implement the following priority policies:

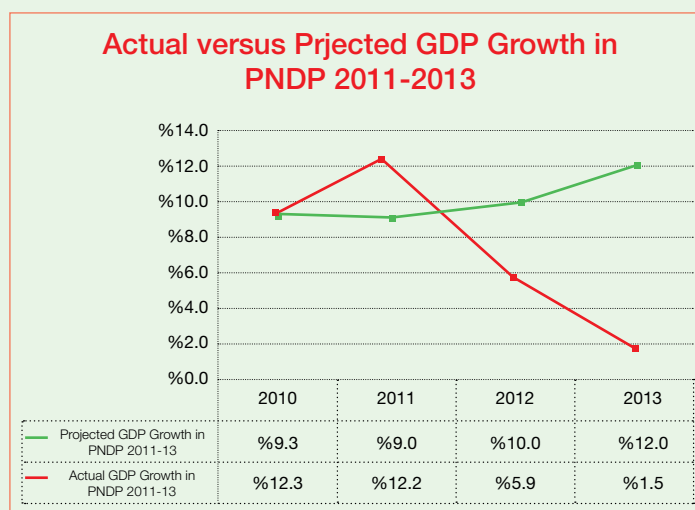
- Promote urban development and provide comprehensive infrastructure initiatives, taking into account socioeconomic needs. Housing and urban development will be extended in vulnerable areas, particularly East Jerusalem, Area C, and Wall-adjacent communities.
- Provide financial and legal support needed to support Jerusalemites, backing their perseverance in the face of home demolitions, and offering financial facilities to housing projects in East Jerusalem.
- Attract Arab and regional investment into overpopulated communities to construct housing projects in adjacent areas, minimising demographic risks for years to come.
- Support the development of the construction sector, introducing new construction patterns and standards, with focus on sustainable, environmentally-friendly construction.
- Develop effective and efficient legal, administrative and financial frameworks to increase and properly regulate urban development and the supply of affordable housing. A Palestinian code will be developed and enacted to regulate construction and development processes.
- Support, develop and improve the quality of local construction material industries, particularly the stone and cement industries.

4. Macroeconomic and Fiscal Framework

4.1 Macroeconomic and Fiscal Framework 2011-13

The NDP 2011-13 *Establishing the State, Building our Future* looked forward to tangible progress in the Palestinian economic situation. The NDP 2011-13 was predicated on a scenario which assumed the accelerated removal of externally-imposed constraints placed on Palestine's economy. This included the removal of all obstacles to movement and access, the lifting of the Gaza Strip blockade, and an adequate level of sustainable financial support from the international community. Under this scenario, real GDP growth was expected to reach 12% by the end of 2013. However, these assumptions did not materialise.

Israel has continued to impose constraints on the Palestinian territory and on the movement of people and goods. With ever increasing restrictions on crossing points, Israel has continued to impose its crippling, five-year blockade on Gaza. Coordination and connectivity between the West Bank and Gaza has continued to be severed, forcing Gaza residents to smuggle goods through illegal tunnels under the Egyptian border and denying us access to an important source of government revenues. Additionally, Israel has continued to constrain the movement of goods and people both within the Palestinian territory and into the outside world. Israel has also continued to destroy Palestinian homes and business properties as well as to seize and deny access to our natural resources. These practices continue to undermine our efforts to build a strong economy and achieve our fiscal independence.



In Addition, the deteriorating political situation in Egypt has negatively impacted Gaza, resulting in a disrupted flow of goods, particularly fuel. As other alternative energy sources are lacking, the majority of businesses have ceased operations due to unreliable power supply. With the declining tunnel trade, goods have not been sufficient to meet Gaza citizens' basic needs. Meantime, trade between the West Bank and Gaza continued to be impeded by Israel. Against this backdrop, economic growth and government revenues receded and, towards the end of 2013, real GDP growth was only 1.5% only.

Successive Palestinian governments have worked towards reducing the budget deficit and ensuring a progressive reduction in dependency on external aid by growing domestic revenues. Accordingly, the government maximised its effort over the past three years to increase revenues and streamline expenditures. Compared to 14.9% in 2010, the government managed to reduce the budget deficit to 12.2% of GDP by the end of 2013. Government efforts to rationalize expenditure yielded a decline in recurrent spending and

net lending to 32.7% compared with 36.9% in 2010. However, primarily due to continued Israeli constraints, the government could not elevate its revenues. In comparison to 22% in 2010, revenues declined to 20.5% of GDP in 2013.

In spite of our efforts to achieve fiscal stability and reliance on domestic revenue sources, we have been frustrated by Israeli obstacles, stalling national reconciliation, and unrestored economic and geographical linkages between the West Bank and Gaza. Consequently, we are still in need of significant external support to cover public expenditures. However, donor support has dropped as a percentage of the GDP over the past three years, particularly in 2011 and 2012. Compared to 13.8% in 2010, external aid decreased to 7.6% of GDP in 2012. External aid rose again to 11.7% of GDP in 2013. In 2013, further unanticipated donor financing accompanied the resumption in the negotiation process.

External aid did not bring about economic recovery. Unstable, and seemingly conditional on the political situation, the majority of external support was deployed to cover recurrent expenditure, rather than to public investment. Although external aid rose in 2013 (with a total budget support of US\$ 1.255 billion), compared to past years this substantial support did not translate into GDP growth, especially in the West Bank.

Table 5: Current account and external financing as a percentage of GDP, 2010-2013

	2010	2011	2012	2013
Current account balance (excl. official transfers)	-10.6	-22.8	-28.9	-20.9
External financing of development projects	34.5	35.6	39.8	36.4
Net current transfers	23.9	12.7	10.9	15.5

The fact that the NDP 2011-13 growth scenario did not materialise has negatively impacted planned net revenues and contributed to a rise in net lending to LGUs. Furthermore, contrary to the NDP 2011-13 assumptions, recurrent and development expenditures were hit hard by the inadequacy of revenues and the attendant liquidity crisis.

4.2 Macroeconomic and Fiscal Framework 2014-16

The NDP 2014-16 posits two fiscal scenarios: a baseline scenario and an optimistic scenario.

Baseline scenario

The baseline scenario assumes the continuation of the status quo. GDP growth is projected to drop in 2014-16, reaching 1% in 2016.

The fiscal framework of the baseline scenario envisages continued Israeli constraints on the movement of goods and people both within the Palestinian territory and into the outside world, ongoing blockade on Gaza, restrictions on Gaza's crossing points, severed coordination and connectivity between the West Bank and Gaza, and unrestored economic integration between both areas. It is also assumed that Israel will continue to restrict access to Area C and East Jerusalem, obstructing development and investment initiatives. Additionally, the baseline scenario assumes that the government will keep up the effort to reform

the public sector, providing capacity building and more effective and efficient public service delivery.

Table 6: GDP growth scenarios, 2014-16

	Actual				Projected (as per baseline scenario)		
	2010	2011	2012	2013	2014	2015	2016
Real GDP in market prices (as per the baseline scenario)	9.3	12.2	5.9	1.5	2.0	1.5	1.0
GDP in market prices (as per the optimistic scenario)	9.3	12.2	5.9	1.5	6.0	9.0	12.0

The baseline scenario assumes that government revenues (as a percentage of GDP) will not see a substantial rise. The increase, such as it is, will be driven by ongoing reforms to the revenue system. With a view to expanding the tax base and tax compliance, the MoF has developed a strategy to improve revenue collection which is expected to yield results as early as 2014. Also, recurrent expenditure is projected to drop over the upcoming three years, declining to 32.1% of GDP in 2016, compared to 34.4% in 2012. The government will streamline expenditures and reduce net lending (as shown in Table 7 below) by constraining the wage bill, limiting its growth to cost of living increases through implementation of binding agreements with unions. In 2014-16, public sector employment will continue to be restricted to replacements of retired civil servants.

Table 7: Net revenues and total expenditures under the baseline scenario

	% of GDP						
	Actual				Projected (as per baseline scenario)		
	2010	2011	2012	2013	2014	2015	2016
Revenues	22.0	20.9	20.2	20.5	22.0	22.2	22.7
Recurrent expenditure and net lending	36.9	34.0	34.4	32.7	32.8	32.3	32.1
Current deficit (before external aid)	-14.9	-13.1	-14.2	-12.2	-10.9	-10.1	-9.4

The baseline scenario also assumes that the donor community will continue to provide substantial support to finance the budget. However, this financing may not be adequate to finance the entire current deficit due to political instability and low expectations of a conclusion of Palestinian-Israeli negotiations. The donor community pins hopes on these negotiations to increase support to the Palestinian government. Should external assistance be not sufficient, a significant financing gap will continue to be in place. As a result, the government will be forced to borrow from banks and, hence, expenditure arrears would rise. Under such circumstances, the government will not be capable of materially and sustainably to boost the Palestinian economy.

Table 8: External support and financing gap (as per the baseline scenario)

	% of the GDP						
	Actual				Projected (as per baseline scenario)		
	2010	2011	2012	2013	2014	2015	2016
External aid to cover recurrent expenditures	13.8	8.3	7.6	11.7	11.3	12.2	11.8
External financing of development projects	1.6	1.7	1.5	0.3	2.5	0.8	0.4
Total external aid (including financing of development projects)	15.3	10.1	9.1	12.1	13.8	13.0	12.2
Financing gap	-3.2	-6.8	-7.5	-1.8	0.0	0.0	0.0

Optimistic scenario

In 2014-16, GDP would see significant growth if restrictions imposed by Israel on the Palestinian economy were to be eased or removed, including unfettered access to resources in Area C. The optimistic scenario also envisages development of industrial parks and growth in investment and facilitated operations of the private sector. With respect to Gaza, this scenario anticipates restoration of trade, resumption in the collection of taxes, and restoration of coordinated government between West Bank and Gaza. Under such a scenario, GDP would rise to 12% in 2016, and government revenues would increase significantly over the next three years. Recurrent expenditures

and net lending would drop as a percentage of GDP from 32.7% in 2013 to 26.7% in 2016, allowing the government to make substantial public investment, create new employment opportunities and boost the economy. Private sector contribution to the public capital formation as a percentage of GDP would also increase from 8% in 2013 to 16% in 2016, further bolstering economic recovery and driving the projected rise in the GDP growth. At the same time, the government will have to increase recurrent spending to enhance the quality and quantity of human resources in the public service, as well to cover higher operating expenditures, in order to ensure effective implementation of development priorities and service delivery improvements.

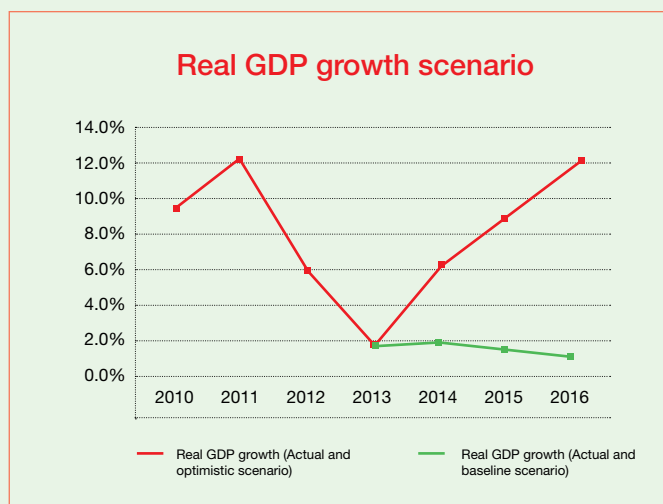


Table 9: Palestine Selected Economic Indicators, 2014 – 2016 (Baseline Scenario)

	Actual				Projections baseline scenario		
	2010	2011	2012	2013	2014	2015	2016
Output and prices (Annual percentage change)							
Real GDP	9.3	12.2	5.9	1.5	2.0	1.5	1.0
West Bank	8.4	10.4	5.6	0.8	1.6	1.2	1.0
Gaza	11.9	17.6	6.6	3.5	3.0	2.5	1.0
GDP deflator	13.5	4.6	-0.9	2.5	2.7	2.8	2.8
CPI inflation rate (period average)	3.7	2.9	2.8	1.7	2.0	2.0	2.0
Investment and Saving (In percent of GDP)							
Gross capital formation, of which:	18.5	17.3	13.7	11.4	10.9	10.6	10.3
Public	5.4	5.3	3.8	3.4	3.4	4.1	4.8
Private	13.1	12.0	9.9	8.0	7.5	6.5	5.5
Gross national savings, of which:	7.9	-6.4	-15.2	-10.1	-7.5	-5.6	-4.0
Public	-1.1	-4.7	-6.6	-1.1	0.4	2.1	2.4
Private	9.0	-1.6	-8.6	-8.9	-7.9	-7.6	-6.5
Saving-Investment Balance	-10.6	-22.8	-28.9	-21.5	-18.4	-16.2	-14.3
Public Finance¹ (In percent of GDP)							
Revenues	22.0	20.9	20.2	20.5	22.0	22.2	22.7
Recurrent expenditures and net lending	36.9	34.0	34.4	32.7	32.8	32.3	32.1
Wage expenditures	19.4	18.2	17.3	17.0	17.1	17.0	17.0
Nonwage expenditures	14.7	14.3	14.5	13.9	14.3	14.0	14.0
Net lending	2.8	1.4	2.7	1.9	1.4	1.3	1.1
Recurrent balance (before external support)	-14.9	-13.1	-14.2	-12.2	-10.9	-10.1	-9.4
Development expenditures	3.6	3.8	2.4	1.7	3.0	2.9	2.8
(in millions of US Dollars)	299	370	243	187	350	350	350

Overall balance (before external support)	-18.5	-16.9	-16.6	-13.9	-13.8	-13.0	-12.2
Total external support (including development)	15.3	10.1	9.1	12.1	13.8	13.0	12.2
(in millions of US Dollars)	1,277	983	932	1,362	1,629	1,785	1,788
External support for recurrent expenditure (in millions of U.S. dollars)	1,147	814	775	1,255	1,329	1,485	1,488
in percent of GDP	13.8	8.3	7.6	11.1	11.3	12.2	11.8
Development Financing	131	169	156	106	300	300	300
Financing Gap	-3.2	-6.8	-7.5	-1.8	0.0	0.0	0.0

External sector	(In percent of GDP)						
Exports of goods and services	13.8	15.4	16.3	17.2	18.2	18.7	19.2
Import of goods and services	55.5	59.1	63.1	60.7	60.0	59.6	58.4
Net factor income	7.2	8.1	7.0	7.2	7.7	8.4	9.1
Net current transfers	23.9	12.7	10.9	14.9	15.7	16.4	15.8
Official transfers	13.7	8.3	7.6	11.1	11.3	12.2	11.8
Current account balance (excluding official transfers)	-24.3	-32.0	-36.4	-32.6	-29.7	-28.4	-26.2
Current account balance (including official transfers)	-10.6	-22.8	-28.9	-21.5	-18.4	-16.2	-14.3

Memorandum items							
Nominal GDP (in millions of U.S. dollars)	8,331	9,775	10,255	11,292	11,778	12,199	12,568
Nominal GDP (millions of NIS)	31,073	34,996	39,480	40,766	42,400	43,918	45,244
Exchange Rate (NIS/US\$)	3.73	3.58	3.85	3.6	3.6	3.6	3.6

Table 10: Palestine Selected Economic Indicators, 2014 – 2016 (Optimistic Scenario)

	Actual				Projections Optimistic scenario		
	2010	2011	2012	2013	2014	2015	2016
Output and prices	(Annual percentage change)						
Real GDP	9.3	12.2	5.9	1.5	6.0	9.0	12.0
West Bank	8.4	10.4	5.6	0.8	5.5	8.5	11.6
Gaza	11.9	17.6	6.6	3.5	7.5	10.5	13.0
GDP deflator	13.5	4.6	-0.9	2.5	2.8	3.0	3.5
CPI inflation rate (period average)	3.7	2.9	2.8	1.7	2.8	3.0	3.5
Investment and Saving	(In percent of GDP)						
Gross capital formation, of which:	18.5	17.3	13.7	11.4	16.0	19.5	22.2
Public	5.4	5.3	3.8	3.4	4.1	5.4	6.2
Private	13.1	12.0	9.9	8.0	11.9	14.1	16.0
Gross national savings, of which:	7.9	-6.4	-15.2	-10.1	-4.9	-1.1	0.1
Public	-1.1	-4.7	-6.6	-1.1	0.3	0.4	0.3
Private	9.0	-1.6	-8.6	-8.9	-5.1	-1.4	-0.2
Saving-Investment Balance	-10.6	-22.8	-28.9	-21.5	-20.8	-20.6	-22.1
Public Finance¹	(In percent of GDP)						
Revenues	22.0	20.9	20.2	20.5	21.6	22.2	21.7
Recurrent expenditures and net lending	36.9	34.0	34.4	32.7	32.1	29.7	26.7
Wage expenditures	19.4	18.2	17.3	17.0	16.6	15.4	13.8
Nonwage expenditures	14.7	14.3	14.5	13.9	13.9	13.0	11.9
Net lending	2.8	1.4	2.7	1.9	1.6	1.3	1.0
Recurrent balance (before external support)	-14.9	-13.1	-14.2	-12.2	-10.5	-7.6	-5.0
Development expenditures	3.6	3.8	2.4	1.7	2.8	2.9	2.8
(in millions of US Dollars)	299	370	243	187	350	400	450
Overall balance (before external support)	-18.5	-16.9	-16.6	-13.9	-13.3	-10.4	-7.8

Total external support (including development)	15.3	10.1	9.1	12.1	13.3	10.4	7.8
(in millions of US Dollars)	1,277	983	932	1,362	1,629	1,448	1,251
External support for recurrent expenditure (in millions of U.S. dollars)	1,147	814	775	1,255	1,329	1,098	851
in percent of GDP	13.8	8.3	7.6	11.1	10.8	7.9	5.3
Development Financing	131	169	156	106	300	350	400
Financing Gap	-3.2	-6.8	-7.5	0.0	0.0	0.0	0.0

External sector	(In percent of GDP)						
Exports of goods and services	13.8	15.4	16.3	17.2	17.9	19.5	21.4
Import of goods and services	55.5	59.1	63.1	60.7	61.0	59.1	59.3
Net factor income	7.2	8.1	7.0	7.2	7.4	7.5	7.4
Net current transfers	23.9	12.7	10.9	14.9	15.0	11.6	8.4
Official transfers	13.7	8.3	7.6	11.1	10.8	7.9	5.3
Current account balance (excluding official transfers)	-24.3	-32.0	-36.4	-32.6	-31.6	-28.5	-27.4
Current account balance (including official transfers)	-10.6	-22.8	-28.9	-21.5	-20.8	-20.6	-22.1

Memorandum items							
Nominal GDP (in millions of U.S. dollars)	8,331	9,775	10,255	11,292	12,342	13,861	16,065
Nominal GDP (millions of NIS)	31,073	34,996	39,480	40,762	44,431	49,899	57,834
Exchange Rate (NIS/US\$)	3.73	3.58	3.85	3.6	3.6	3.6	3.6

5. Public Expenditure Plan 2014-16

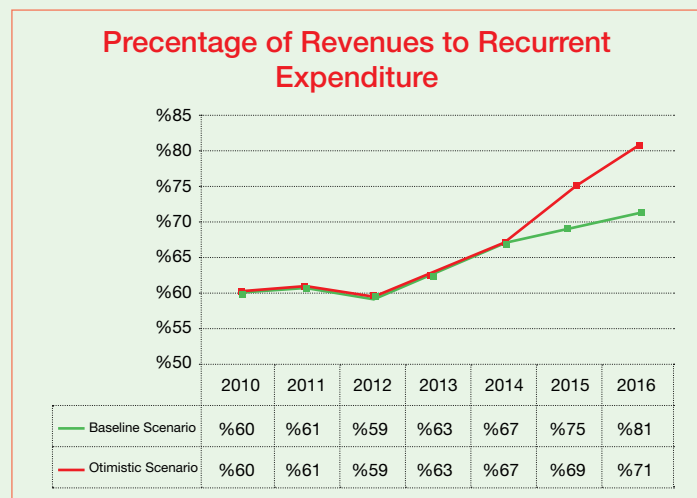
This Public Expenditure Plan reflects our policy priorities over the medium-term. Our overarching priority is the establishment of the independent, sovereign State of Palestine on the June 1967 border which provides a decent standard of living to all citizens and safeguards their rights as enshrined in the law. Chapter 4 posits two scenarios: a baseline scenario and an optimistic scenario. The baseline scenario assumes the continuation of the *status quo*, and that the donor community will continue to provide financial support to the Palestinian government. The optimistic scenario envisages that restrictions imposed by Israel on the Palestinian economy would be eased or removed as well as restoration of coordinated government between West Bank and Gaza. Both scenarios present the financial envelope, including minimum and maximum thresholds, of projected government expenditures in 2013-14.

Over the next three years, we will work to secure the necessary resources to maintain and build on the achievements under previous governments. We will work to direct available resources and investment with a view to bolstering economic recovery and growth, to reduce unemployment and poverty rates. We will pay special attention to ensuring social justice and equality between all members of the society, wherever they reside in Palestine. Citizens will participate in, and benefit from, economic growth, further enabling their steadfastness and resistance to Israel's policies, designed to displace them from their land, particularly in the Jordan Valley and East Jerusalem.

By promoting effective and efficient public financial management, we are making a diligent, concerted effort to attain fiscal stability and reduce dependence on external aid. Through an expanded tax base and improved tax collection mechanisms, we will increase public revenues. According to the baseline scenario of our macro-fiscal framework, the ratio of net public revenues to overall expenditure and net lending will increase from 63% in 2013 to 71% in 2016. Under the optimistic scenario, net public revenues will increase to 81% by 2016. Under such scenarios, external aid will be shifted from recurrent budget support and used to finance development initiatives. Alongside the integration of planning and budgeting processes,

we will complete the migration from line-item budgeting to programme-based budgeting. This will promote better informed, prudent resource allocation and stronger linkage to policy priorities.

Due to the unstable political situation and uncertain future of announced economic initiatives, the Public Expenditure Plan 2014-16 is informed by a modest baseline scenario and data provided by the MoF macroeconomic and fiscal framework. During the upcoming three years, projected total operating and development expenditures will amount to almost US\$ 13.34 billion, including US\$ 11.84 billion



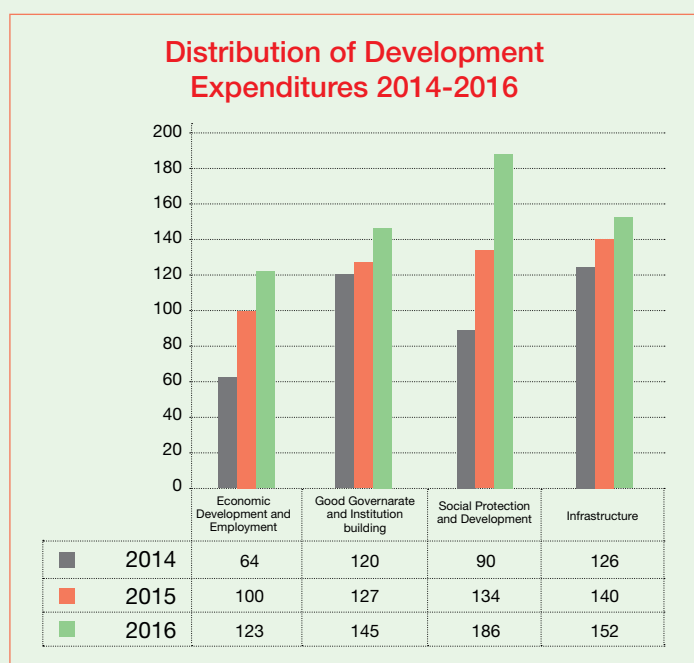
for operating expenses and US\$ 1.5 billion for development spending (US\$ 1.05 billion through, and US\$ 0.45 billion outside of, the general budget) (see Table 11). While operating expenditures are not expected to show a significant increase over the next planning cycle - estimated at 3% on average only, projected total development expenditures (through and outside general budget) will rise from US\$ 400 million in 2014 to US\$ 500 million in 2015, and reach US\$ 600 million in 2016. Should the situation improve (i.e., towards the optimistic scenario), development spending is projected to rise to US\$ 2,250 million over the next three years.

Table 11: Project expenditures as per the baseline scenario (in US\$ million)

Expenditures	2013 (Actual)	2014 (projected)	2015 (projected)	2016 (projected)	Total (2014-16)
Recurrent expenditures & net lending	3,692	3,863	3,940	4,034	11,837
% of annual rise of recurrent expenditures and net lending	4.7%	4.6%	2%	2.4%	3% (in average)
Development expenditures	308*	400	500	600	1,500
Total recurrent and development expenditures	4,000	4,263	4,440	4,634	13,337

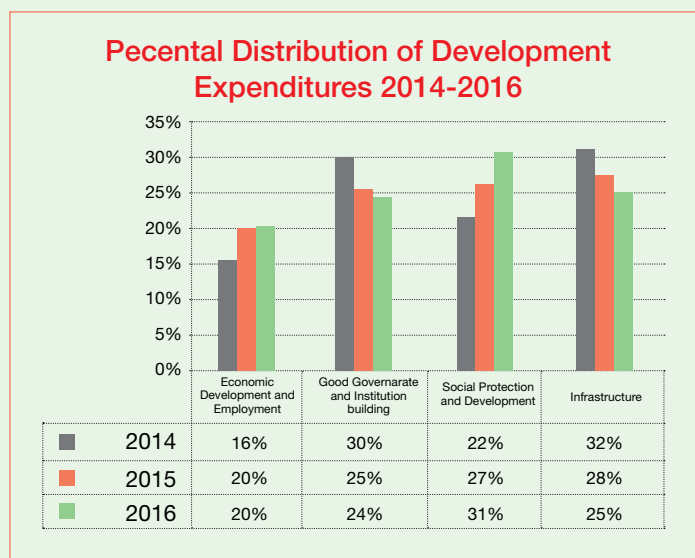
* According to MoPAD's Development Assistance and Reform Platform (DARP) data, total commitments expressed by donors to support development projects and programmes were US\$ 708 million in 2013. However, US\$ 308 million were actually paid. (This excludes DFID, EC and USAID support of about US\$ 150 million).

For each of the four major sectors, subsectors and relevant programmes, the government will appropriate a definite budget (operating and development) to cover each of the next three years. These appropriations are aligned with development priorities and reflect the government's determination to make targeted investments in various sectors to stimulate economic recovery and create sustainable employment opportunities. This will drive increases in government revenues and elevate the resources available to increase more developmental spending. Notwithstanding the anticipated rise in the absolute value of development expenditures across the four major sectors over the medium term, available resources will be subject to a relative redistribution in line with priority policies. Accordingly, we will increase investment in the Economic Development and Employment sector as a percentage of total development spending, climbing to almost 20% in 2016. Likewise, the proportion of investment in the Social Development sector will rise significantly. On the other hand, investment in the Good Government and Institution Building



sector and Infrastructure sector as a percentage of total development expenditures will gradually decline over the next three years.

We are aware that the public sector cannot carry the burden and responsibility for sustainable development alone. Hence, we will continue to work with our development partners, including civil society, nongovernmental organisations and the private sector, to ensure all stakeholders can play an effective part in establishing the sovereign State of Palestine in which all our citizens can enjoy freedom and a decent life. In developing the NDP 2014-16, we institutionalised a participatory approach which we are resolved to consolidate in the NDP implementation phase. Furthermore, we have launched initiatives to promote the participation of local communities and citizens in the national development process.



The sections below present a distribution of expenditures across the four major sectors, subsectors, and main expenditure areas of each. Interventions and projects will be presented in detail in budget programmes in the context of annual general budget preparation.

5.1 Economic Development and Employment sector

Successive governments have paid particular attention to economic development. Balanced economic growth has the potential to drive inclusive development, alleviate poverty, reduce unemployment, and enhance citizens' standard of living. Over 2008-13, economy sector development plans concentrated on creating an environment that enables a prosperous private sector, attracts investments, develops domestic and human resources, and reduces reliance on external aid. The aim was to build a free economy that is open to international markets and delivers locally and internationally competitive services and goods. Accordingly, former governments were committed to economic, legal and institutional reforms and building real public-private partnerships, assisting the economy in playing a key role in the strengthening the national economy.

The NDP 2014-16 will build on previous national planning initiatives, intensifying efforts to develop the economy, further promoting economic independence and enabling provision of adequate and decent employment opportunities for Palestinians. We will work to liberate the Palestinian economy from dependence on Israel's economy and foreign aid, while at the same time focusing on a more effective and efficient management of domestic financial resources. In this vein, the NDP 2014-16 focuses on achieving balanced and equitable development across Palestinian areas as well as an optimal use of natural resources in Area C, particularly agricultural land in the Jordan Valley. The Plan also earmarks support to agribusiness and manufacturing enterprises, to youth-led entrepreneurial initiatives, and generally to youth participation in the economy with a view to tackling unemployment.

In line with the NPA, which prioritises recovery and development of the Palestinian economy, the NDP 2014-16 earmarks approximately US\$ 287 million, or 19% of the total 2014-16 development expenditures

to economic development – a rise of almost 3% compared to the NDP 2011-13. Over the next three years, we will raise development expenditures in the economy sector, increasing from 16% in 2014 to 20% of the total. Additionally, we will allocate approximately US\$ 229.5 million to cover the 2014-16 operating budget of the economy sector. These resources (both recurrent and development) will support land reclamation, exploitation of water sources, construction of industrial parks, enhancement of the business climate, rehabilitation of tourism and archaeological sites, ICT development, and provision of a decent standard of living for Palestinians. Table 12 below summarises development and operating expenditures in the Economic Development and Employment subsectors.

Table 12: Development and operating expenditures in the Economic Development and Employment sector

Sub-Sector	2014 expenditures (US\$ million)		2015 expenditures (US\$ million)		2016 expenditures (US\$ million)		Total development expenditures 2014-16			Total operating expenditures 2014-16		
	Operating	Development	Operating	Development	Operating	Development	Development (US\$ million)	% of development expenditures of economy sector	% of development expenditures of total development expenditure	Operating (US\$ million)	% of operating expenditures of economy sector	Total
National Economy Development	20.1	23.3	20.7	41.8	21.3	42.2	107	37.4%	7%	62.2	27.1%	287
Labour	12.5	1.6	13.3	6.9	13.3	7.6	16	5.6%	1%	38.7	16.9%	123
Agriculture	27.0	27.8	27.8	35.7	28.6	59.7	123	42.9%	8%	83.5	36.4%	29
Tourism	5.1	2.5	5.2	4.6	5.4	4.5	12	4.0%	1%	15.7	6.8%	29
ICT and Post	9.5	8.7	9.8	11.0	10.1	9.0	29	10.0%	2%	29.4	12.8%	287
Total	74.2	64.0	76.5	100.0	78.8	123.0	229.5	100%	19%	229.5	100%	287

National Economy Development

National economy development has been given high priority in the Palestinian national planning process. We have earmarked US\$ 107 million for the next three years, 37.4% of the total amount provided for the economy sector as a whole. This is an increase of almost 4% of the previous 2011-13 planning cycle. In this subsector, we will invest in business climate enhancement, support the private sector, and develop an enabling legislative framework, by enacting laws and regulations with a view to boost and regulate investment activity. We will also finalise construction of industrial parks in several Palestinian governorates, particularly in Bethlehem, Jenin, Jericho and Hebron. In addition to promoting light industries and manufacturing, we will work towards opening markets for national products, increasing exports to regional and international markets.

Labour

The NDP 2014-16 allocates 5.6%, US\$ 16 million, of total development support earmarked for the economy development sector. In the labour sector, efforts will focus on creating decent employment opportunities for both men and women, as well as to enhance workforce capacities and skills. To align with the labour market needs, the government will establish new vocational training centres and modernize existing ones. In addition to ensuring occupational safety, the government will provide support to the Employment and Social Protection Fund.

Agriculture

The NDP 2014-16 allocates US\$ 123 million to the agriculture sector. This is almost 43% of the total development expenditure earmarked for the economy sector. This reflects the great importance we attach to agriculture as one of the most promising productive sectors in the national economy and the largest employer of Palestinian workers. In the agriculture development subsector, development support will be distributed to several programmes, most notably programmes that target agricultural service improvement and agriculture development. These focus on expanding and diversifying the productive base and increasing agriculture sector's contribution to the GDP. These are also designed to promote farmers' steadfastness by reclaiming agricultural land, constructing agricultural roads, providing renewable water sources, encouraging water harvesting, treating wastewater, and reusing treated wastewater in irrigation. In addition, we plan to support the enhancement of extension services delivered to farmers and other agriculture sector stakeholders, increase the diversity and improve the quality of agricultural produce to enhance its competitiveness in local and foreign markets, replace imported inputs, provide capacity building to agricultural institution staff, and support intensive and semi-intensive production in the Jordan Valley and Area C. In addition, we will support establishment of crucial organisations, including the Agricultural Marketing Company, the Agricultural Finance and Lending Foundation, and the Risk Prevention and Agricultural Insurance Fund.

Tourism

The NDP 2014-16 allocates US\$ 12 million, 4%, of the overall development budget earmarked to the economy development sectors, to tourism. Compared to other sectors, this appropriation might seem small. However, substantial efforts will be targeted to promote private investment in each component of the tourism sector. We will focus government spending on renovating, rehabilitating and developing touristic, archaeological and heritage sites, particularly those classified by the Plan for Protection of Natural Resources and Historical Landmarks as archaeological monuments in East Jerusalem, Bethlehem, Area C, Jordan Valley and Dead Sea. This activity is designed to attract domestic and foreign tourism-oriented private investments.

ICT and Post

In the NDP 2011-13, the government earmarked approximately US\$ 16 million for the ICT sector - 4% of the total development budget of the economy development sector. In spite of limited resources available for development expenditures, the government will increase the ICT development budget in the present national planning cycle. A total of 10%, US\$ 29 million, of the overall development budget of the economy development sector is allocated to the ICT sector. In addition to its rising significance as a source of investment, ICT also plays a key role in enhancing the productivity of the private and public sector and generation of employment opportunities. We will keep track of new developments in the ICT sector, develop the government network, improve e-government, and employ modern ICT techniques, including digital migration process, i.e., conversion from analogue to digital radio and TV transmission.

5.2 Good Governance and Institution Building sector

Given its significance to the achievement of sustainable development, a functioning governance sector underpins economic growth and social development. Therefore, we will continue and build on previous achievements to entrench a democratic system of governance, promote transparent and accountable institutions, ensure the freedom of expression and right to access information, and streamline the deployment of public funds through a conducive legislative and regulatory framework. Of the overall development budget, the NDP 2014-16 allocates 26% to good governance and institution building.

This allocation will be used to continue and build on prior achievements in the governance subsector, with a particular focus on combating crime, developing the criminal justice system, and allowing easier access to justice. We will also promote public safety, improve disaster management and preparedness, and promulgate legislation.

In light of their significant role in promotion of the national development process, we will also support and provide technical, administrative and financial capacity building to LGUs. Work will continue to upgrade the government administrative and financial system with a view to enhancing public service delivery and ensure a more effective and efficient access to service centres. We will continue efforts to achieve fiscal stability and independence.

In stepping-up diplomatic activity, we will work proactively to ensure international cooperation between the State of Palestine and other countries around the world.

Table 13 below shows the allocation of operating and development expenditures earmarked for Good Governance and Institution Building subsectors over the next three years.

Table 13: Development and operating expenditures in the Good Governance and Institution Building sector*

Sub-Sector	2014 expenditures (US\$ million)		2015 expenditures (US\$ million)		2016 expenditures (US\$ million)		Total development expenditures 2014-16		
	Operating	Development	Operating	Development	Operating	Development	Operating (US\$ million)	% of development expenditures of governance sector	% of development expenditures of total development expenditure
Security	1,019.0	32.0	1,050.4	34.0	1,082.0	27.0	3,151.4	80.7%	6.2%
Justice	41.1	25.0	42.3	27.5	43.6	32.0	127.0	3.3%	5.6%
Local Government	44.8	42.0	46.1	43.0	47.5	55.0	138.4	3.5%	9.3%
Administrative Development and Public Financial Management	87.8	18.0	89.6	20.0	92.7	29.0	270.1	6.90%	4.5%
International Relations	70.7	3.3	72.8	2.5	74.9	1.7	218.4	5.6%	0.5%
Total	1,263.4	120.3	1,301.2	127.0	1,340.7	144.7	3,905.3	100%	26.1%

Note: Due to an incomplete shift from budgeting on a line item basis to programme-based budgeting, NDP operating expenditures differ from those stated in the 2014 General Budget

The following section presents development expenditures and priority interventions. Over the upcoming three years, these will be implemented through budget programmes in each subsector of Good Governance and Institution Building sector.

Security

Previous governments have prioritised the improvement of institutional capacity and infrastructure of security agencies, civil police, Civil Defence, and MoI departments in charge of providing civil status services. Previous national planning initiatives have also produced better developed and refurbished correction and rehabilitation centres. In light of the improving security situation and progress made by the security sector in recent years, as well as the availability of local training, the level of finance required to cover external training of security forces is projected to drop. Nevertheless, the government will continue to consolidate these improvements in the institutional capacity and infrastructure of the security sector.

Of the governance sector development budget, the government has allocated 23.7% to the security sector. This represents 6.2% of the overall development budget. By enhancing capacity of the Civil Defence agency, the government will develop readiness to face disasters. With a view to enhance capacity of controlling public order and combating crime, the government will provide further capacity building to the Palestinian Civil Police. Correction and rehabilitation centres will be further developed and brought in line with international human rights standards. In addition to developing international gateways and borders, civil status services will be improved.

Justice

Representing 5.6% of the overall development budget, the government has allocated 21.6% of the governance sector development budget to the justice sector. Our priorities include upgraded institutional capacity and infrastructure of the family courts, which were not adequately targeted in the previous national planning cycle. We will continue to develop institutional capacity and infrastructure of the Public Prosecution, upgrade forensic medicine and forensic science capacity, and invigorate the legal aid system. Spending will focus on increasing the number of qualified regular and family court judges to reduce the time taken in case disposition. Through a development initiative targeting the Palestinian Judicial Institute (PJI), judicial training will be done locally. The PJI will be the central agency in charge of evaluating priority training needs and implementing judicial training programmes. In addition to fighting and preventing corruption, the government will further develop mechanisms for respect of human rights. Spending on justice sector development projects is projected to rise due to the delayed implementation of ongoing projects.

Local Government

We will pay due attention to consolidating LGUs' role and capacity to take on greater responsibilities and powers and to be more responsive to citizens' needs, including local development projects and public services. In light of the development disparity between the West Bank and Gaza Strip, as well as between Areas A, B and C within the West Bank, the local government sector will play a pivotal role over the upcoming years in bridging these gaps, with a particular focus on areas marginalised by settlement expansion and Wall construction. We have earmarked 35.7% of the governance sector development budget to local government – 9.3% of the overall development budget. In the local government sector, spending will be directed at improvement of LGU infrastructure, high-quality public service delivery, and master planning and strategic development plans. To improve their financial position and ensure that they can play an effective role in national development, we will develop LGU financial policies.

Administrative Development and Public Financial Management

We will continue to implement policies that consolidate values and practices of impartiality, transparency and accountability, as well as, the financial stability and sustainability with a view to delivering better public services. To save time, effort and money and provide high-quality public service, the government will focus on upgrading its IT infrastructure and developing e-government. Representing 4.5% of the total development budget, the government has designated 17.1% of the governance sector development budget to the Administrative Development and Public Financial Management component.

Spending will be targeted to develop an integrated policy-making, system planning and budget processes, ensuring they are gender responsive. In addition, we will upgrade oversight mechanisms, monitoring and evaluation systems, and aid management and coordination. We will continue to develop our programme budgeting system to improve performance, streamline expenditure, increase public revenues to bridge budget deficit, and reduce dependence on foreign aid.

International Relations

The NDP 2014-16 allocates 1.9% of the governance sector development budget to international relations. This is 0.5% of the overall development budget. In this sector, the government will develop consular service provision, consolidate South-South cooperation, lobby international support for Palestine, and promote the role of Palestinian communities internationally to advocate for the Palestinian cause.

5.3 Social Protection and Development

We will make strenuous efforts to maintain and build on the progress made in social development indicators. We will continue to strive to deliver high-quality social services, ensuring equitable access to them. Given the centrality of social development services to maintaining social cohesion, we will double expenditure in this sector over the next three years, rising from US\$ 90 million in 2014 to US\$ 186 million in 2016. As a percentage of the overall NDP development expenditure, development expenditures allocated for this sector will increase from 22% in 2014 to 31% in 2016. These investments will develop human capital by introducing an integrated, comprehensive system of high-quality equitable social service delivery in the education, health, and social protection subsectors. A portion of investment will be earmarked to empowering the youth and women to play an active part in and benefit from social development. Also, expenditures will target protection and maintenance of our national heritage and culture.

Table 14 below shows allocation of operating and development expenditures earmarked for Social Protection and Development subsectors over the upcoming three years.

Table 14: Development and operating expenditures in the Social Protection and Development sector*

Sub-Sector	2014 expenditures (US\$ million)		2015 expenditures (US\$ million)		2016 expenditures (US\$ million)		Total operating expenditures 2014-16		Total development expenditures 2014-16		
	Operating	Development	Operating	Development	Operating	Development	Operating (US\$ million)	% of operating expenditures of social development sector	Development (US\$ million)	% of development expenditures of social development sector	% of development expenditures of total development
Social Protection	767.8	12.0	790.8	16.0	814.6	19.0	2,373.2	39.6%	47	11.4%	3.1%
Education	709.8	40.0	731.1	62.0	753.0	85.0	2,193.8	36.6%	187	45.6%	12.5%
Health	396.4	23.0	408.3	35.0	420.5	54.0	1,225.1	20.4%	112	27.3%	7.5%
Culture and Heritage	43.8	3.0	45.1	5.0	46.5	7.0	135.4	2.3%	15	3.7%	1.0%
Youth and Sports	20.1	10.0	20.7	13.0	21.3	17.0	62.0	1.0%	40	9.8%	2.7%
Empowerment of Women*	1.7	2.0	1.8	3.0	1.9	4.0	5.4	0.1%	9	2.2%	0.6%
Total	1,939.6	90.0	1,997.8	134.0	2,057.8	186.0	5,994.9	100.0%	410.0	100%	27.4%

* As Empowerment of Women is a subsector, expenditures in this table belong to the Ministry of Women's Affairs. They do not cover expenditures of other line ministries and government bodies, the programmes of which already include relevant activities and interventions.

The following section presents development expenditures and priority interventions. Over the next three years, these will be implemented through budget programmes in each subsector of Social Protection and Development.

Social Protection

We will pay due attention to promoting social justice and providing a decent standard of living to all citizens, particularly the poor and marginalised groups. We will allocate US\$ 47 million of development expenditure to support the social protection sector. This allocation represents 11.4% of the development expenditure earmarked for social development. Over the next three years, we will make available US\$ 600 million of transfers to assist poor households.

Development spending will build an integrated social protection service system and develop the sector's institutional and legal framework. A portion of this investment will be allocated as small loans and grants to empower poor and vulnerable households and individuals, especially female victims of gender-based violence, to secure stable income sources. We will also provide care and rehabilitation services to political prisoners, families of martyrs, released political prisoners, and citizens injured by the Israeli occupying forces as well as to their families.

Education

Representing 45.6% of the social development sector's development budget and 12.5% of the overall development budget, we have earmarked US\$ 187 million for the education sector to ensure every citizen's right to education. This will provide substantial investment in the creation of human capital capable of building a knowledge-based economy, securing prosperity of our society, and preserving our national identity. Expenditures will focus on construction of the education infrastructure, improve the school environment, and provide pre-school education. The quality of education will be upgraded by implementing the Teacher Rehabilitation Strategy. To meet modern needs, curricula will be upgraded and up-to-date techniques used in the educational process. A portion of investment will be directed at scientific research, improving higher education standards, and aligning outputs to community and labour market needs. Necessary reforms will be implemented so that our educational institutions, are more effective and efficient. We will also invest in TVET, ensuring its outputs are in line with the labour market needs.

Health

We will continue to work to ensure public access to quality healthcare services. Over the next three years, we will provide US\$ 112 million to develop the health sector. Comprising 7.5% of the overall NDP 2014-16 development expenditure, this investment represents 27.3% of the social development sector's development spending. This investment will be deployed to construct and rehabilitate primary healthcare centres and hospitals, with a particular focus on marginalised areas. Health education programmes will be implemented to provide capacity building for health sector workers. Programmes promoting healthy lifestyle choices will be implemented to address the steady increase in chronic diseases, particularly among women. We will also invest in consolidating institutional capacity in the health sector as well as to promote partnership amongst healthcare providers.

Culture and Heritage

Our culture plays a crucial role in maintaining our social cohesion despite decades of occupation and

repression. Representing 3.7% of the overall social development sector budget, we have allocated US\$ 15 million to develop this sector. Investment will be targeted to protect our national culture and promote its role in reintegrating Palestinian society, both inside and outside Palestine. Culture and heritage sector infrastructure will be upgraded, especially in East Jerusalem and marginalised areas. Part of this expenditure will be allocated to enhance cultural output, support and sponsor cultural initiatives and innovators, bolster traditional industries and handcrafts, and provide capacity building to craftsmen.

Youth and Sports

We will work to ensure a more active role for male and female young people in national development. To this end, we have earmarked US\$ 40 million, or 9.8% of the social development sector expenditure, to provide more opportunities for the youth to participate in political and community life in a democratic environment, which ensures free expression of their opinions and needs. The government will allocate a significant portion of this investment to constructing infrastructure of youth and sports establishments, particularly in marginalised and remote regions. Palestinian sport teams will be supported to promote their success in domestic and international competitions.

Empowerment of Women

Gender equality and empowerment of women is central to the national policy agenda. In light of its cross-cutting nature, empowerment of women is addressed by development expenditures in all national sectors. Therefore, we have allocated a further US\$ 9 million to the review and development of laws and regulations to ensure conformity with women's rights. In addition to implementing gender-oriented capacity building programmes, analytical studies will be conducted to provide information and evidence on gender gaps with a view to support gender-responsive policy-making and budgeting processes. A portion of this investment will be designated to provide protection, care and rehabilitation to female victims of gender-based violence, ensure women's unfettered access to justice, and implement community awareness programmes to build a society in which all forms of violence against women are prohibited.

5.4 Infrastructure

Improving our national infrastructure will play a vital role in economic recovery as well as easing access to better quality services at more affordable prices. We will keep up previous governments' efforts to develop integrated and inclusive infrastructure networks and provide uninterrupted water and energy supplies as an essential input to enable growth and development. The activities will create new employment opportunities, contributing to our efforts to tackle the high unemployment rate. Over the next three years, 28% of total development investment will be channelled to the infrastructure sector. Priority will be given to water and energy, with 55% of the infrastructure sector development budget going to these two subsectors supporting our effort to ensure sustainable water and energy supply at reasonable prices. Infrastructure sector spending priorities also include construction and rehabilitation of transportation networks across Palestine, as well as connectivity with the outside world. Investments will also be made to provide adequate housing, especially for poor and vulnerable households, and conservation of our environment and other natural resources.

Table 15 below shows allocation of operating and development expenditures earmarked for Infrastructure subsectors.

Table 15: Development and operating expenditures in the Infrastructure sector

Sub-Sector	2014 expenditures (US\$ million)		2015 expenditures (US\$ million)		2016 expenditures (US\$ million)		Total operating expenditures 2014-16		Total development expenditures 2014-16		
	Operating	Development	Operating	Development	Operating	Development	Operating (US\$ million)	% of operating expenditures of infrastructure sector	Development (US\$ million)	% of development expenditures of infrastructure	% of development expenditures of total development expenditure
Water	14.6	40.5	15.0	35.0	15.4	36.0	44.9	17.5%	111.5	26.8%	7.4%
Environment*	4.1	6.5	4.2	15.0	4.3	13.2	12.5	4.9%	34.7	8.3%	2.3%
Energy	17.6	40.0	18.1	35.3	18.6	43.0	53.3	20.7%	118.3	28.4%	7.9%
Housing	3.1	2.0	3.2	27.0	3.2	16.7	9.5	3.7%	45.7	11.0%	3.1%
Transportation	44.4	36.5	45.6	27.0	47.1	43.0	137.1	53.2%	106.5	25.5%	7.1%
Total	83.8	125.5	86.1	139.3	88.6	151.9	257.3	100%	416.7	100%	27.8%

* Environment-related operating expenditures do not include operating expenses of the solid waste subsector.

The following section presents development expenditures and priority interventions. Over the next three years, these will be implemented through budgetary programmes in each Infrastructure subsector.

Transportation

We have prioritized the creation of an integrated transportation network, to support the private sector and facilitate the movement of persons and goods both locally and internationally. To this end, the NDP 2014-16 reserves US\$ 106.5 million, or 25.5% of the total infrastructure sector development budget, for investment in the transportation subsector. These will focus on upgrading the road network and enhancing road safety. Work will also be done to reduce traffic congestions, particularly in city centres, which have seen spiralling population growth and significant growth in the number of vehicles.

Spending priorities include development of the Road Master Plan, construction, rehabilitation and maintenance of local and regional roads across Palestine, and support to upgrade public transportation. To link Palestine to regional and international transportation networks, we will invest in the development of airports and seaports.

Energy

Energy plays a critical role in economic development and social progress throughout the world. To ensure a sustainable energy supply, diversification of energy sources is a major policy priority. Over the next three years, we have earmarked US\$ 118.3 million, or 28.4% of the infrastructure sector development budget, to the energy subsector. This represents 7.9% of the overall NDP 2014-16 development budget. Investment will focus on diversification of energy sources, promotion of clean and renewable energy, integrating public electricity distribution grids, and better organisation and regulation of the energy sector.

Water

Safeguarding Palestine's right to its water sources is a major priority. We will work to meet citizens' needs for potable water, as well as sufficient water for industrial and agricultural use, in the specifications required. Comprising 26.8% of the overall Infrastructure sector development budget, we will invest US\$ 111.5 million in the water subsector. Expenditure priorities include continued effort to install and rehabilitate public water supply networks, enhance water supply systems, install transmission pipelines, and rehabilitate wells. In addition to desalination plant in Khan Yunis and Sheikh Ijlin, a portion of this investment will be allocated to develop wastewater management and sewerage systems, including wastewater treatment stations in Hebron, villages northwest of Jerusalem, eastern Nablus, Ramallah, and Tubas. In addition to finalising the Northern Gaza desalination project, treated wastewater will be reused in Gaza and West Bank, including Jenin, Al Bireh, and western Nablus.

Environment

Environment conservation and the sustainable use of natural resources is an important policy priority, honouring the need and right of future generations to enjoy a healthy environment and abundant natural resources. Representing 8.3% of the overall Infrastructure sector development expenditures, we will invest US\$ 34.7 million in environmental conservation and management of natural resources, including the development of solid waste collection and processing facilities. This investment will target the construction of sanitary landfills, procurement of solid waste collection and processing equipment, and establishment of specialised facilities to treat hazardous waste. Random dump sites that breach health standards will be

closed down. An environmental information centre will also be established to assess and reduce emissions from industrial facilities. In addition, we will establish and upgrade systems to monitor air, water and soil quality.

Housing

We will work diligently to ensure the provision of adequate and safe housing to citizens, especially the poor and vulnerable groups. We recognise and support the private sector's pioneering and crucial role in investing in the construction and housing sector as well as creating new employment opportunities. Comprising 11% of the total Infrastructure sector development expenditure, we have allocated US\$ 45.7 million for the organisation and support of the housing sector. We will invest in essential infrastructure to attract and enable investors to construct housing projects that meet the required specifications and standards and are affordable to citizens with low and mid-level incomes.

6. NDP Implementation and Monitoring

6.1 NDP 2014-16 Implementation Framework

The NDP 2014-16 provides a national policy framework to guide public policy implementation across sectors over the next three years. In formulating and implementing their medium-term development programmes and interventions, government bodies, the private sector, national civil society actors and international organisations will be able to refer to the NDP 2014-16 as the definitive source of government policy. Below is the general framework by which the government will implement the NDP 2014-16:

Building effective partnerships and diligent coordination with stakeholders

Naturally, bringing about positive change in our country is the joint responsibility of all these stakeholders in the spirit of common purpose and coordinated action. However, line ministries and government bodies bear a special responsibility for consolidating and driving effective and efficient partnerships, including the private sector, civil society, LGUs, and international development partners.

Developing a rolling Medium Term Expenditure Framework (MTEF) based on programme budgeting

While the NDP 2014-16 established medium-term policy priorities within a specific fiscal framework, it allows for a reasonable margin of flexibility for implementing government agencies (in line with an overall strategic framework and fiscal discipline) to deal with new developments - financial, political or economic. It also allows these agencies to identify and align annual operational plans with available resources as they are implemented. Budget programmes, which are currently being developed and institutionalised throughout line ministries and other government bodies, will be the main instrument for the implementation of the NDP 2014-16. These budget programmes link specific programme goals, objectives and outputs, and of course the related financial inputs, to the NDP policy framework. Development interventions, whether funded internally or externally, will be identified and integrated into these budget programmes. In developing the annual budget, the goals, objectives and outputs of these programmes will be reviewed and modified as necessary, maintaining some flexibility to cope with political, economic and financial developments. A rolling MTEF will be developed, ensuring realistic projections and compliance with realistic budget envelopes. Provided the current political, economic and financial context does not take an unexpectedly large turn for the worse, the NDP 2014-16 will continue to be a reasonable guiding framework for budget preparation and execution over the next three years. The NDP will continue to be reviewed and updated on a tri-annual basis unless a major shift in context that might require an earlier revision, including a political settlement with Israel or ended political divide between the West Bank and Gaza.

More effective aid

In the light of the current, protracted financial crisis, which is projected to persist in the near future, total government development expenditure, as well as government operating expenditure to some extent, will be dependent on donor financing. Achievement of our national policy agenda will require even stricter application of prudent, effective and efficient allocation and use of available resources. To this end, the

government is focused on ensuring effective aid management and will work unrelentingly towards aligning external aid with the NDP 2014-16 priorities. The government will coordinate with international partners to ensure aid is delivered, to the greatest extent possible, through Palestinian institutional channels and, in all cases, in compliance with national laws and regulations. The government will coordinate with donors to minimize deviation from our established channels or systems, ensuring that aid effectiveness is not jeopardised. In short, the government will work vigorously with development partners towards implementing its "one-gate policy" to drive optimum allocation of external aid, ensuring efficient and effective utilisation of available resources and eliminating wasted and duplicated efforts.

A close alliance will be built between the government, civil society, private sector, and international partners. Available tools and mechanisms include the Development Assistance and Reform Platform (DARP), bilateral consultations, extant aid coordination structures, and South-South Cooperation. Over the next three years, we will work across these areas to promote the capacity of Palestinian institutions to translate "ownership" into a more meaningful channelling of external aid and achievement of desired development outcomes. With the shift to programme-based budgeting, coordination will also be consolidated between MoPAD and MoF in order to align the budget with available resources.

Developing a Project Cycle Management System (PCMS)

To institutionalise the discipline of the "one-gate policy" and minimize aid that falls outside of the NDP 2014-16 framework, the government is currently developing, through the joint efforts of MoPAD and MoF, a Project Cycle Management System (PCMS). This system will consolidate mechanisms for proper selection of those development projects to be included in budget programmes. Accordingly, expenditure and results in relation to these projects, whether financed by the government or by donors, will be properly monitored. The PCMS mechanism will be coordinated with the process of developing budget programmes. In this respect, the roles MoF and MoPAD will be limited to providing guidance, quality assurance and monitoring of consistency and effective coordination between government bodies. Government ministries and agencies will otherwise be fully responsible for the management of their respective development projects. In parallel, a Project Registry will be developed to track progress in each project cycle. The Project Registry will provide additional information to contribute to external aid management and coordination. Elaboration of the PCMS is expected to start with preparation of the 2015 annual budget.

Creating appropriate implementation mechanisms in Area C and East Jerusalem

Continued occupation, including arbitrary repressive measures, is the most formidable challenge to implementation of the NDP 2014-16, especially in areas where government access and action is severely compromised, including in East Jerusalem and Area C. In spite of these challenges, and despite different policy priorities in each area, work mechanisms remain similar. These are predicated on appropriate partnerships and division of labour between relevant actors; namely, government, civil society, private businesses, international agencies and local communities. To this end, we will work to build as broad and as effective partnerships as possible.

We will pay special attention to encouraging voluntary action and local community participation in delivering the national policy agenda. We will leverage all available institutional frameworks, including networks, coalitions and working groups that contributed to the development of NDP 2014-16, to assist its implementation in these challenging locations. We will continue to work with the international donor community to provide direct or indirect financial aid, as well as to provide necessary political backing to implement and protect public and private investments in these areas. In cooperation with UNDP, the government is in the process of developing a strategic framework of international and local development interventions in Area C over the next national planning cycle.

Coordinating humanitarian aid, with a special focus on Gaza

Pending completion of the national reconciliation effort and reunification of our territory, we will continue to support our citizens in Gaza. We will work to lift the siege imposed on our citizens in Gaza, directly if possible, or indirectly through liaison with our international partners. We will continue to honour the wage bill of civil servants, security personnel and political prisoners and, through our social protection programme, we will support poor households. In addition to providing medical and healthcare supplies to hospitals and covering medical patient transfer costs, we will continue to cover the cost of electricity supplied from Israel and Egypt, and cover water and wastewater treatment charges levied by Israel.

We will continue to coordinate humanitarian aid delivered to Gaza. In this context, we will cover the logistics costs of entry of assistance through Israeli-controlled crossing points. At the same time, we will make every effort to garner support for strategic interventions in Gaza and the restoration of sovereignty. These include, inter alia, the desalination plant, seaport, airport, sanitary landfills, and boosting electricity generation capacity.

NDP 2014-16 and Coordination with UNRWA

The Palestinian government is well aware of UNRWA's responsibilities and political commitments towards the question of Palestine. The government stresses the significant political and humanitarian role the UNRWA plays until a just solution is devised for the Palestinian refugee problem. Considering itself as a host of UNRWA, the government, provides coordination and facilitates tasks implemented by UNRWA throughout the Palestinian territory. According to 2012 PCBS data, the Palestinian population comprised almost 2 million (44%) refugees, including 766,000 who lived in refugee camps. The government highly appreciates the UNRWA's crucial role in developing Palestinian refugee camps and enhancing refugees' standard of living, allowing room for positive participation in the national development exercise.

UNRWA provides services and assistance to Palestinian refugees in the Gaza Strip, West Bank and Diaspora. These include relief, social services, refugee camp infrastructure improvement, small lending, emergency aid, healthcare, and education. Successive Palestinian governments have paid special attention to the working relationship with UNRWA. In common areas of operation, the government has promoted coordination and integration with UNRWA, maintaining and building on development gains. Relevant line ministries provide direct coordination, particularly in the five programmes delivered by UNRWA. Of particular note, Palestine's achievements in education and health quantitative indicators is a fruit of joint efforts made by all partners, including UNRWA.

Developing proper mechanisms to deal with and support economic initiatives

Currently, we are in the process of improving mechanisms to handle both domestic and international economic development initiatives. These will recognise the private sector's central role in developing the national economy and focus on ensuring its preparedness to attract and absorb investment. This requires

consolidation of an enabling environment for private sector activity and growth. First and foremost, an agreement with Israel is essential to removing those impediments that restrict access to and investment throughout the Palestinian territory. These include land, international waters, surface and ground water, coast, underground resources, including quarries and gas fields, and Dead Sea minerals. Without a removal of these Israeli obstacles, no truly transformational economic development initiative can be realised.

Restrictions on the movement of persons and goods is also a sine qua non of sustainable economic growth. With these restrictions lifted, we will work to improve efficiency and security at our border crossings, opening our economic gateways to the outside world. Financial and customs processes with neighbouring countries, particularly Jordan and Egypt as well as Israel will be reformed. Such conditions will stimulate trade and foreign direct investment. Perhaps more important than reaching such understandings with Israel is the identification of mechanisms and cast-iron guarantees to ensure sustainable commitment to establishing a new reality on the ground. New undertakings must not be used for economic blackmail, particularly in case of a stalemate in the political process. Otherwise, all gains that can be achieved through these initiatives will be contingent on the prevailing Israeli government's temperament.

Finalising the National Spatial Plan (NSP)

In parallel, we will continue our effort to upgrade the legal and institutional framework with a view to invigorate and regulate private sector activity. Over the upcoming phase, we will strengthen our efforts to finalise the National Spatial Plan (NSP), which plays a crucial role in providing a spatial positioning context to our development agenda. This includes, in particular: urban expansion; construction of new cities and industrial parks; construction of infrastructure networks, including roads, harbours, airports, water supply networks, energy and telecommunication grids; tourist destinations and routes; land to be protected and land on which new agricultural and industrial enterprises can be established; and, commercial traffic routes and gateways. Once an enabling environment is created to launch proposed economic initiatives, the NSP will help refine estimates of the scale of public investments required to construct key infrastructure and to support proposed private sector- activities.

6.2 Risk Management Framework

Largely dependent on the political situation and outcome of negotiations, the current sensitive context is open to many possibilities, both positive and negative. The NDP 2014-16 posits two scenarios. A baseline scenario that assumes the continuation of the status quo and an optimistic scenario that sees improvement in the current situation and removal of challenges to the Palestinian development process. Both scenarios, however, primarily rely on the need for continued external aid in the near-term to implement and achieve the aims of the NDP 2014-16. Pending more tangible progress in the political context, the NDP adopts the baseline scenario to set policy priorities and interventions. Under this scenario, and in relation to economic recovery, attention will be paid to the peculiar predicament of Palestine: continued occupation, lack of sovereignty, seizure of national resources, and economic vulnerability and dependency on external forces. Perhaps the most significant challenge to implementation of the NDP 2014-16 is our inability to implement various activities and projects in Area C and East Jerusalem. Accordingly, coordination will be in place between all partners with a view to overcoming and reducing impact of these predicaments.

Under both scenarios, NDP 2014-16 implementation still faces some common risks. External risks are defined by the outcome of the political process, not to mention adverse consequences should it fail. Internal risks are associated with the political and administrative divide, which might negatively impact Palestinian institutional capacity to manage the development process and achieve NDP goals. Table 16 below shows

potential main risks, probability of occurrence, and impact assessment. In addition to measures needed to handle them, the table presents a set of mechanisms to mitigate impact of these risks. To this end, risks will be monitored continuously. Timely assessments will be provided also in case of significant changes occur or new risks arise.

Table 16: Risk Management Framework

Risks	Probable occurrence	Impact	Measures to mitigate impact of risks
The political process fails and Israeli repressive measures escalate against Palestinian population and their institutions	Medium	(High) Escalating Israeli measures disrupt the development process and shifts attention to immediate response and emergency and humanitarian assistance at the expense of long-term sustainable development.	<ul style="list-style-type: none"> Provide international protection by building partnerships with and implementing joint projects between Palestinian and international agencies Link immediate interventions with the long-term development perspective Rejuvenate the Arab Safety Network
Rapidly changes in the political situation and/or priorities	Medium	(Medium) PNDP is not responsive enough to new evolving needs	<ul style="list-style-type: none"> Regular monitoring of the political and development context Update the macroeconomic and fiscal framework on a semi-annual basis Develop procedures for timely response and actions (rolling MTEF)
Inadequate, fluctuating or declining external fund and/or interest	Medium	(High) Inability to implement important projects Expanding general budget deficit, increasing public debt, and deepening financial crisis Irregular payment of wage bill, resulting in strikes, paralysed institutions, and socioeconomic instability Available resources are directed to cover recurrent needs leading to further de-development and requires double the efforts and costs to reverse the negative implications.	<ul style="list-style-type: none"> Expand and diversify range of donors (including Arab donors) targeted by fund-raising strategy. Attract Palestinian private sector. Strengthen public relations and promote projects based on reliable information and clear, consistent delivery mechanisms Implement short-term projects that can be easily capitalised upon once longer-term development processes are available. Encourage the private sector to participate in implementation of development activities and promote corporate social responsibility

Risks	Probable occurrence	Impact	Measures to mitigate impact of risks
Project proposals fail to attract sufficient interest from donors	Low	(Medium) • Some components of the NDP are not implemented	<ul style="list-style-type: none"> • MoPAD provides guidance and assistance to develop and promote project proposals based on consultations with interested donors
Projects prioritised for elaboration are of a nature requiring specialist expertise that is not available locally	Low	(Low) • Delayed project design, promotion and implementation	<ul style="list-style-type: none"> • Attract international technical assistance • Encourage joint venturing between Palestinian and international institutions
Some donors and NGOs are not ready to abide by the NDP	Medium	(High) • A scattered effort confuses development priorities • Reduced synergy in efforts	<ul style="list-style-type: none"> • Enhance coordination with donors and NGOs • Provide Palestinian tangible political support to NDP process and priorities • Strengthen the "one-gate policy"
Government bodies are incapable of accessing or implementing projects in Area C and East Jerusalem	High	(High) • Difficult interaction with partners and stakeholders • Inability to maintain progress towards set results	<ul style="list-style-type: none"> • Build partnerships and develop coordination mechanisms between public sector, private sector, civil society organisations, and international actors • To the extent possible, select public sector employees who hold Jerusalem ID cards
Inadequate interdepartmental coordination of NDP implementation	Low	(High) • Reduced credibility for Palestinian efforts	<ul style="list-style-type: none"> • Provide highest political commitment and support to PNDD • Encourage interdepartmental dialogue and promote consensus on NDP priorities and implementation mechanisms.

Risks	Probable occurrence	Impact	Measures to mitigate impact of risks
Inadequate institutional capacity to carry out the tasks required	Medium	(High) <ul style="list-style-type: none"> • Failure to sustain progress and quality work • Erosion of credibility with partners and stakeholders • Failure to meet citizens' expectations • Inability to attract sufficient funding 	<ul style="list-style-type: none"> • Provide capacity building as an integral component of assistance • Promote pooling of expertise and sharing of experiences among implementing institutions • Provide coaching and on-the-job training to staff
Stakeholders are reluctant to provide accurate and reliable information to monitor and evaluate performance	Medium	(Medium) <ul style="list-style-type: none"> • Inability to track implementation and make appropriate adjustments in timely manner 	<ul style="list-style-type: none"> • Strengthen the "one-gate policy" • Maintain effective communication and consensus building channels with the various stakeholders

6.3 Monitoring and Evaluation Framework

Government policy implementation should deliver good governance, with appropriate levels of accountability and transparency, and well-functioning public institutions and quality public service delivery across all sectors. Robust monitoring and evaluation is needed to ensure that actual implementation is in line with policies and plans, using available financial and human resources. Effective monitoring of implementation of policies and plans is a basic requirement. Evaluation focuses on results and achievement, providing a clear assessment of impact on economic, political and social conditions. Evaluation also explores the quality and scope of public service delivery.

Informed and realistic planning is a prerequisite for a successful implementation of the NDP 2014-16. However, planning per se must go hand-in-hand with a monitoring and evaluation (M&E) system, which provides objective, evidence-based performance measurement and impact assessment. M&E outputs provide planning inputs; including the timely identification of challenges to policy implementation and options for remedial action.

Consolidation of good governance components as well as accountability and transparency mechanisms is not limited to the M&E system. Multiple agencies play a significant role in this context. Inter alia, the PLC exercises oversight of the Executive; the Council of Ministers issues quarterly and annual reports; the MoF develops and monitor annual budgets of government bodies; the State Audit and Administrative Control Bureau (SAACB) controls line ministries and government agencies; and the PCBS provides data and statistics on various trends and indicators.

Overview of the National Monitoring and Evaluation System

In 2009, the Council of Ministers approved establishment of the MoPAD Monitoring and Evaluation Directorate at MoPAD. The Directorate coordinates implementation of a comprehensive system for monitoring and evaluation of the performance of line ministries and government bodies. Since its formation the Directorate has built and institutionalised a national M&E system, including a core team organised in line with sectors of the national planning process, which has been trained in M&E techniques and principles. Training, capacity building and skill enhancement were also provided to working teams across line ministries and government agencies.

A national framework of indicators along with baseline data allows measurement of achievements over time. Accordingly, accountability is enforced by measuring performance against targets set through the national planning process.

The M&E system operates at three levels:

1. Micro-level (programmes and projects): Government bodies in charge of implementation monitor performance of each of their projects and programmes. Arrangements are in place to provide periodic, reliable reports in relation these projects and programmes to the MoPAD Monitoring and Evaluation Directorate.
2. Intermediate level (strategies, sector objectives and policy components): In consultation with line ministries and government agencies, MoPAD establishes and operates a monitoring framework based on sector level indicators and targets.
3. Macro-level (national goals and objectives): MoPAD establishes and operates a monitoring framework of national indicators used to assess national achievements as well as make regional and international comparisons. This level provides a strategic analysis and assessment of policy implementation, providing evidence to assess results.

NDP 2014-16 M&E mechanisms

The NPA sets specific and measurable targets, which the government must achieve by the end of 2016. Therefore, the government is mindful of the need to develop necessary processes and systems to evaluate progress scored towards implementation of these targets. Relevant reports, including an objective evaluation of public sector performance, will be submitted and made available to the public. With a view to upgrading service delivery across all sectors, this is a key component of the government commitment to giving the public a clear and detailed picture of government use of public resources.

Performance measurement tools of the M&E process

The NDP 2014-16 identifies a set of strategic objectives in each sector. In partnership with relevant government bodies, MoPAD has developed a framework, including a set of indicators for each strategic objective. Baseline data has been established to serve as a reference point for assessing the direction of travel of these indicators over time. Targets for the next three years have been established which reflects government aspirations (see Annex 2).

Periodic reports

Each year MoPAD publishes two M&E-related reports:

1. An annual report which measures progress at the level of achievement of targets, using performance measurement indicators. These include the indicator value of the baseline year (2013) as well as values of indicators projected for the NDP cycle.
2. A semi-annual report measures progress on the level of immediate outputs of programmes and projects. The report compares actual accomplishments with set plans achieved by line ministries and government agencies. The semi-annual report also provides conclusions and recommendations on NDP programme and project implementation and identifies and addresses causes of deviation where relevant. On the broader NDP level, the report presents information on financial performance and spending on programmes and projects of the various sectors and implementing agencies.

Future development of the National Monitoring and Evaluation System

The MoPAD looks forward to further developing the National Monitoring and Evaluation System to deliver the following:

- Monitor the achievement against national development objectives and contribute to the enhancement of public sector performance.
- Ensure that line ministries and government bodies are delivering against their responsibilities.
- Provide accurate information on performance with a view to provide evidence to support policy and decision-making processes.
- Monitor effective implementation of programmes and projects and their results.
- Ensure an optimum utilisation of financial and human resources in line with national goals and priorities.

In the shift from line-item to programme-based budgeting, budget programmes are being developed

throughout line ministries and government bodies. This will make a qualitative addition to the National Monitoring and Evaluation System, particularly on the micro- and intermediate levels. The role of these budget programmes will not be restricted to preparing and implementing general budgets; they will also provide a valuable tool to ensure the delivery of public services, achieve results and developmental objectives, and therefore contribute to realising national policies and goals. Accordingly, a system will be in place to monitor and evaluate budget programme management within line ministries and government bodies, linked to the National Monitoring and Evaluation System. Likewise, the Project Cycle Management System and Project Registry, which are currently being developed, will be connected to the National Monitoring and Evaluation System. In parallel with the development of a programme-based budget, the M&E system will be developed and upgraded. After all adjustments are finalised in participation with all partners and donors, an extensive workshop will be organised to culminate these activities and efforts and establish a National Monitoring and Evaluation System.

Over the next three years, the government will carry out the following activities:

- Enhance organisational arrangements and linkages between key partners at the centre of government (MoPAD, MoF and PCBS), line ministries, government agencies, and other actors, including donors and civil society organisations. This includes reactivation of ministry-based advisory committees, including relevant partners from the private sectors and civil society. Partner participation in the M&E process will be consolidated.
- Continue to work with the High Commissioner for Human Rights to develop human rights indicators and provide all needed data to be used as measurement tools. In addition, we will continue to concert efforts with various sectors to develop gender indicators and provide informed mechanisms and tools to collect and analyse necessary data and measurement indicators.
- Finalise organisational and administrative structures to monitor budget programmes in line ministries and government bodies and create linkages between these and the National Monitoring and Evaluation System.
- Finalise and put into operation the Project Cycle Management System and Project Registry.
- Identify and build necessary capacities and skills to implement the M&E system. For monitoring, a regular assessment of advanced training needs and requirements will be provided. For evaluation, preliminary training needs will also be assessed. A table will be compiled to assess M&E skills both theoretically and practically. This information will be used to evaluate training and skills resource needs over 2014-16.
- Design and develop a consolidated M&E database, including all relevant data and enabling easy and reliable access to performance data.
- Expand the National Monitoring and Evaluation System to include monitoring of international and national organisations operating in Palestine with a view to monitoring their achievements, measuring the effectiveness of their operations, avoiding conflict with government activities and priorities, and preventing duplication of functions and activities.

Annexes

Medium-term Expenditure Plan of Key Sectors

1. Economic Development and Employment

Strategic objective	Sub-Sector	Budget programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
Investments creating employment opportunities have increased	National economy development	Investment promotion						
		Industrial park development						
		Industrial development						
	Labour	Monitoring and regulation of the labour market	19.00	22.30	19.60	40.90	20.20	41.50
		Tourism						
	Tourism and antiquities	Administrative programmes						
The balanced general economic development environment in the Palestinian territory is more conducive	Agriculture	Agriculture development						
		Agricultural services						
	ICT and post	Post	28.00	26.70	28.80	33.10	29.70	42.10
		Telecommunications						
	Administrative programme							

Strategic objective	Sub-Sector	Budget programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
Competitiveness of the national product and Palestinian companies has improved	National economy development	Consumer protection						
		Quality infrastructure development						
	Tourism and antiquities	17.10	10.20	17.60	13.80	18.10	29.30	
	Agriculture							
Entrepreneurial and innovative initiatives among the youth and women in the economy sector have expanded, both quantitatively and qualitatively	ICT and post	IT						
		TVET, employment and cooperation	10.10	4.80	10.40	12.20	10.70	10.10
	Labour	Administrative programme						
Total			74.20	64.00	76.40	100.00	78.70	123.00

2. Good Governance and Institution Building

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
More effective, efficient and transparent management and allocation of public finance	Administrative development and public financial management	Revenue growth and development						
		Public expenditure control and management	39.60	8.50	40.79	9.50	42.01	15.00
		Budgeting process development						
		Administrative programmes						
LGUs and government district offices throughout governorates are more capable of a better public service deliver	Local government	Support LGUs, develop physical environment, and manage local land resources	44.80	42.00	46.13	43.00	47.51	55.00
		Combat the Wall and settlement activity, addressing relevant impact						
		Administrative programmes						

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
Effective delivery and equitable access to public services have improved and increased	Administrative development and public financial management	Planning and policy making	48.24	9.50	48.82	10.50	50.64	14.00
		Monitoring and evaluation						
		Aid management and coordination						
		Policy and strategic support for the government and Council of Ministers						
		Administrative and financial control						
		Legislative management and civil service processes						
		Human resources management, planning and development						
		National statistics system						
		Administrative programmes						

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
Ability to provide security and administer justice under the rule of law and litigants' capability of accessing justice have enhanced	Security	Official documents and relevant services						
		Civil society and community reform management						
		Promotion of security and rule of law						
		Gateways and border management						
		Family justice	1,060.09	57.00	1,092.83	61.50	1,125.57	59.00
	Justice	Litigation services						
		Ombudsman office						
		Judicial and legal service delivery						
		Criminal justice and rule of law						
		Administrative programmes						

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
More effective and better Palestinian presence in Arab and international forums as well as within Palestinian communities in the Diaspora	International relations	Consular activity						
		Diplomatic activity						
		International cooperation	70.65	3.30	72.67	2.50	74.94	1.70
		Administrative programmes						
Total			1,263.38	120.30	1,301.24	127.00	1,340.67	144.70

3. Social Protection and Development

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016		
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	
A rights-based, gender-sensitive, and a more inclusive, integrated and sustainable social protection system to alleviate poverty, marginalisation and social exclusion	Social protection	Poverty alleviation programme							
		Vulnerable and marginalised groups protection, care and rehabilitation programme							
		Provide protection and care to political prisoners, their families and to released prisoners							
		Rehabilitation of released prisoners	767.81	12.00	790.84	16.00	814.57	19.00	
		Protection, care and empowerment of the families of martyrs and wounded citizens inside and outside Palestine							
		Pension entitlements							
		Support and protection of refugee rights							
		Administrative programmes							

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
Education, higher education, and TVET systems ensure high-quality education for all without discrimination, linked to the labour market and society needs, and keep pace with scientific and academic advancements	Education	Kindergarten programme	709.76	40.00	731.05	62.00	752.98	85.00
		Basic education programme						
		Secondary education programme						
		TVET programme						
		Irregular education programme						
		Higher education programme						
		Governance and management programme						
A more integrated healthcare system, providing high-quality, equitable public health care services for all	Health	Provide sustainable, high-quality primary healthcare services and promote healthy lifestyles	396.37	23.00	408.26	35.00	420.51	54.00
		Provide sustainable, high-quality secondary and tertiary healthcare services						
		Governance and management programme						

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
More accessible cultural activities, promoting a pluralistic, open and innovative national culture, which denounce all forms of discrimination, as well as preserving and renewing cultural heritage	Culture and heritage	Culture for All	43.80	3.00	45.12	5.00	46.47	7.00
		Cultural heritage protection						
		Develop education, culture and science, protect heritage, and enhance scientific research						
		The Five Pillars						
		Waqf property management						
		Religious education, TVET and heritage						
		Raise religious awareness and explain religious teachings						
Administrative programmes								

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
Palestinian youth, including males and females, are more capable of participation in the labour market and social, political, cultural and sports events, and contribute more effectively to national development	Youth and sports	Sports programme						
		Youth programme						
	Improve the status of children, adolescents and persons with special needs, and provide capacity building to relevant staff	20.06	10.00	20.67	13.00	21.29	17.00	
	Administrative programme							
An empowered Palestinian woman who enjoys more protection and better participation in the labour market and public life, with easier access to all basic services and with equitable opportunities without discrimination	Empowerment of women	Provide protection and empowerment to women to ensure gender equality	1.74	2.00	1.79	3.00	1.85	4.00
Total			1,939.54	90.00	1,997.73	134.00	2,057.67	186.00

4. Infrastructure

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
Safer and more effective and efficient transportation system and road networks in line with international standards and integrated with Arab and international networks	Transportation	Licence and regulate road users						
		National Transportation Plan						
		Road planning, design, construction and maintenance	44.40	36.50	45.60	27.00	47.07	43.00
		Support LGUs						
		Nationwide road network infrastructure						
		Administrative programme						
Energy secured and supplied to consumers in sufficient quantities, at reasonable prices and in line with technical and environmental specifications that meet international standards	Energy	Energy sector policy making and planning	17.57	40.00	18.10	35.30	18.64	43.00

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
A Palestinian water and wastewater management sector that is more organised and more capable of securing water rights to citizens and materialising a fair distribution for all purposes	Water	Water security, planning and public strategy						
		Control management of the water and wastewater management sector	14.58	40.50	14.97	35.00	15.37	36.00
		Water distribution management programme						
		Administrative programme						
A less contaminated Palestinian environment and safeguarded civilised heritage and natural environment, which are managed in a more sustainable manner	Environment	Environment conservation programme						
		Environmental pollution control programme						
		Solid waste programme	4.05	6.50	4.17	15.00	4.29	13.20
		Administrative programme						

Strategic Objective	Sub-Sector	Budget Programme	2014		2015		2016	
			Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)	Operating expenses (US\$ million)	Development expenses (US\$ million)
An adequate, affordable and culturally appropriate housing sector, which that meets ensures secure tenure, allows access to public services, and meets citizens' needs more effectively and efficiently	Housing	Housing sector development and regulation	3.06	2.00	3.15	27.00	3.25	16.70
Total			83.66	125.50	86.00	139.30	88.64	151.90

NDP 2014-16 Monitoring and Evaluation Framework

1. National Indicators

In order to track the impact of NDP 2014-16 implementation on the lives of citizens, the monitoring and evaluation (M&E) framework includes national indicators to measure national development and prosperity and compare Palestine's performance to relevant international indicators and standards. Table 1 below shows national indicators, baselines, and relevant targets.

1.1 Palestine's performance indicators

Table 1: National indicators

Indicator		Baseline	Baseline Year	Data Source	2014 Target	2015 Target	2016 Target	
1.	Basic education net enrolment rate	Boys	93.1%	2013	MoE	93.2%	93.7%	94.1%
		Girls	95.9%			96.1%	96.4%	96.9%
2.	Secondary education net enrolment rate	Boys	64.9%	2013	MoE	Targets will be provided later		
		Girls	82.5%					
3.	Rate of 8 grade students' achievement in TIMMS (av. 500)	Maths	404	2011	MoE	Target will be set as soon as the M&E report of the new Ministry of Education (MoE) Strategic Plan is released		
		Science	420	2011	MoE			
4.	Life expectancy at birth	72.7	2012	MoH	73.0	73.1	73.3	
5.	Rate of maternal mortality caused by pregnancy, birth and postpartum complications (per 100,000)	23.2	2012	MoH	23	21	19	
6.	Infant mortality rate (per 1,000 live births)	13.5	2012	MoH	13	12	10	
7.	Child mortality rate (per 1,000 children under the age of 5)	16.2	2012	MoH	15	14	12	
8.	Children's vaccination coverage rate + EPI	97%	2012	MoH	98%	99%	99%	
9.	% of babies with normal weight	92.4	2012	MoH	93%	95%	96%	
10.	Prevalence rates of	Stunting	1.5%	2012	MoH	1.3%	1.2%	1%
		Wasting	0.7%	2012	MoH	0.6%	0.5%	0.4%
11.	Economic growth rate ¹⁰	1.5%	2013	MoF	2%	1.5%	1%	
12.	GDP (US\$ million) ¹¹	11,292	2013	PCBS	11,778	12,199	12,568	

11 . NDP 2014-16 Macroeconomic and Fiscal Framework, Macroeconomic Unit, Ministry of Finance (MoF).

12 . 2013 data are adjustable preliminary estimates.

Indicator		Baseline	Baseline Year	Data Source	2014 Target	2015 Target	2016 Target	
13.	GDP per capita (US\$)	1,691	2013	PCBS				
14.	Unemployment	Total	23%	2013	PCBS			
		West Bank	19.1%	2013	PCBS			
		Gaza	32.5%	2013	PCBS			
		Males	37.8%	2013	PCBS			
		Females	20.3%	2013	PCBS			
15.	Poverty rate among individuals as per monthly consumption patterns	25.8%	2011	PCBS				
16.	Poverty gap as per monthly consumption patterns	6.0 %	2011	PCBS				
17.	Share of the most impoverished one fifth of the population (20%) in national consumption	10.2%	2011	PCBS				
18.	Per capita water consumption (litres/day)	West Bank	76.4	2012	PWA	76.4	77	77
		Gaza	89.5		PWA	94	97	100
19.	% of households connected to clean water supply	96 %	2012	PWA	96%	97%	97%	
20.	Per capita electricity consumption (KWH/year)	921	2012	PEA	1100	1200	1250	
21.	Percentage of solar energy produced	0.7%%	2012	PEA	2.2%	4.5%	6.5%	
22.	Percentage of losses from leakage from electricity network	24 %	PEA	2012	23 %	22 %	21 %	
23.	% of households connected to sewage network	West Bank	31 %	2012	PWA	33%	36%	40 %
		Gaza	70%		PWA	72 %	74 %	78 %
24.	% of persons connected to the internet (per 100 people)	23.6%	2013	MTIT	25.6%	27.8%	30.4%	
25.	% of persons with cell phones (per 100 people)	70.5%	2013	MTIT	79.1%	87.6%	93.6%	
26.	Number of kilometres of surfaced roads (per 1,000 people)	Local roads	0.55	2013	MoT	+1 %	+2 %	+3 %
		Main roads	0.28		MoT	+1 %	+2 %	+3 %
27.	% of vehicles (per 1,000 people)	87	2013	MoT	+5 %	+10 %	+15 %	

	Indicator	Baseline	Baseline Year	Data Source	2014 Target	2015 Target	2016 Target
28.	Recurrent public expenditure as a percentage of GDP	32.7%	2013	MoF	32.8 %	32.3 %	32.1%
29.	Development budget as a percentage of GDP	1.7%	2013	MoF	3%	2.9 %	2.8 %
30.	Recurrent budget deficit as a percentage of GDP	-12.2%	2013	MoF	-10.9%	-10.1%	-9.4%
31.	Crime rate per 1,000 people	670	2012	Police	-1 %	-1 %	-1 %
32.	% of citizens who report 'feeling secure and safe' ¹²				+2 %	+2 %	+2 %

13. Baseline data will be provided by the relevant PCBS survey.

1.2 International standards

Table 2 shows international standards, baseline of each standard, and baseline year.

Table 2: International standards

Indicator		Baseline	Baseline Year	Data Source	2014 Target	2015 Target	2016 Target
1.	Palestine's ranking on the UNDP Human Development Index (Rank 1-177)	110	2012	UNDP			
2.	Palestine's ranking on the Starting a Business Indicator (World Bank, Rank 1-181)	138	2013	WB			
3.	Palestine's ranking on the Press Freedom Index (Reporters without Borders, Rank 1-175)	146	2013	Reporters without Borders			
4.	Palestine's ranking on the Government Effectiveness Index (World Bank, Rank 0-100)	26.3	2012	WB			
5.	Palestine's ranking on the Anticorruption Index (World Bank, Rank 0-100)	24.4	2012	WB			
6.	Palestine's ranking on the Rule of Law Index (World Bank, Rank 0-100)	39.8	2012	WB			
7.	Palestine's ranking on the Political Participation and Accountability Index (World Bank, Rank 0-100)	18.1	2012	WB			

2. Indicators of Sector Strategy Objectives

This section addresses M&E framework on the level of sector strategy objectives as reported by the 2014-16 National Policy Agenda (NPA) across the four key sectors: Economic Development and Employment, Governance and Institution Building, Social Protection and Development, and Infrastructure. It provides measurement tools, including 2014-16 performance indicators, baselines, baseline years, and targets.

The tables below show the M&E framework of all four key sectors.

2.1 Economic Development and Employment

Sector Strategic Objectives

These strategic objective summarise strategies and reviews in the following national sectors: National Economy Development, Labour, Agriculture, and Tourism and Antiquities.

Table 2.1.1: Economic Development and Employment Sector Strategic Objectives 2014-16

1. Investments creating employment opportunities have increased
2. The balanced general economic development environment in the Palestinian territory is more conducive
3. Competitiveness of the national product and Palestinian companies has improved
4. Entrepreneurial and innovative initiatives among the youth and women in the economy sector have expanded, both quantitatively and qualitatively

Performance indicators

The tables below show the M&E framework of sector strategic objectives in the Economic Development and Employment Sector.

Objective 1: Investments creating employment opportunities have increased

Table 2.1.2: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target	
Number of new companies/ establishments	1,070	MoNE	2012	1,177	1,294	1,424	
Capital of newly registered local companies (US\$ million)	631	MoNE	2012	694	763	839	
Amount of Palestinian industrial production (US\$ million)	3,798	MoNE	2013	3,988	4,187	4,397	
Volume of investment in the tourism sector (US\$ million)	8	MoTA/ PCBS	2012	+10%	+10%	+10%	
ICT sector contribution to GDP	5.9 %	PCBS	2012	6 %	6.5 %	7 %	
ICT total income (US\$ million)	741.5	PCBS	2012	760	780	800	
Number of ICT establishments	597	PCBS	2012	630	670	700	
ICT exports (US\$ million)	100	PCBS	2012	150	200	300	
Total employment in the ICT sector	6792	PCBS	2012	7800	8800	10000	
Number of international tourist arrivals	2,661,405	MoTA	2013	3,070,626	3,347,660	3,624,694	
Number of local tourists	2,386,309	MoTA	2013	3,097,130	3,423,986	3,750,842	
Number of hotel accommodation nights	1,099,870	MoTA	2013	1,231,703	1,344,003	1,456,303	
Number of regulated minor workers	300	MoL	2013	600	900	1,200	
Number of children removed from the labour market	519	MoL	2013	919	1,319	1,719	
Area of reclaimed agricultural land ('000 dunums)		MoA		25	25	25	
Number of mail-based collection agreements concluded with the	Public sector	10	MoTIT	2013	13	16	19
	Private sector	3			7	11	15

Objective 2: The balanced general economic development environment in the Palestinian territory is more conducive

Table 2.1.3: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Number of small enterprises benefiting from the Investment Promotion Law	42	IPA	2012	50	61	73
Approve amendments to the Company Registration Law	Law to be amended	MoNE	2013	Ready	Approve the law	Enforce
Law on National Products	Draft	MoNE	2013	Ready	Approve the law	Enforce
Approve amendments to the Investment Promotion Law	Law to be amended	IPA	2013	Approve the law	Approve and enforce the law	Enforce
Approve the Cooperatives Law	Not ready	MoL	2013	Ready	Approve the law	Enforce
Approve the Law on Labour Relations	Not ready	MoL	2013	Ready	Approve the law	Enforce
Approve and enforce Law on Regulation of Occupations in priority economic sectors	Not ready	MoL	2013	Ready	Approve the law	Enforce
Number of work accidents (per annum)	700	MoL	2013	350	140	56
Number of establishments complying with the Labour Law and relevant bylaws	5,000	MoL	2013	8,011	10,747	13,483

Objective 3: Competitiveness of the national product and Palestinian companies has improved**Table 2.1.4: Performance indicators**

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target		
Number of inspection visits to industrial installations	4,516	MoNE	2012	4,968	5,464	6,011		
Number of new specifications of national products	3,200	MoNE	2012	3,360	3,528	3,704		
Quantity of damaged local, foreign, Israeli and settlement products (tonnes)	2,889	MoNE	2012	3,178	3,496	3,845		
Prepare archaeological sites for public visits	9	MoTA	2013	11	12	13		
% of agricultural workers out of the total workforce	11.5%	MoA	2012	+5%	+5%	+5%		
Quantity of water available for agriculture (mcm)	Springs and artesian wells	150	MoA	2012	1 mcm	1.5 mcm	2.5 mcm	
					Small and medium dams, pools and collection wells	3 mcm	3.5 mcm	3.5 mcm
					Nonconventional sources (treated wastewater)	3 mcm used	5 mcm used	7 mcm used
Quantity of aquaculture out of local production (tonnes)	40	MoA	2013	50	60	70		
Amount of Palestinian imported commodities, with the exception of Israel (US\$ million)	1,346	PCBS	2012	1,481	1,629	1,792		
Amount of Palestinian exported commodities, with the exception of Israel (US\$ million)	143	PCBS	2012	158	173	191		
Amount of Palestinian exported commodities to Israel (US\$ million)	639	PCBS	2012	607	577	548		
Amount of Palestinian imported commodities from Israel (US\$ million)	3,350	PCBS	2012	3,183	3,024	2,873		
% of agricultural exports of total Palestinian exports	13 %	MoA	2013	+3 %	+3 %	+3 %		

Objective 4: Entrepreneurial and innovative initiatives among the youth and women in the economy sector have expanded, both quantitatively and qualitatively

Table 2.1.5: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target	
Enrolment in TVET courses ¹³	1390	MoL	2013	1590	1790	1990	
Number of graduates from TVET courses	1241	MoL	2013	1441	1650	1850	
Percentage of employed graduates from TVET courses	Males	83%	MoL	2013	88%	88%	88%
	Female	41%	MoL	2013	46%	46%	46%
Percentage associations that realised revenues out of total associations ¹⁴	54%	MoL	2013	+ 69%	-	-	
Number of employees at cooperative societies	46,791	MoL	2013	47,393	48,111	48,968	
Number of cooperative societies whose registration was cancelled ¹⁵	17	MoL	2013	20	30	35	

14. TVET data are adjustable preliminary estimates.

2.2 Good Governance and Institutions Building

Sector Strategic Objectives

These strategic objectives summarise strategies and reviews in the following national sectors: Justice and Rule of Law, Security, International Relation, Public Financial Management and Monetary, Banking and Financing Policies, Local and Administrative Government, and Administrative Development.

Table 2.2.1: Good Governance and Institutions Building Sector Strategic Objectives 2014-16

1. More effective, efficient and transparent management, allocation and use of public finance
2. LGUs throughout governorates are capable of a better public service delivery
3. Effective delivery and equitable access to public services have improved and increased
4. Ability to provide security and administer justice under the rule of law litigants' capability of accessing justice have s enhanced
5. More effective and better Palestinian presence in Arab and international forums as well as within Palestinian communities in the Diaspora

Performance indicators

The tables below show the M&E framework of sector strategic objectives in the Governance and Institutions Building Sector

Objective 1: More effective, efficient and transparent allocation and use of public finance

Table 2.2.2: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of rise in revenues compared to the previous year	4.5%	MoF	2013	11.5%	4.8%	5.3%
Public sector wage bill (as % of GDP)	17%	MoF	2013	17.1%	17%	17%
Net lending (ILS million)	760	MoF	2013	600	550	500
% of projected trade balance (commitment basis) of GDP (excluding development projects)	-12.2%	MoF	2013	-10.9%	-10.1%	-9.4%
% of recurrent expenditures covered by net revenues	62.6	MoF	2013	67%	69%	71%
Public recurrent expenditures as % of GDP	32.7%	MoF	2013	32.8%	32.3%	32.1%
% of development budget of GDP	1.7%	MoF	2013	3.0%	2.9 %	2.8%

15. This includes cooperative societies in the West Bank only.

Objective 2: LGUs throughout governorates are capable of a better public service delivery**Table 2.2.3: Performance indicators**

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Number of cases (items) in which LGUs refer to the line ministry for approvals	28	MoLG	2013	24	20	16
Number of outline plans completed in Area C	5	MoLG	2013	26	28	28
Volume of debt owned by LGUs (ILS million)	1,182	MoLG	2013	1,063	957	861
Building development-oriented partnerships throughout 30 LGUs	0	MoLG	2013	10	20	30
% of LGUs not committed to the annual budget	25%	MoLG	2013	20%	15%	8%

Objective 3: Effective delivery and equitable access to public services have improved and increased**Table 2.2.4: Performance indicators**

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of citizens who are satisfied with services delivered by the government ¹⁶	-	Statistical monitoring system				
% citizens rating govt. performance in fighting corruption as 'good' ¹⁷	-	Statistical monitoring system				
Number of govt. services delivered electronically	8	MoTIT	2013	14	18	23
Number of implemented national electronic initiatives	0	MoTIT	2013	1	2	3

Objective 4: Ability to provide security and administer justice under the rule of law litigants' capability of accessing justice have s enhanced

Table 2.2.5: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Crime rate per 100,000 people	670	Police	2012	-1 %	-1 %	-1 %
Average response time of Police to incidents	7.2 minutes	Police	2012	7 minutes	6.8 minutes	6.5 minutes
Average response time of Civil Defence to incidents	15 minutes	Civil Defence	2012	14 minutes	13.5 minutes	13 minutes
Number of complaints filed against the security sector and personnel	1,455	Military Intelligence	2012	1,400	1,350	1,300
Number of cases referred to military courts	797	Military Justice Authority	2012	800	850	900
% of citizens who are satisfied with services delivered by the Mol (passports, birth certificates, death certificates, and ID cards.)	73 %	Mol	2012	75 %	76 %	77 %
% of citizens who report 'feeling secure and safe'	NA ¹⁶	Statistical Monitoring System	-	+2 %	+2 %	+2 %
% of public trust in the security establishment (General Intelligence, Preventive Security, Military Intelligence, National Security, Police, Presidential Guard, Civil Defence, and Political Guidance)		Statistical Monitoring System	-	+3 %	+3 %	+3 %
Number of judges per 100,000 people	5.1	HJC	2011	5.7	6	6.7
Number of courts per 100,000 people	0.8	HJC	2011	0.8	0.9	0.9
% of cases at Courts of Appeal out of the total caseload	4.5 %	HJC	2011	4 %	3.8 %	3.7 %
% of cases annulled or with rulings changed based on appeals (West Bank only)	15.2 %	HJC	2011	15 %	14.5 %	14 %
% of case dispositions	45.4 %	HJC	2011	50 %	60 %	70 %

16. Data currently not available, but will be provided by PCBS survey.

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target	
% of cases executed out of total decisions issued and filed to civil judgement departments (civil and family courts)	18.1 %	HJC	2011	22 %	25 %	30 %	
Number of prosecutors	110	Public Prosecution	2013	120	130	140	
Number of pending cases	3,693	Public Prosecution	2013	2,800	2,000	1,200	
Number of filed cases	36,232	Public Prosecution	2013	37,318	38,437	39,590	
Number of disposed cases	Interlocutory judgements / retained for ruling	1,107	Public Prosecution	2013	1,140	1,174	1,214
	Referred to courts	3,6440	Public Prosecution	2013	3,7535	3,8645	3,9754
Number of executed penal cases	Filed	9,254	Public Prosecution	2013	9,531	9,816	10,110
	Disposed	8,803	Public Prosecution	2013	9,076	9,348	9,628
	Pending	23,239	Public Prosecution	2013	23,936	24,654	25,393
Number of training courses targeting prosecutors	40	Public Prosecution	2013	46	52	58	
Number of beneficiaries from training courses	109	Public Prosecution	2013	120	130	140	

Objective 5: More effective and better Palestinian presence in Arab and international forums as well as within Palestinian communities in the Diaspora

Table 2.2.6: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Number of international organisations, in which Palestine is an active member	6	MoFA	2013			
Number of international organisations, in which Palestine is an observer	19	MoFA	2013			
Number of agreements signed between Palestine and international organisations	14	MoFA	2013			
Number of agreements signed between Palestine and other countries in various fields	107	MoFA	2013	65+		
Number of memorandums of understanding/protocols signed between Palestine and other countries	88	MoFA	2013	MoFA works towards enhancing bilateral relations between Palestine and other countries through diplomatic channels, political consultations, MoUs and protocols		
Number of countries with diplomatic relations with Palestine	137	MoFA	2013	Remaining countries		

2.3 Social Protection and Development

Sector Strategic Objectives

These strategic objectives summarise strategies and reviews in the following national sectors: Social Protection, Education and Higher Education, TVET, Health, Culture and Heritage, Youth and Sports, and Gender.

Table 2.3.1: Social Protection and Development Sector Strategic Objectives 2014-16

1. A rights-based, gender-sensitive, and a more inclusive, integrated and sustainable social protection system to alleviate poverty, marginalisation and social exclusion
2. Education, higher education, and TVET systems ensure high-quality education for all without discrimination, linked to the labour market and society needs, and keep track of scientific and academic advancements
3. A more integrated healthcare system, providing high-quality public health and care services for all both equitably and justly
4. More accessible cultural activities to Palestinians, promoting a pluralistic, open and innovative national culture, which denounces all forms of discrimination, as well as preserves and renews cultural heritage.
5. Palestinian youth, including males and females, are more capable of participation in the labour market and social, political, cultural and sports events, and contribute more effectively to the development process
6. An empowered Palestinian woman who enjoys more protection and better participation in the labour market and public life, with an easier access to all basic services and with equitable opportunities without discrimination

Performance indicators

The tables below show the M&E framework of sector strategic objectives in the Social Protection and Development Sector.

Objective 1: A rights-based, gender-sensitive, and a more inclusive, integrated and sustainable social protection system to alleviate poverty, marginalisation and social exclusion

Table 2.3.2: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
National database of poverty and marginalisation	database not ready	MoSA	2013	30% of the database ready	60% of the database ready	Database 100% ready
Number of poor households, who are no longer poor (accumulative)	0	MoSA	2013	1,700	4,500	5,800
Increasing number of poor households, who receive regular cash assistance	109,000	MoSA	2013	5,000+	3,000+	3,000+
Number of individuals, who receive food assistance	600,000	MoSA	2013	+(0)	+(0)	+(0)
Number of NGOs participating in the national pension system	45	MoSA	2013	50	58	68
Process of building an integrated national social security system for workers	System not in place	MoL	2013	Preparations to set an integrated national social security system for workers	50% to be built	100 %

Objective 2: Education, higher education, and TVET systems that ensure high-quality education for all without discrimination, linked to the labour market and society needs, and keeping track of scientific and academic advancements

Table 2.3.3: Performance Indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target	
Kindergarten net enrolment rate	Boys	47.6 %	MoE	2013	Target data not available by sex		
	Girls	46.9 %					
	Total	47.2 %			49.1%	51.1%	53.2%
Rate of students' achievement in high school examinations (maths, science and Arabic language)	-	MoE	2014	Target data will be set once the M%E report of the new MoE Strategic Plan is released			
% of students in vocational streams who enrol and pass to the 11th grade	Boys	3.7 %	MoE	2013	4.5 %	5.1 %	5.6 %
	Girls	0.4 %	MoE	2013	0.4 %	0.5 %	0.5 %
Cost per student (US\$)	823	MoE	2012	Target data will be set once the M%E report of the new MoE Strategic Plan is released			
% of students benefiting from the Student Fund out of total needy students	%80	MoE	2012	%90	%94	%97	
% of students with special needs enrolled in higher education out of total enrolled students	%0.3	MoE	2012	%0.35	%0.36	%0.37	
Number of new open programmes aligned with community as well as with local and regional labour market needs	350	MoE	2012	+ 40	+ 50	+ 60	
% of unemployment among higher education graduates	%25	MoE	2012	24 %	23 %	22 %	
% of financial deficit at public higher education institutions	%30	MoE	2012	%27	%25	%23	
% of research papers refereed and published in international periodicals by local universities and institutes per researcher/year	1:1	MoE	2012	1:1.3	1:1.4	1:1.5	
% of research papers jointly developed with the industry sector out of the total research activity	%0.12	MoE	2012	%0.15	%0.18	%0.20	

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of research expenditure of university budgets	%3	MoE	2012	3%	%3.2	%3.3
A higher education council with a strong organisational structure and representing all production centres	Unrepresented structure	MoE	2012	Represented	Represented	Represented
% of resident programmes approved by the Accreditation and Quality Assurance Commission (AQAC)	%82	MoE	2012	85%	90%	92%
Student-teacher ratio	1:32	MoE	2012	1:31	1:30	1:28
% of university dropouts for academic reasons	%8	MoE	2012	8%	8%	8%

Objective 3: A more integrated healthcare system, providing high-quality public health and care services for all both equitably and justly

Table 2.3.4: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Number of population per primary healthcare centre	5,467	MoH	2012	5,000	4,800	4,600
Number of physicians per 10,000 people	20	MoH	2012	20	20.1	20.2
Number of nurses per 10,000 people	19.7	MoH	2012	20	20.3	20.5
Number of beds per 10,000 people	13	MoH	2012	13	13.1	13.3
Rate of new diabetic patients (per 100,000 people)	222.2	MoH	2012	222	222	222
Rate of new cancer patients (per 100,000 people)	74	MoH	2012	72	70	68
Rate of occupancy at secondary healthcare facilities	%83	MoH	2012	83%	80-83%	75-83%
% of purchased health services from local hospitals and private sector inside Palestine (compared to services purchased from healthcare centres outside Palestine)	%82	MoH	2012	%85	%87	%90
Number of medicines (of the list of primary medicines) with a balance lower than emergency demand limit	134	MoH	2012	80	60	40
Number of MoH directorates/hospitals operating the Computerised Health Information System	4	MoH	2012	6	9	12
% of healthcare expenditure of GDP	12.3%	MoH	2012	13%	14%	15%
Number of hospitals applying quality and patient safety standards	2	MoH	2012	4	6	8

Objective 4: More accessible cultural activities to Palestinians, promoting a pluralistic, open and innovative national culture, which denounces all forms of discrimination, as well as preserves and renews cultural heritage.

Table 2.3.5: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Number of cultural activities implemented by the MoC at public and children's libraries	7	MoC	2012	12	15	17
Number of cultural centres provided with books through the MoC	300	MoC	2013	350	350	400
Number of cultural centres and institutions	646	PCBS	2012	700	730	750
Number of active museums	14	PCBS	2012	16	20	25
Number of active theatres	10	PCBS	2012	14	18	20
Number of cultural and heritage festivals supported by the MoC	8	MoC	2012	10	12	15
Number of books published by the MoC	18	MoC	2012	30	35	40
Number of local book fairs	11	MoC	2012	15	20	25
Number of external books fairs in which Palestine participates	3	MoC	2012	12	12	15
Number of training courses on traditional artefacts and industries implemented	7	MoC	2012	10	15	20
Number of participants in training courses on traditional artefacts and industries	70	MoC	2012	100	150	200
Number of local fairs of traditional industries	10	MoC	2012	15	20	25

Objective 5: Palestinian youth, including males and females, are more capable of participation in the labour market and social, political, cultural and sports events, and contribute more effectively to the development process

Table 2.3.6: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of youth unemployment	37%	PCBS	2013	%36.5	%35	%34
% of students participating in student council elections in Palestinian universities and institutes	69%	Election report of the Union of Student Councils	2013	70%	71%	72%
FIFA classification of Palestine	142	FIFA	2013	136	133	130
Number of medals and rankings in sport games	37	Olympic Committee	2013	42	48	54
Legal framework of sport federations	43 federations are illegal	Olympic Committee	2013	33	23	13

Objective 6: An empowered Palestinian woman who enjoys more protection and better participation in the labour market and public life, with an easier access to all basic services and with equitable opportunities without discrimination

Table 2.3.7: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of previously married women who were exposed to all forms of violence at least once	37%	PCBS	2012	%36	%35	%34
% of unmarried women who were exposed to violence by a family member at least once	16.1%	PCBS	2012	%15.5	%15	%14.5
% of battered women who resort to women's centres or organisations for advice	0.7%	PCBS	2012	%1	%2	%3
% of PLC female members	12.7%	PCBS	2012	%15	%15	%15
% of female members on LGUs	20%	PCBS	2012	%22	%22	%22
% of women in the grade C or higher in the public sector	20.5%	GPC	2012	%21	%24	%26
% of female members on labour unions	8.5%	PCBS	2012	%9	%9.5	%10

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of female members on the Police command	2.5%	PCBS	2011	%3	%3.5	%4
% of female public servants	40.5%	GPC	2012	%41	%42	%43

2.4 Infrastructure

Sector Strategic Objectives

These strategic objectives summarise strategies and reviews in the following national sectors: Transportation, Energy, Water and Wastewater Management, Environment, and Housing

Table 21: Infrastructure Sector Strategic Objectives 2014-16

1. Safer and more effective and efficient transportation system and road networks in line with international standards and integrated with Arab and international networks
2. Energy secured and supplied to consumers in sufficient quantities, at reasonable prices, and in line with technical and environmental specifications that meet international standards
3. A Palestinian water and wastewater management sector that is more organised and more capable of securing water rights to citizens and materialising a fair distribution for all purposes
4. A less contaminated Palestinian environment and safeguarded civilised heritage and natural environment, which are managed in a more sustainable manner
5. An adequate, affordable and culturally appropriate housing sector, which ensures secure tenure, allows access to public services, and meets citizens' needs more effectively and efficiently

Performance indicators

The tables below show the M&E framework of sector strategic objectives in the Infrastructure Sector.

Objective 1: Safer and more effective and efficient transportation system and road networks in line with international standards and integrated with Arab and international networks

Table 2.4.1: Performance indicators

Indicator		Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Kilometres of roads rehabilitated and repaired annually (West Bank)		-	MoT\ MoPWH	2012	100 km	100 km	100 km
Number of kilometres of surfaced roads (per 1,000 people)	Local	0.55	MoT	2013	+1%	+2%	+3%
	Main	0.28	MoT	2013	+1%	+2%	+3%
% of vehicles (per 1,000 people)		87	MoT	2013	+5%	+10%	+15%
Number of deaths in traffic accidents (per annum)	West Bank	136	MoT	2013	-5%	-10%	-15%
Number of injuries in traffic accidents (per annum)	West Bank	7,602	MoT	2013	-10%	-15%	-20%
Number of transportation companies (bus companies, taxi offices, car rentals)	Bus companies	89	MoT	2013	Merged in 3 companies	Merged in 3 companies	Merged in 3 companies
	Taxi offices	372	MoT	2013	450		
	Car rentals	229	MoT	2013	250	450	455
	Number driving schools	279	MoT	2013	+1%	+2%	+3%
Number of drivers' licences issued		25076	MoT	2013	+5%	+10%	+15%
Number of electronically processed transactions (number of transactions)		85%	MoT	2013	Increase e-transactions by 10%	Increase e-transactions by 15%	Increase e-transactions by 20%
Time needed to process transportation transactions and services		4.93 minutes	MoT	2013	-30%	-40%	-50%
Number of transportation laws and regulations		3	MoT	2013	4	6	8

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of achievement in rehabilitation of Yasser Arafat International Airport compared to set plan	Airport is destroyed	MoT	2013	Develop technical studies to rehabilitate 75% of the airport	Develop technical studies to rehabilitate 90% of the airport	Develop technical studies to rehabilitate 100% of the airport
% of achievement in Gaza Port project compared to set plan	Port is destroyed	MoT	2013	Upgrade technical studies to construct 50% of the airport	Upgrade technical studies to construct 75% of the airport	Upgrade technical studies to construct 90% of the airport
% of achievement in Palestine International Airport (Al Buqei'a, Jerusalem) compared to set plan	Preliminary study	MoT	2012	Develop necessary studies to construct 20% of the airport	Develop necessary studies to construct 25% of the airport	Develop necessary studies to construct 30% of the airport
Number of regional connection agreements concluded	6	MoT	2013	8	9	10
% of achievement in the M40 project compared to set plan	Under examination	MoT	2013	Achieve 2% of the plan	Achieve 5% of the plan	Achieve 10% of the plan
% of achievement in Safe Passage project compared to set plan	Under examination	MoT	2012	Finalise 1% of technical studies	Finalise 5% of technical studies	Finalise 10% of technical studies
% of achievement in the Comprehensive Road and Transportation Plan	Under implementation	MoT/ MoPWH/ MoLG	2013	75%	100%	-
% of achievement in passenger bus upgrading project	Under implementation	MoT/ Union of Bus Companies (UOBC)	2013	40%	50%	75%

Objective 2: Energy secured and supplied to consumers in sufficient quantities, at reasonable prices and in line with technical and environmental specifications that meet international standards

Table 2.4.3: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target	
% of locally produced electric power out of consumed electricity	9.5 %	PEA	2012	9.5%	15%	20%	
% of solar power	0.7 %	PEA	2012	2.2%	4.5%	6.5%	
% of electric power imported or purchased from non-Palestinian sources (GWH)	From Jordan	1.8 %	PEA	2012	1.8 %	1.8 %	1.8 %
	From Egypt	2.5 %	PEA	2012	2.5 %	2.5 %	2.5 %
	From Israel	87 %	PEA	2012	84 %	76.2 %	69.2 %
Petroleum reserve compared to daily local consumption needs 2 days for petroleum derivatives	Storage capacity of 1 day only of petroleum derivatives	PEA	2013	30 days	30 days	30 days	
		PEA	2013	2	2	2	
Kilometres of transmission lines (161kv)	0	PEA	2013	15 km	15 km	15 km	
Rate of per capita consumption of electricity (kw/hour) per annum	921	PEA	2012	1100	1200	1250	
Net lending (US\$ million)	197	PEA\ MoF	2012	160	140	120	
Maximum load (MGH)	1025	PEA	2012	1096	1174	1255	

Objective 3: A Palestinian water and wastewater management sector that is more organised and more capable of securing water rights to citizens and materialising a fair distribution for all purposes

Table 2.4.4: Performance indicators

Indicator	Baseline		Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
Percentage of households connected to clean water supply	96%		PWA	2012	96 %	97 %	97 %
Per capita water consumption (litres/day)	Gaza	89.5	PWA	2012	94	97	100
	West Bank	76.4			76.4	77	77
Groundwater pumped for domestic purposes (mcm)	West Bank	35.8	PWA	2012	58	64	70
	Gaza	106.0			83	70	58
Percentage of losses from leakage from water network	West Bank	27.7%	PWA	2012	27 %	27 %	26%
	Gaza	48.5%		2012	40 %	%39	37 %
Desalinated water available (mcm)	West Bank	0	PWA	2012	0	0	0.5
	Gaza	4			5	6	9
Quantity of water purchased from Mekorot as well as imported water (mcm)	West Bank	52.6	PWA	2012	56	60	67
	Gaza	4			10	10	10
Rate of water bill collection	West Bank	65-75	PWA	2012	70%	75%	80%
	Gaza	25-50		2012	30-50	35-55	55-65
% of households connected to sewerage networks	West Bank	31 %	PWA	2012	33 %	36 %	%40
	Gaza	70%		2012	72 %	74 %	78 %
% of wastewater treated in wastewater treatment plants	West Bank	4 %	PWA	2012	5 %	8 %	12 %
	Gaza	30%			35 %	40 %	50%
% of treated wastewater used in irrigation	2 %		PWA	2012	6 %	10 %	10%

Objective 4: A less contaminated Palestinian environment and safeguarded civilised heritage and natural environment, which are managed in a more sustainable manner

Table 2.4.5: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
% of households connected to solid waste collection services	95 %	MoLG	2013	95 %	95 %	100 %
% of total solid waste disposed in sanitary landfills out of produced waste	40 %	MoLG	2013	45 %	50 %	60 %
% of solid waste recycled out of produced waste	12 %	MoLG	2013	15 %	20 %	25 %
% of solid waste fee collection	85 %	MoLG	2013	90 %	90 %	90 %
Number of installations that treat hazardous and medical waste	30	MoLG	2013	35	40	50
Number of private solid waste management companies	3	MoLG	2013	5	7	9
Average daily solid waste production per capita	0.80 kg.	MoLG	2013	0.80 kg.	0.75 kg.	0.75 kg.
Quantity of water saved by unconventional means	4.5 mm3	EQA	2010	4.7 mm3	4.8 mm3	5 mm3
% of forested land	1.63 %	EQA	2012	1.75 %	1.85 %	2.0 %
Number of endangered species	Plants	EQA	636	2010		550
	Animals	EQA	22	2010		18
Number of environmental cases disposed by the Environment Law and relevant regulations	1	EQA	2013	10	20	30
Number of conventions in which Palestine is a party	0	EQA	2013	3	4	5

Objective 5: An adequate, affordable and culturally appropriate housing sector, which ensures secure tenure, allows access to public services, and meets citizens' needs more effectively and efficiently

Table 2.4.6: Performance indicators

Indicator	Baseline	Data Source	Baseline Year	2014 Target	2015 Target	2016 Target
House rent to income ratio	30%	PCBS	2012	30 %	30 %	30 %
Floor area per person	31.2 m2	PCBS	2012	31 m2	30.5 m2	30 m2
Number of households benefiting from government-funded residential flat restoration and rehabilitation	3232	MoPWH	2013	3482	3732	4232
Number of housing units produced per annum in partnership with the private sector	0	MoPWH	2013	700	700	700
Number of partnership agreements with the private sector	2	MoPWH	2013	2	2	2
Number of newly licensed housing units (per annum)	13,566	PCBS	2013	14,230	15,600	16,700
Housing cooperatives ratio to total cooperatives	34 %	MoPWH	2013	34 %	35 %	35 %
Number of new areas and neighbourhoods, where infrastructure requirements are available to construct private investment projects and cooperative housing initiatives	3	MoPWH	2013	10	10	10
% of housing units with a density of 3 or more individuals per room	7.5%	PCBS	2013	7.4 %	6.5 %	6 %
% of housing loans offered by banks operating in Palestine out of total loans	10 %	Palestinian Monetary Authority	2013	10.5 %	11 %	11.7 %
% of homemade construction materials compared to imported materials	25 %	MoPWH	2013	26 %	26 %	27 %

