



Palestinian National Authority



# **BUILDING PALESTINE**

Achievements and Challenges

Report of the Palestinian National Authority to the Ad Hoc Liaison Committee

**April 13<sup>th</sup>, 2011**

Brussels, Belgium



## ***Vision of the State of Palestine***

*Palestine is an independent Arab state with full sovereignty over the West Bank and the Gaza Strip on the 1967 borders, with East Jerusalem as its capital. Palestine, 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 a state which values highly its social capital, social cohesion and solidarity, and its Arab culture. The state will forever be a peace loving state that rejects violence; it is committed to peaceful co-existence with the world community of nations.*

*Palestine will be a stable democratic state with a multi-party 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 guarantees equal rights and duties for all citizens. Its people live in safety and security under the rule of law, safeguarded by an independent judiciary and professional security services.*

**Program of 13<sup>th</sup> Government; Palestine: Ending the Occupation, Establishing the State**

**August 2009**





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## Foreword

Over the last three years, within the framework of the *Palestinian Reform and Development Plan (PRDP) 2008–10 and the Program of the 13<sup>th</sup> Government; Palestine: Ending the Occupation, Establishing the State*, we have been working towards the birth of the State of Palestine in 2011. This report to the Ad Hoc Liaison Committee (AHLC) highlights our progress towards this goal, with particular focus on the period since the last AHLC meeting in New York.

I believe that our governing institutions have now reached a high state of readiness to assume all the responsibilities that will come with full sovereignty on the entire Palestinian occupied territory on the June 1967 borders. We have achieved this through the hard work and determination of Palestinian women and men committed to attaining their freedom, and to securing a bright future for generations to come. We have also greatly benefited from generous financial support from the international community. This support has been instrumental in enabling us to implement our institution-building agenda, whilst alleviating the impact of the hardship and suffering that have accompanied more than four decades of oppressive occupation.

We are working hard on finding ways to begin the process of reunifying our country. But beyond that, I am convinced that the only remaining obstacle to the establishment of Palestine is the ongoing military occupation by Israel. In the period ahead, we will certainly still face significant challenges to unify our territory, our society and our economy and ensure equal rights and equal opportunities for all our citizens. The dismantling of the occupation regime will finally remove the physical and administrative barriers which have vastly complicated, indeed frustrated, our seemingly never ending effort to build a unified and successful state.

On the other hand, continuing the state-building effort in the context of an ongoing occupation is clearly futile. The senselessness of this path is exemplified by the recent destruction of the *Freedom Road near Salfit*. For the second time in less than a year, the Israeli army has bulldozed this road, resulting in hundreds of thousands of dollars of damage, and preventing farmers from reaching their lands.

In line with the vision embedded in our two-year program and on the strength of a fully determined national effort, the reality of Palestinian statehood, with international backing, is beginning to project itself in ways that cannot be overlooked. This is evidenced by, inter alia, the recent significant round of recognition of the State of Palestine on the June 1967 borders, as well as the upgrade in Palestine's diplomatic representation around the world. We welcome this development and hope that the momentum it has been generating will soon culminate in the reinvigoration of the internationally sponsored political process, with a view to bringing to an end, later this year, the occupation that began nearly 44 years ago.

**Salam Fayyad**  
Prime Minister





## Executive Summary

This report summarises the significant **achievements by the Government towards finalizing our preparations for an independent State of Palestine by September 2011**. The report does not only cover progress since the last AHLC meeting in New York in September 2010, but also **includes a special section, highlighting major achievements over the past three years in the execution of the Palestinian Reform and Development Plan (PRDP) 2008-10**. In addition, the report highlights key challenges and obstacles we have faced, as well as efforts exerted by the Government to overcome them while focusing on establishing solid institutions, guided by the principles of good governance, respect for human rights, rule of law, and the efficient and effective delivery of public services.

Based on the objectives of the PRDP 2008-10, **the Government has managed to consolidate the rule of law throughout the criminal justice chain**. Cooperation between investigators and prosecutors has been strengthened and regulated. Over the past six months, security services have handled 14,971 cases referred to them. The Public Prosecution has significantly improved its infrastructure, capacity and case management. The prosecution was thus able to increase the number of disposed cases in the investigation phase by a monthly average of 16% over 2010. The courts have also kept up with the increased caseload, as a result of an improved security situation and growing trust in the justice system. Magistrate courts have been able to reduce the backlog of cases, despite the rising number of new cases. Courts of First Instance have managed to digest the full volume of incoming cases.

Moreover, not only has the effectiveness of the justice chain improved, but also **new standards have been set for the security and justice system**. A new draft *Penal Code* has been developed. Reform and rehabilitation takes precedence over punishment, juveniles are given special attention in the justice system, and gender-based violence is addressed. In addition, a decision has been taken to halt arrests without a due arrest warrant issued by the Public Prosecution. Accordingly, arrests of civilians authorized by the military jurisdiction will be stopped. All security related files and cases involving civilians will be transferred to the civilian justice system, which has improved its capability to handle the nature of the cases, as well as the caseload.

**The justice system has also expanded in scope with the formation of a specialized Corruption Crime Court and Customs Courts.**

The **infrastructure of the security sector is being rehabilitated** with the construction of new regional headquarters for the security forces and new police stations in towns and villages. The **Ministry of Interior also responded to the increased demand for public safety by strengthening the Civil Defence**, which has managed to improve its operations and outreach.

To promote democracy and accountability, the Government has scheduled **local elections for 9 July 2011**. Also in the sphere of local government, the efficiency and effectiveness of **Local Government Units (LGUs)** is being enhanced through an ongoing merger process and the continued institutional development.



The **fiscal situation continues to improve due to the containment of public expenditures, increased revenue collection, and – most importantly – effective public financial management reforms. The recurrent budget deficit, on a cash basis, has shrunk from 24% of GDP in 2008 to 15% in 2010, with a further reduction to 12% of GDP envisaged in 2011.** In 2010, Government revenues increased by 21% compared to 2009.

While a chief aim of the fiscal reform is to reduce aid dependency, **aid continues to play an important role in our state-building process – and so does aid effectiveness.** The Ministry of Planning and Administrative Development (MoPAD) has conducted annual consultations with the larger donors and the aid information management system, DARP, by now contains more than 1,000 projects. An assessment of compliance with aid effectiveness principles has been conducted with donors through the Paris Declaration Monitoring Survey process.

**The Palestinian economy has witnessed real GDP growth of 9.3% in 2010, aided by a substantial recovery, albeit from a very low base, in Gaza. Unemployment, based on the ILO definition, dropped from 26.6% in Q3 2010 to 23.4% in Q4 2010.** Unemployment in Gaza was at 37.4% in the fourth quarter of 2010, in contrast with 16.9% in the West Bank. As a reflection of improved business confidence in the West Bank, 591 new companies were registered between November 2010 and February 2011, with a total capital of US\$ 392.5 million. Hotel occupancy increased by almost 24% in 2010. Important steps were also taken, with a view to modernizing the regulatory framework and improving the business environment. For example, an amended **Investment Promotion Law has been promulgated** and new industrial zones and commercial centres are being established. **The Government has also continued its efforts to accede to international economic treaties and organisations, especially the World Trade Organisation.**

The Government is strongly committed to **providing and improving social services**, in particular health, education and social protection, in line with the growth of the population and the resulting increase in demand.

In order to maintain high enrolment rates and **meet rising demand resulting from natural population growth**, the Ministry of Education and Higher Education (MoEHE) during the second half of 2010 built and furnished 542 new classrooms, implemented maintenance works throughout 35 schools, and adjusted 6 school buildings to meet the needs of students with special needs. Professional training for teachers is another high priority of the MoEHE, since the quality of the education system largely depends on the professional standards of its teachers. Recently, the MoEHE started with the implementation of its strategy with an aim to train 11,000 teachers over the coming three years.

In the health sector, the Ministry of Health (MoH) has adopted a **holistic approach towards health management.** To promote **preventative healthcare**, the Government has inaugurated the National Centre for Non-Communicable Diseases, the first of its kind at the regional level. Health-related infrastructure naturally plays a strong role in the development of the sector. **Thus primary health care centres and hospitals are being built and renovated.**

In light of the harsh socio-economic conditions in the Palestinian territory, the Government has expanded the coverage and scope of basic social services. To improve coverage, quality



and targeting of social services, the Ministry of Social Affairs (MoSA) has begun **to implement a social safety net reform project, which will integrate assistance programmes delivered by the MoSA and other major governmental and non-governmental partners.**

The **Government has continued to empower and promote women's participation in the political and socio-economic sphere** by institutionalising and integrating women's and gender issues within policies and programmes run by ministries and government bodies.

**Infrastructure is the backbone for the State of Palestine and is intertwined with economic development, public service delivery and private sector operation.** In the energy sector, the Government has connected virtually all Palestinian residential areas - including remote ones - to the electricity grid. Thousands of kilometres of roads were paved and rehabilitated over the past three years. To conserve the environment and improve public health, the Government has constructed new sanitary landfills in the central and southern West Bank. Numerous water and wastewater facilities and networks have been completed in the West Bank and works are also ongoing in the Gaza Strip. Housing construction is underway across the West Bank.

The Palestinian Environmental Quality Authority (EQA) has started to develop an **anti-desertification strategy** in coordination with relevant ministries and government bodies.

**As articulated on previous occasions, the Israeli occupation remains the major challenge to establishing the institutional basis for the State of Palestine.** The Palestinian territory remains fragmented into areas designated as A, B, and C. Thus there is **no territorial continuity** between the West Bank and the Gaza Strip, or between population centres within the West Bank. Restrictions on movement and access, as well as lack of control over most of the West Bank and external borders continue to be real obstacles to establishing the state. **The West Bank's natural resources, such as land and water, are often out of reach for Palestinians.** The risk of a deterioration of the political climate stifles growth and hampers business confidence. The ability of businesses to import capital goods and raw materials, as well as to export their products and services, remains severely restricted. **Israeli measures have thus curbed foreign investments and business partnerships in support of the integration of our local economy into the global economy. Our infrastructure and social services need to be adapted to the geography imposed by the occupation at a very high cost in order to reach isolated communities affected by the Separation Wall.** These impediments, and more generally, the capricious control regime imposed by the occupation, constitute a major challenge to the very fabric of our nation.

**In Gaza, the Israeli blockade continues to nurture poverty and suffering. While the Government of Israel has taken some measures to ease the blockade of Gaza, the facts on the ground tell a different story:** the siege still hampers the implementation of nearly every major initiative articulated in the *Palestinian National Early Recovery and Reconstruction Plan for Gaza*. Living conditions remain very difficult and the population continues to be isolated from the outside world.

**Despite the many challenges, the Government will continue to build on the achievements of the past three years to ensure readiness for statehood by September 2011.** The process of reform and development will, of course, extend beyond the pre-statehood era, and will feature a greater focus on policy and administration issues in monetary and trade regimes.





# Governance

## At a Glance: Governance

In the course of implementing the PRDP 2008-10, the Government has made tangible progress in promoting principles of good governance, respect for human rights, provision of public safety and security to citizens, and further developing the capacity of Palestinian governance bodies. The Government has also fortified the working relationship between the public sector, private sector and civil society.

Justice sector institutions have continued to develop their infrastructure and institutional capacity, thereby improving the entire judicial system for Palestinian citizens. In addition to registering significant achievements in the protection of human rights and the fight against corruption, the justice sector has increased its internal cooperation and has become more efficient. Cooperation with educational institutions has also increased towards improving legal education and judicial training in Palestine. These accomplishments have yielded significant benefits for our society. We have seen an increasing number of citizens seeking remedy through the judicial system, which signifies a growing trust and confidence in justice sector institutions.

In the security sector, the Government has relentlessly worked towards establishing public order, promoting the rule of law, providing public safety, building capacity, and adjusting security personnel's conduct in line with human right norms which govern security establishments in other democratic countries. The Government has further promoted enhanced cooperation between the security sector and justice sector bodies. According to a recent opinion poll, 83% of Palestinian citizens surveyed in the West Bank confirmed that the Palestinian Civil Police constitutes an essential component of their daily lives, and fulfils their security needs in a capable manner. Respondents also emphasised their trust and confidence in the performance of the Palestinian Civil Defence.<sup>1</sup>

<sup>1</sup> The Palestinian Centre for the Dissemination of Democracy & Community Development (Panorama), January 2011.



Within local governance, the capacity of the Ministry of Local Government and Local Government Units was strengthened. Major achievements include the merger of Local Government Units, promoting administrative and financial decentralisation, establishing guidance and oversight mechanisms, enhancing community participation in local governance processes, and building partnerships with the private sector and civil society.

Moreover, the Government has improved the performance and transparency of the public financial management (PFM) system. Our improved financial management is in line with international standards and approaches. The PFM system is fully oriented towards fiscal stability and greater economic prosperity. Previous trends of economic decline were reversed and the Government has achieved continued growth of the GDP along with an increase in public revenues, especially in tax revenues. The economic growth has also resulted in reduced unemployment throughout Palestine. The fiscal prudence, the PFM reforms, and the positive economic developments have significantly contributed to reducing the budget deficit and to decreasing our dependence on external aid. The combined effect of our reforms will facilitate the transition to self-reliance over the medium-term.

The fact that the Palestinian Central Bureau of Statistics (PCBS) is close to meeting the requirements of the IMF's Special Data Dissemination Standards (SDDS), serves to illustrate not only the advanced state of readiness and institutional capacity of the PCBS itself, but that of other organs of the PNA, which provide it with data of such quality and timeliness as to make it possible to meet the exacting standards of the SDDS.



## Justice

The Ministry of Justice, the High Judicial Council and the Attorney General's Office (AGO) are closely cooperating towards enhancing the entire court system. The improved performance is a result of increased cooperation in the justice sector, improved capacity and infrastructure, and more efficient caseload management. The justice sector is thus well placed to meet the rising demand on judicial services that stems from the improved security situation, and to deliver high quality services to citizens.

The justice sector institutions have experienced a positive transformation in terms of effectiveness and efficiency. In 2010, Palestinian Magistrate Courts dispensed 114% of the caseload, thereby reducing the backlog in cases from previous years, while Courts of First Instance managed to dispense 98% of the cases. The Public Prosecution was able to significantly increase its case management in the investigation phase by 16% on a monthly average during 2010. Public Prosecution offices and service branches of the Ministry of Justice (MoJ) are being established throughout the Palestinian governorates. Moreover, new judges and prosecutors have been appointed to adjudicate and reduce the number of backlog cases in courts. The number of judges in the West Bank and Gaza Strip rose from 181 in 2008 to 205 in 2011.

To enhance the justice sector infrastructure, the Government has launched a project with a budget of CAD 50 million in January 2011 for the construction of a "Palace of Justice" in Ramallah, and court complexes in Hebron and Tulkarem. Towards the same goal, an assessment of the physical infrastructure requirements for Magistrate Courts and Courts of First Instance was conducted. A new building for the AGO was recently inaugurated in Ramallah, and the enlargement of the Public Prosecution offices in Nablus is close to completion. Two MoJ branch offices have been furnished in Tulkarem and Tubas in order to facilitate public access to justice services, reduce travel expenses for citizens, and alleviate the workload in other MoJ offices.

The process of institutional development has continued unabated within the justice sector institutions. The High Judicial Council (HJC) has finalised the development of the "Mizan II" case-management IT-system, which is now successfully implemented throughout the West Bank courthouses. The MoJ has successfully implemented its own Document Management Administration System (DAMS) for use throughout the MoJ departments, in addition to conducting various capacity development activities. Justice sector institutions have continued to train their staff in specialised areas, including human rights, combating corruption, economic crimes, criminal justice, legal aid, juvenile justice, etc. A total of 15 training courses were organised over the past six months for a total of 250 judges, prosecutors, and administrative staff from the judiciary and the prosecution.

In line with the national Justice Sector Strategy, justice sector actors have commenced to develop legal education in Palestine in partnership with educational institutions. In this context, the MoJ signed a Memorandum of Understanding (MoU) with Birzeit University, Al Quds University and An Najah University to launch the "Justice for the Future" programme. The



programme will provide students in those universities with an opportunity to participate in training sessions and prepare them to work at public sector institutions, especially in judicial and public prosecution departments. In addition, the Palestinian Judicial Institute (PJI), the HJC and the AGO signed a MoU to promote coordinated capacity building for judges and prosecutors, as well as to promote cooperation between the justice sector institutions.

Having finalised a first *Draft Penal Code*, the MoJ organised a conference in November 2010, which brought together 330 national and Arab scholars in the fields of politics, legislation, and community activity. Participants commented on and commended the modern *Draft Penal Code*, which articulates Palestinians' needs and aspirations and meets international human rights standards. The Ministry also developed a policy vision and framework to regulate legal aid for the poor and other vulnerable groups.

### ***Continued effort to promote respect of human rights***

*A decision has been taken to halt arrests without a proper arrest warrant issued by the Public Prosecution. Accordingly, arrests of civilians authorized by the military jurisdiction will be stopped. All current files and cases will be transferred to the civilian justice system.*

In line with the Government's effort to combat corruption, the HJC has established the Corruption Crimes Court in October 2010. This specialised court will focus on adjudicating officials abusing their positions in the public sector.

Justice sector institutions have continued to enhance cooperation with each other and with civil society organisations. In order to facilitate daily operations and promote further cooperation in the judicial system, the HJC and the Public Prosecution signed a MoU to exchange information electronically through the "Mizan II" case-management system. Furthermore, the HJC and Palestinian Bar Association signed a MoU on the electronic exchange of information, whereby lawyers will be able to access online data about cases they have filed to courts.

## **Security**

The security sector has pursued its efforts to provide security and safety to Palestinian citizens. Palestinian security services have continued to seize illegal weapons, military equipment and laundered money. A total of 69,768 decisions issued by the judiciary and the executive bodies were executed in the past six months. During the same period, the security services have handled 14,971 cases referred to them, mainly by the Palestinian public.

In terms of public safety, the Government was able to respond to increased demand. In 2010, fire fighting operations increased by 48%, rescue missions by 15%, licensing installations by 12%, and various field visits by 66%. Awareness activities with civil society rose by 32% and direct activities with the population increased by 76%. Translated into operational figures, the



Civil Defence carried out a total of 2,135 fire fighting operations in the final quarter of 2010. During the same period, it conducted 730 rescue missions, 1,073 operations to test and licence lifts, and 8,019 field visits to ensure public safety conditions. Moreover, during the fourth quarter of 2010, the Civil Defence organised 322 training and awareness sessions with a total audience of 64,119 citizens. In the same period, security agencies confiscated 2,777 illegal vehicles, and examined about 47.000 vehicles to ensure compatibility with public safety conditions.

### ***Palestinian Police receives EFQM Excellence Award***

*The Palestinian Civil Police (PCP) obtained the Excellence Award of the European Foundation for Quality Management (EFQM). Based on the EFQM Excellence Model, administrative practices adopted by PCP have positively contributed to policing tasks and service delivery to Palestinian citizens. Due to its overall commitment to excellence, the PCP was the first Palestinian institution to be granted the EFQM Excellence Award. Within the Arab world, the Palestinian PCP is the second police force (after the Dubai Police) to obtain the EFQM Award.*

In terms of security-related infrastructure Prime Minister Fayyad laid down the corner stone of the second phase of the *Al Muqata'a* reconstruction project in Nablus in 2010, with a budget of EUR 15.5 million. This current phase includes the construction of 12 buildings for the National Security Forces, the Preventive Security Organisation, and Military Intelligence, as well as a military hospital, a headquarters for the Palestinian Civil Police, a correction and rehabilitation centre, the local branch office of the Ministry of Interior (MoI), as well as the Governor's Office. In October 2010, the MoI approved construction of 10 police stations, as endorsed in the Palestinian Police Strategic Plan and in line with the national Security Sector Strategy. The MoI and the Palestinian Civil Police have adopted a unified design for the police stations throughout Palestinian towns and villages. Construction has already started on five police stations, including one station to be designated for training purposes. The plan is to establish 45 more police stations in the future to cover the whole of the West Bank. In early 2011, the Civil Defence agency inaugurated a Civil Defence station in the town of Biddya in the Salfit Governorate. The corner stones for another three Civil Defence stations were already laid. MoI branch offices throughout the various governorates were rehabilitated in order to allow for the effective and efficient delivery public services. The construction of training centres for the National Security Forces and the Palestinian Civil Police in Jericho continues, in addition to the establishment of the MoI Logistics Complex.



*Laying the foundation stone of 'Arraba Police station*

In order to develop the capacity of security sector institutions, the PCP has established the Directorate General for Comprehensive Quality Assurance and has developed an automated fingerprint identification system.



The security establishment and the MoI have continued to build and develop human resources. The Education Guidance Manual of the PCP Academy and the Training Manual on Human Rights were finalised. The MoI also organised a number of training seminars on human rights and project management. Furthermore, 450 National Security Force officers graduated recently and were dispatched to Jordan for further training. Together, they comprise the 7<sup>th</sup> National Security Force brigade. Similarly, 490 officers graduated in order to form a Presidential Guard brigade. 120 senior officers and intermediate commanders were able to attend several training courses. In addition, several specialised training courses were delivered for security personnel, including management of joint operations, dealing with juveniles, as well as gender-sensitiveness.

## Local Governance

In January, the Government announced that local elections will be held on 9 July 2011 and tasked the Central Elections Commission to conduct the elections. This decision is in line with the broader national policy of promoting democracy and good governance in Palestine.

As a corner stone in the amalgamation process of Local Government Units (LGUs), the Ministry of Local Government (MoLG) has adopted a series of measures to strengthen Joint Service Councils in their operations in order to enable them later on to be merged into joint LGUs. In this process, the MoLG has addressed all relevant regulations, including the legal framework and procedure guidance manuals. To promote and develop the merger of LGUs, the Government launched in November 2010 a project with a budget of EUR 15 million to support and develop the local governance sector. Out of this, EUR 9 million were earmarked to support the amalgamation process.

On 13 September 2010, the Council of Ministers made a decision on the merger of 36 Project Committees into adjacent LGUs. Furthermore, on 10 November 2010, the Council of Ministers issued a decision on the merger of 27 LGUs into four new municipalities. As a result of the merger processes, it is expected that the number of LGUs will drop by over 50% within three years, from 412 in 2010 to 200 by 2013.

LGU Type <sup>2</sup>	Aug 2010	Feb 2011
Municipality A	14	14
Municipality B	32	24
Municipality C	53	50
Municipality D	34	34
Local Bodies	12	12
Village Councils	235	211
Project Committees	115	67
<b>Total</b>	<b>495</b>	<b>412</b>

<sup>2</sup> LGUs are divided into three categories: municipalities, village councils and project committees. Municipalities which were established before the arrival of the PNA are classified into type A and B, based on areas or communities they serve. Type C municipalities were established by the PNA after 1994.



### ***Al Kafriyat villages: A success story based on joint efforts***

*Located in the southern Tulkarem Governorate, Al Kafriyat area includes seven villages: Jubara, Ar Ras, Kafr Sur, Kur, Kafr Jammal, Kafr Zibad and Kafr 'Abbush, altogether housing around 10,000 Palestinian residents. The idea of joint municipal services was introduced in 1998 as part of the MoLG support initiative. Later on a Joint Service Council (JSC) was established, based on the positive experience of joint solid waste collection. In 2000, the JSC was converted into a Local Zoning and Building Committee, which included specialized staff. In 2003, the Council started to implement rural development projects. The Council succeeded in implementing several joint projects. Over the past seven years, the Council has continued to develop and improve municipal infrastructure and its institutional capacity. Having reached a certain managerial and operational level, the Council was transformed into a unified municipality in December 2010. Accordingly, the Al Kafriyat Municipality has been a model case for the merger policy applied by the PNA.*

To strengthen the capacity of the MoLG, a strategic planning unit was established, specialising in strategic planning and policy making. The MoLG has also set up a Higher Steering Committee on Local Government Projects and Programmes in order to promote project and programme coordination in the local governance sector, decide on general policies, and identify necessary criteria for designation of development projects and programmes. The MoLG has worked with Joint Service Councils to promote their capacities in the fields of training, community empowerment, and institutionalised development planning. A financial management system has been developed to enhance LGUs' administrative and financial capacities. This system is still pending approval of the MoLG.

The MoLG and LGUs have continued to widen community participation in the planning, implementation and efficient utilisation of available resources. To promote this concept, the MoLG and LGU staff attended several training sessions. Activities to strengthen public-private partnership at the local level were also conducted. In cooperation with the Palestine Economic Policy Research Institute (MAS), the MoLG and some LGUs examined partnership mechanisms, especially in the areas of public service delivery, public facility management, and in operation and maintenance.

## **Public Financial Management**

The Government has continued the path towards fiscal stability and reduced reliance on external support. In line with this policy, the recurrent budget deficit (on a commitment basis) was reduced from US\$ 1.6 billion in 2009 to US\$ 1.15 billion in 2010. With the addition of development expenditures, the budget deficit totalled US\$ 1.45 billion in 2010. The deficit covered by donors amounted to US\$ 1.28 billion.

In 2010, Government revenues increased by 21% compared to 2009. For the first time in the PNA's history, revenues totalled US\$ 2 billion. Tax revenues went up 57% in 2010 compared to 2009. Over the same period, revenue clearance climbed by 14%. These achievements are a result of reforms launched in the tax departments of the Ministry of Finance (MoF) and reflect the overall economic growth in 2010.



The Government has continued to control and curtail its expenditure, particularly in relation to public sector employment and wage bill containment. In this context, total public expenditure and net lending dropped by 4% in 2010 compared to 2009, with the total recurrent expenditure amounting to US\$ 3.08 billion in 2010.<sup>3</sup> Development expenditure, channelled through the PNA treasury, totalled US\$ 298 million, marking a rise of US\$ 215 million in comparison to 2009. This prudent Government policy has also led to a reduction of net lending by 37% last year, declining to US\$ 236 in 2010. Additionally, the Government has implemented several measures, including a gradual transfer of electricity bill collection for northern West Bank LGUs to the Northern Electricity Distribution Company (NEDCO), withdrawal of governmental vehicles from the majority of public servants, and restricting vehicle movement to official working hours. In coordination with the (MoF), the Military Financial Management has implemented a number of measures to control the military personnel's wage bill and fuel expenses.

In terms of Public Financial Management, the MoF has commenced to link the fiscal policy to the broader PNA monetary policy. The MoF has also taken the initiative to establish the Macroeconomic and Financial Analysis Unit. It has in addition finalised the second phase of the "Excellence Programme", which aims to attain a culture of excellence by focusing on results, transparency and public service delivery.

To enhance administration of customs and excises, the Customs Court of First Instance was established for the resolution of disputes arising between MoF and taxpayers. The future formation of a Customs Court of Appeals will significantly improve the collection of the Government customs entitlements and reduce customs evasion. Both courts are being established as part of the plan to develop the General Directorate of Customs and Excises. In this context, a specialized Public Prosecution department has been established. The Department currently addresses customs-related cases in liaison with the general Public Prosecution before they are remitted to the Customs Court of First Instance. Appeals can later on be submitted to the Customs Court of Appeals. Additionally, a steering committee was established to consolidate tax files of major taxpayers in order to increase revenues and facilitate the collection process. A special office has been established for this committee and is now being furnished.

The gradual operationalisation of the central cheque system, which is run electronically through the Single Treasury Account, has also continued. Connecting the Bisan System, the Government's central accounting system, within the overall central financial management system with all governorates has been finalised and relevant staff have been trained on the system. In cooperation with competent international organisations, the decision to establish a Debt Management and Financial Analysis System (DMFAS) has been adopted and work is currently underway to procure the system and commence its implementation. Electronic communication with banks has been set-up in order to receive necessary financial data in real-time and to monitor and synchronise PNA bank accounts at commercial banks on a daily basis. Regarding internal financial oversight and auditing, the draft regulation for decentralised internal auditing was approved, allowing ministries and non-ministerial government bodies to play a more effective role in this area.

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<sup>3</sup> Financial budget support allocated to Gaza remained high. Gaza transfers represented 47.5% of the public budget.



### Consolidated Fiscal Operation Analysis of the FY 2010 on a Commitment Basis<sup>4</sup>

Budget Classification	Second Half 2010	% Change on the First Half 2010	FY 2010	% Change on FY 2009	FY 2010 Approved Budget	FY 2010 as % Budget
	\$ m	%	\$ m	%	\$ m	%
<b>Net total revenues</b>	<b>997.0</b>	<b>7%</b>	<b>1927</b>	<b>21%</b>	<b>1927</b>	<b>100%</b>
• Tax revenues	220.3	-13%	474	57%	377	126%
• Non- tax revenues	164.2	55%	270	-5%	330	82%
• Clearance revenues	655.1	9%	1259	9%	1320	95%
• Tax refunds	42.6	26%	76	-16%	100	76%
<b>Total Expenditures and Net lending</b>						
<b>Total Expenditures and Net lending</b>	<b>1544.7</b>	<b>1%</b>	<b>3076</b>	<b>-4%</b>	<b>3170</b>	<b>97%</b>
• Wage Expenditures	814.8	2%	1613	10%	1550	104%
• Non-wage Expenditures	637.0	8%	1226	-9%	1370	90%
• Operational Expenditures	271.0	22%	493.4	6%	514	96%
• Transfers	346.5	-3%	705	-15%	813	87%
• Minor Capital	19.5	112%	29	-47%	43	67%
• Net lending	92.9	-35%	236	-37%	250	94%
<b>Current Balance</b>						
<b>Current Balance</b>	<b>-547.7</b>	<b>-9%</b>	<b>-1148.6</b>	<b>-28%</b>	<b>-1243</b>	<b>92%</b>
• Development expenditures	192.0	80%	298.5	39%	670	45%
<b>Balance</b>						
<b>Balance</b>	<b>-739.6</b>	<b>5%</b>	<b>-1447.2</b>	<b>-20%</b>	<b>-1913</b>	<b>76%</b>
<b>Financing</b>						
<b>Financing</b>	<b>739.6</b>	<b>5%</b>	<b>1447.2</b>	<b>-20%</b>	<b>1913</b>	<b>76%</b>
• Budget Support	621.3	18%	1146.0	-15%	1243	92%
• Development	77.2	45%	130.5	179%	670	19%
<b>Net Domestic Bank Financing<sup>5</sup></b>	<b>3.6</b>	<b>-96%</b>	<b>83.5</b>	<b>-53%</b>	<b>-----</b>	<b>-----</b>
<b>Residual</b>	<b>1.6</b>	<b>-----</b>	<b>-10.6</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>

<sup>4</sup> MoF, Q4 2010 Report and Performance Review, February 2011.

<sup>5</sup> This item includes the PNA indebtedness to commercial banks as well as the donor's money in the domestic bank accounts.



## Aid Effectiveness

Aid effectiveness remains a key priority for the Government in general and for the Ministry of Planning and Administrative Development (MoPAD) in particular. The Government's aim is to align international aid towards national priorities and implementation modalities, as well as to ultimately ensure the sustainable impact of aid flows.

The capacity of the Aid Management and Coordination Directorate (AMCD) of MoPAD has been enhanced with additional staff and expertise. In line with the *Palestinian National Development Plan (NDP) 2011-13* and the Administrative Development Sector Strategy, the AMCD has developed an action plan to guide its operations over the coming three years.

As part of the One-Gate Policy on Aid Management and Coordination, MoPAD has conducted 15 annual consultations with major donors in 2010, thereby bringing together donors as well as relevant government bodies. These consultations were conducted with the aim of aligning aid to national priorities and increasing predictability.

The aid information management system, DARP, captures aid flows for aid management, planning & budgeting, as well as monitoring & evaluation purposes. The database will enable us to more accurately identify obstacles in the course of implementing our future development projects and initiatives. The response of donors and international organisations to DARP has been encouraging. So far more than 1,000 projects were entered or updated in DARP.

The Government has for the first time participated in the Paris Declaration Monitoring Survey, which was conducted in the first quarter of 2011. Participation in the survey has allowed the Government to assess the current status of aid effectiveness in Palestine and has thus provided valuable information on aid flows and aid effectiveness issues that require further improvement. The 2011 Paris Declaration Monitoring Survey will also serve as a baseline to assess future progress in terms of donor alignment with national priorities and implementation modalities. The full 2011 Monitoring Report, with the country chapter on Palestine, will be published by the OECD in September 2011 and feed into the 4<sup>th</sup> global High Level Forum on Aid Effectiveness in Busan, South Korea in November/December 2011.



## Looking Ahead: Major Challenges in the Governance Sector

The Israeli occupation remains the major challenge to the governance sector in Palestine. The Palestinian territory remains fragmented into areas designated as A, B, and C. There is no territorial continuity between the West Bank and the Gaza Strip, as well as between population centres within the West Bank. The PNA has limited security control and no sovereignty over borders. Its jurisdiction within Palestine is hence limited. The PNA is unable to execute its laws across the West Bank. This combination of factors restrains our efforts to provide security and safety to our citizens, administer justice, and establish the rule of law throughout our homeland. Israel's policies and practices, including the Gaza blockade, the continued land confiscation, settlement activity and the construction of the Separation Wall, are designed to create facts on the grounds. These measures impede and undermine the development of national institutions and good governance in over 82% of the West Bank. Israeli restrictions on the PNA's fiscal and monetary tools have led to an unsustainable financial situation, impacting on the whole Palestinian economy and jeopardising the comprehensive development process.

Weak coordination within government bodies is another challenge to holistic development in the public sector. In order to establish more coherent policies, the Government has consolidated internal coordination and cooperation between relevant government bodies, leading to the development of governance-related sector strategies as part of the Palestinian National Development Plan 2011-13. Central government institutions also invest considerable efforts towards fostering deeper and broader cooperation across the justice and security sector institutions. Aid coordination in the governance sector continues to improve through regular consultations involving government bodies and relevant international development partners. This aid coordination mechanism has enabled more effective prioritisation, as well as a greater alignment of external support with national priorities. These improved procedures are positive steps on which we can build to achieve more progress in the future.

Shortfalls in the quantity and timing of external budget support, coupled with the general unpredictability of aid impacts negatively on citizens' trust in the ability of the Government to implement its agenda of promoting stability and development. This challenge can evolve into general dissatisfaction among Palestinian civil and security services, which might negatively affect previous reform achievements. Recent experience shows that progress can be made in the development process, provided there is financial stability. Therefore, the Government will seek to promote more fiscal stability and independence over the upcoming three years, in order to reduce reliance on external aid. The Government believes it can achieve these goals through strengthening the national economy, promoting investment, and supporting the private sector. The Government will continue to implement financial reforms within the public sector and local governance. These reforms will primarily focus on rationalised expenditure, reduced net lending, and an expanded tax base to increase revenues.





# Economy

## At a Glance: Economy

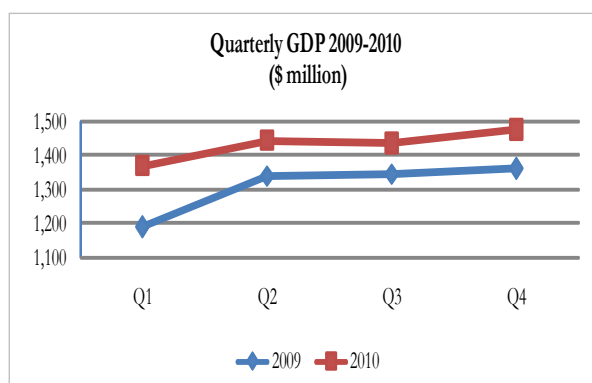
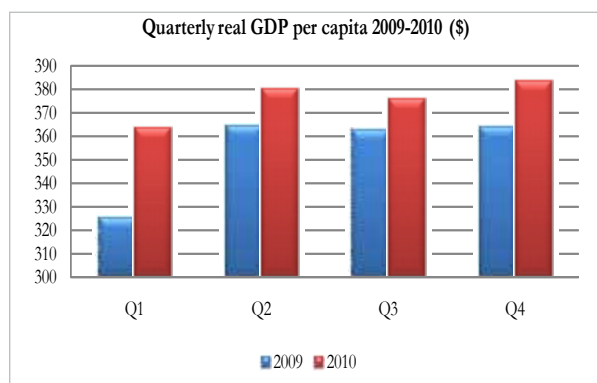
Building on the achievements in 2008 and 2009, economic growth accelerated in 2010. The real GDP growth of 15% in Gaza looks impressive at a first glance, it needs however to be placed in context: growth in Gaza picked up from an extremely low level and the real GDP is still some 20% below the level of 2005. The economic situation in Gaza has continued to suffer from the Israeli blockade, gravely impacting the private sector operation and pushing the unemployment rate in Gaza to 37%. In comparison, unemployment in the West Bank stood at 17% during the same period.

The Government has contributed to the overall economic growth rate through targeted economic investments, regulations, legislation, and public-private partnerships. Accordingly, the private sector has continued to benefit from major investments in various economic sectors, including trade, industry, agriculture, tourism, and information & communications technology (ICT). These investments strengthen the competitiveness of Palestinian goods and services in domestic and international markets.

Israeli policies, though, have continued to obstruct the progress of economic development in Palestine. In addition to the seizure of our land, the pervasive restrictions on movement and access are the major barrier to economic development. Lack of access to natural resources for example, including land and water, severely constrains any sustainable progress throughout the economy. Without a change to the *status quo*, the positive impact of internal reforms to build a strong and healthy economy will be limited in both scope and sustainability.

## Economic Development and Trade

In Q4 2010, real GDP per capita amounted to US\$ 383, which is an increase of 2.0% in comparison to Q3 2010 and of 5.3% in comparison to Q4 2009. The overall GDP rose by 2.8% in Q4 2010, compared to the previous quarter and by 8.5% compared to Q4 2009. Economic growth compared to Q3 2010 spanned across most economic sectors, including agriculture and fishing (36.3%), mining and manufacturing, water and electricity supplies (5.1%), wholesale and retail trade (5.4%).<sup>6</sup>



In order to improve the investment climate, President Abbas approved the *Amended Investment Promotion Law* in January 2011, with the aim of easing bureaucratic procedures. The amended law grants exemptions and incentives to additional sectors of the Palestinian economy.

As a result of the Government's efforts to bolster business confidence in the West Bank and to support economic growth, 591 new companies were registered between November 2010 and February 2011, with a total capital of US\$ 392.5 million. These include 28 foreign companies with a combined capital of US\$ 159.2 million, thereby representing 41% of the total capital of new companies. Over the reporting period 72 new factories, with a total capital of US\$ 21 million were established, including 37 factories operating in processing food and beverage, with a combined capital of US\$ 8.2 million.<sup>7</sup> In addition, a group of investors launched the *Siraj Filistin* (Palestine Lamp) Fund as the first venture capital fund exclusively designated for companies operating in Palestine. With an initial capital of US\$ 60 million, the Fund will provide more incentives to investors and encourage further private investments. In the industrial sector, construction has already commenced on the Jericho Agro-Industrial Zone and the Jenin Industrial Estate projects. At the same time construction of the Bethlehem Multidisciplinary Industrial Park continues.

With strong international support, the process of Palestine's application to accede to the World Trade Organisation (WTO) has been finalised. With technical assistance the Government has implemented technical, administrative, legislative and policy modifications in preparation of joining the WTO.

<sup>6</sup> PCBS, 2011, *Press Release: Preliminary Estimates of Quarterly National Accounts (Q4 2010)*, Ramallah, Palestine



The Ministry of National Economy (MoNE) has also revived bilateral trade agreements with the European Free Trade Association (EFTA), which includes Iceland, Norway, Liechtenstein and Switzerland. Against this background a set of programmes were launched to rejuvenate trade between Palestine and the EFTA member states. The MoNE has furthermore signed a number of agreements, MoUs and cooperation protocols with various countries, such as the Netherlands, France, Germany, Spain, Greece, Vietnam, Argentina, Brazil, Paraguay and Uruguay. In order to reinvigorate the trade agreement with Turkey, a team was established, which includes members on the Joint Palestinian-Turkish Technical Committee. The MoNE has also facilitated private sector participation in regional and international business forums and exhibitions.

### ***Palestine's official accession to International Chamber of Commerce***

*To firmly place Palestine on the international trade map and to promote partnership between the public and the private sector, Palestine has officially acceded to the Paris-based International Chamber of Commerce (ICC). Palestine's accession to the ICC will further expand Palestine's international trade activity and will create major investment prospects, yielding and promoting international investments in Palestine. The ICC will also help settle regional and international commercial disputes, such as those currently pending between Palestinian, Israeli and global corporations.*

To better protect the Palestinian consumer and the environment, the Palestine Standards Institute (PSI) has adopted some 2,000 new Palestinian standards in areas such as food processing, agriculture, construction, electricity, environment, textile, paper, shoes, and water. In addition, a unified electricity code for Palestine was finally approved and is now applicable to all domestic, commercial and industrial electricity operations.

In the field of standardised ICT systems, the Palestine Enquiry Point Centre (PEPC) has been established. This is an essential requirement for accession to the WTO.

## **Labour**

Labour force participation during the fourth quarter of 2010 stood at 41.5%, slightly higher than the previous quarter (40.5%) and at the same level as in Q4 2009. Participation of women in the labour force rose to 15.3% in Q4 2010, an increase of 1.3% compared to Q3 2010.

Unemployment, in the broader definition<sup>8</sup>, dropped from 33.3% in Q3 2010 to 29.9% in Q4 2010, compared to 30.2% in Q4 2009. Unemployment has mostly affected youth between the age of 15-29 years. Within this category unemployment reaches 42.5%, which is the highest unemployment rate among all age groups.

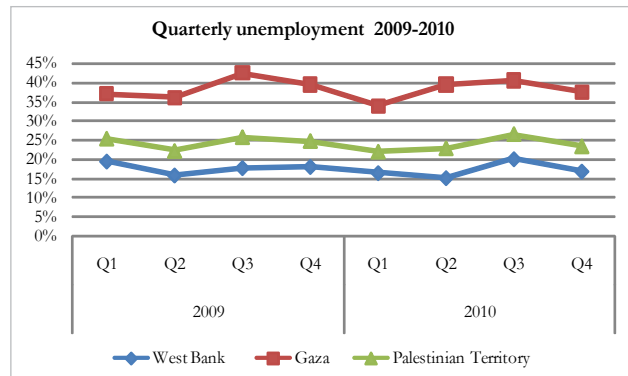
<sup>7</sup> Ministry of National Economy, *Statistical Reports of October, November and December 2010*, Ramallah, Palestine.

<sup>8</sup> Unemployed individuals who seek employment, as well as those who have been discouraged and do not seek employment.



In line with the standards of the International Labour Organisation (ILO),<sup>9</sup> unemployment dropped from 26.6% in Q3 2010 to 23.4% in Q4 2010. The difference in unemployment rates between the West Bank and Gaza remains substantial. Unemployment in Gaza was at 37.4% in the fourth quarter of 2010, in contrast with 16.9% in the West Bank.

To address this high level of unemployment, the Ministry of Labour (MoL) intends to launch a new information system for the Palestinian labour market, which will make accurate and updated data on labour market opportunities and demands available. The system will assist in pursuing better informed policies in education, training and employment systems. It will also help individuals to choose appropriate education and training programmes in line with their capabilities and the current/future labour market requirements.



The Government has taken further steps to promote investment, develop human resources, and provide needed infrastructure to the Palestinian economy. In collaboration with the Ministry of Education and Higher Education (MoEHE), the MoL has launched the National Vocational and Technical Training and Education Strategy, and announced the reinvigoration of the higher Council of Vocational and Technical Training. The MoL has also launched the National Employment Strategy, as well as the Strategy on Consolidating the Operation of Cooperative Societies in Palestine.

In order to supply the labour market with qualified and trained employees, the MoL has organised a series of training courses targeting graduates of vocational and technical training centres.

## Agriculture

In the fourth quarter of 2010, the contribution of the agriculture sector to the GDP increased by a remarkable 36.6% in comparison to the previous quarter, and by 15% compared to the same period in 2009.<sup>10</sup> Also in Q4 2010, the agriculture sector accounted for approximately 12.5% of total employment.<sup>11</sup>

Since the agriculture sector is so vital to economic growth, the Government has continued to develop and empower this sector through improved management and the utilisation of additional natural resources. Towards this goal, the Ministry of Agriculture (MoA) has reclaimed and rehabilitated a total of 120 dunums of farmland, has constructed and rehabilitated 64 km of rural roads, and has constructed 300 cisterns. In cooperation with the Palestinian Water Authority and the Palestinian Energy Authority, 53 agricultural wells are currently being rehabilitated and electrified.

<sup>9</sup> Unemployed individuals above the age of 15, who seek employment.

<sup>10</sup> PCBS, 2011, *Press Release: Preliminary Estimates of Quarterly National Accounts (Q4 2010)*, Ramallah, Palestine.

<sup>11</sup> PCBS, 2011, *Labour Force Survey (Q4 2010)*, Ramallah, Palestine.



### Green Palestine

As part of the Government's policy to optimise the use of natural resources in Palestine, the MoA has started implementation of the Green Palestine Project in the 2009-10 agricultural season with budget resources. The project aims to improve environmental conditions, create employment opportunities, combat desertification, rehabilitate rangelands, conserve biodiversity, and contribute to enhancing Palestinian farmers' income. A total of 2.4 million seedlings were planted over 40,000 dunums. These included fruit-bearing trees, forest, pasture trees and shrubs, as well as shade and ornamental plants. It is further expected that around 3 million seedlings will be cultivated in the 2010-11 agricultural season. The project focuses on planting fruit-bearing trees in areas threatened by settlement activity, and in communities isolated by the Separation Wall.



The Government has also continued to implement policies in support of the agriculture sector by creating an attractive environment for private sector investment. The MoA has developed a draft *Agriculture Insurance Law*, which the Council of Ministers approved. An Agriculture Lending Fund was established with an initial capital of US\$ 2.5 million, which will be raised to US\$ 100 million during later phases. Furthermore, a programme for agricultural investment and development was prepared.

As part of the effort to improve agricultural marketing, the MoA has conducted studies and has coordinated with the private sector to jointly establish an Agriculture Investment and Development Company. Work is underway to establish the Public Agricultural Marketing Company. The MoA has also continued to work towards a more effective provision of agricultural services through MoA outreach departments. In addition to delivering veterinary services, a number of animal diseases were monitored and treated. The MoA has furthermore finalised the first agricultural census in the West Bank. Data gathered by this census will contribute to planning and policy making in the agriculture sector. To better support agricultural research, the National Centre for Agricultural Research and the Tissue Culture Laboratory were recently renovated.

## Tourism

In the fourth quarter of 2010, 171,000 hotel guests were counted. 36% came from EU member states, 17% of other European countries, and 13% from the USA and Canada. The occupancy thus increased by 23.9% in Q4 2010, compared to the previous quarter, and by 19.8% compared to Q4 2009. The average number of employees in the hotel industry<sup>12</sup> also rose from 1,707 in Q2 2010 to 1,783 in Q3 2010.<sup>13</sup>



Russian Museum, Jericho

<sup>12</sup> The total average number of hotel staff over three months.

<sup>13</sup> PCBS, 2011, *Hotel Activity in the Palestinian Territory, Q2, Q3 and Q4 2010*, Ramallah, Palestine.



The Ministry of Tourism and Antiquities (MoTA) has continued to promote tourism in Palestine and organised various festivals/events in partnership with local government bodies, civil society actors, and specialised institutions. The MoTA furthermore participated in international exhibitions in France, Italy, Scotland, Ukraine, Brazil, Britain and Canada. MoTA also conducted a number of training sessions, mainly targeting tourist guides, and has been working closely with travel offices and hotels throughout the West Bank.

As part of the effort to protect and maintain Palestinian archaeological artefacts and heritage, the Russian Museum (on a site originally constructed in 1050 C.E.) was inaugurated in Jericho on the occasion of the “Jericho 10,000 Years” festivities. The Samaritan Museum in Nablus and the Dura Museum in Hebron were also rehabilitated. Currently work is underway to renovate the *Ar Rawiya* Museum in Bethlehem.

To preserve Palestinian national identity, the MoTA is working to protect and maintain cultural heritage sites. A number of MoUs were concluded with several donors in order to renovate the Jericho’s Orthodox Church and Hisham’s Palace. The MoTA has also confronted Israel’s policy of transforming historic sites in East Jerusalem. The UNESCO issued five resolutions relating to the occupied Palestinian territory. One such resolution addressed Israel’s decision of placing Palestinian sites, particularly the Ibrahimi Mosque in Hebron and Bilal Ibn Rabah Mosque (Rachel’s Tomb) in Bethlehem, on Israel’s heritage list.

## **Looking Ahead: Major Challenges in Economic Development**

While there are many significant achievements in economic development, some major obstacles persist which could prevent the Palestinian economy from advancing or reverse previous positive trends. On the Government’s side, we need to create a more solid legal and regulatory framework to attract investments in Palestine. The Government also needs to bolster public-private partnership to enable stronger private sector participation in the economic development process.

The Israeli occupation, however, remains the most significant challenge to economic development in Palestine. Restrictions on movement and access, as well as lack of control over our borders and natural resources continue to be real barriers to the growth of our economy, trade, and businesses. The risk of a deterioration of the political climate continues to stifle growth and hampers business confidence. The ability of businesses to import capital goods and raw materials, as well as to export their products and services, remains severely restricted. These combined obstacles constitute a major disadvantage for our industry and have so far curbed foreign investments and partnerships in support of integrating our local economy into the global economy.



# Social Development

## At a Glance: Social Services

The Government is strongly committed to providing and improving social services, in particular health, education and social protection, in line with the growth of the population and the resulting increase in demand. Schools and health-care centres are being constructed, higher education is being developed, vocational and technical education opportunities are being expanded. The Government has also increased investments to social security programmes to target the poor and vulnerable citizens.

In spite of the achievements made in the education and health sector, poverty, unemployment and food insecurity still remain at unacceptable levels, especially in the Gaza Strip. This is primarily the result of the blockade on the Gaza Strip imposed over the past years. Some 22% of households in the Palestinian territory currently live below the national poverty line. 1.4 million Palestinians, or 33% of Palestinian households, suffer from food insecurity, including 22% in the West Bank and 52% in the Gaza Strip. 79% of Palestinian households in the areas currently designated as “Area C”, which is under full Israeli control, suffer from food insecurity, arousing deep concerns of malnutrition in these locations.

As part of its protection programme for disadvantaged groups of society, the Government seeks to empower the youth and women and to promote their full and equal participation in society. The Government continues to invest in the infrastructure for youth and sports, providing support to youth institutions and centres, particularly in marginalised areas. The Government has also launched institutional and legal reforms to safeguard women’s rights and protect women against all forms of discrimination.

The Government has furthermore continued to preserve the Palestinian heritage, seeking citizens’ participation in cultural events and activities, especially in East Jerusalem, marginalised areas, and communities isolated by the Separation Wall. In addition, the Government has sponsored and implemented a range of cultural events, allowing more room for artistic and literary creativity.



## Education

Palestine exceeds other countries in the region in certain educational achievements. More than 97% of children are enrolled in primary schools and the adult literacy rate in the age category of 15 years and above stands at 94.1%. The education gap between males and females has been successfully bridged, with even a female dominance in certain areas of education.

In order to maintain high enrolment rates and meet rising demand resulting from natural population growth, the Government has continued to invest in upgrading the infrastructure in the education sector. During the second half of 2010, the Ministry of Education and Higher Education (MoEHE) built and furnished 542 new classrooms, implemented maintenance works throughout 35 schools, adjusted 6 school buildings to match the needs of students with special needs, and upgraded 90 laboratories in various MoEHE district offices. In addition to providing 142 schools with technical and educational equipment, the MoEHE organised the Palestine National Science and Technology Exhibition in preparation for Palestine's second participation in the Intel International Science and Engineering Fair.

The Government has also continued to support universities and academic institutions in order to build an enlightened Palestinian society in a 21<sup>st</sup> century world.

In terms of educational development, the MoEHE has implemented a national strategy for teacher education and has provided training to more than 2,000 newly-appointed teachers to prepare them for their profession. The MoEHE organised a number of training seminars, reaching out to 6,580 practitioners, in order to promote professional standards in teaching. Furthermore, the Teaching Profession Development Commission is in the process of finalising a version of professional standards for teachers.



The MoEHE also focuses on improving psychological and general health standards among pupils, and encourages student-led activities in order to create a more positive school atmosphere. In this regard, the MoEHE provides medical examinations to pupils and organises workshops on mental health. Approximately 50% of Palestinian schools have been adapted to meet the needs of students with disabilities. To promote a more inclusive education, the MoEHE also appointed special education supervisors throughout the public school system.

To increase enrolment rates in higher education institutions and to align higher education with the labour market needs, the MoEHE has accredited 26 new study programmes, including pharmaceutical medicine, law, graphic design, and elementary education. Additionally, the MoEHE



has provided 1,220 scholarships to students throughout the higher education institutions. Out of these, 40 scholarships were offered to Palestinian students at universities abroad.

### **The Government promotes higher education initiatives**

*In order to improve access to higher education, especially for needy students, the Government established the Student Lending Fund and tasked MoEHE to develop a technical concept paper on the role and form of the Lending Fund in order to set up a lending system and calculate relevant capital. Through the fund, the MoEHE has delivered a total of US\$ 8.4 million of financial aid to students.*

The Government has also invested in the upgrade of vocational and technical education infrastructure. To list a few examples, the MoEHE inaugurated a new industrial school in Jenin and finalized maintenance works for two colleges and six industrial schools. In collaboration with the MoL, the implementation of the National Strategy on Technical and Vocational Education and Training has commenced to improve the quality of technical and vocational education and training. Already a new set of specialised vocational training modules have been developed for fields such as industrial electronics, cosmetics, and computer science. An apprenticeship programme has also been implemented for three more vocational disciplines.

## **Health**

The Government maintained its focus on improving public health in Palestine. The full implementation of a free-of-charge general immunisation programme has already yielded significant results. With coverage of more than 96% of the population, immunisation programmes have positively impacted public health. Communicable and infectious diseases have largely been exterminated in Palestine. Child mortality now stands at 28.3 per 1,000 children and infant mortality stands at 25 per 1,000. Maternal mortality declined to 38 per 100,000 live births and medically supervised deliveries today exceed 98%.

As part of its concerted efforts to deliver high quality healthcare services and to provide citizens with adequate access to medical services within their communities, the Government has continued to upgrade healthcare centres. In 2010, the Ministry of Health (MoH) finalised 10 new primary healthcare centres and embarked on the construction of a new hospital in Tubas. The MoH also expanded and rehabilitated many hospital sections, including the dialysis centre at the Al Watani Hospital, as well as the oxygen station and the medical equipment examination laboratory at the Rafidia Hospital. Both hospitals are located in Nablus.

### **Promoting partnership between the Government, private sector and civil society in healthcare service delivery**

*During 2010, government-approved patient transfers to Palestinian hospitals (including hospitals in Jerusalem) compared to referrals abroad now stands at 46.5%. This is an increase from the 32% in 2007. On the other hand, patient transfers to hospitals abroad dropped from 33% in 2007 to 19.2% in 2010.*



Beyond investing in infrastructure, the MoH has continued to develop human resources in the health sector through continuous health education programmes. The Palestine Medical Complex in Ramallah is now a model facility for the training of healthcare practitioners. But also An Najah University Educational Hospital in Nablus is mandated to train health experts. To further promote the quality of secondary and tertiary healthcare services, the MoH has invited specialised medical missions to work at Palestinian hospitals. The ministry has invited 370 medical delegations and concluded contracts with external medical teams to conduct 26 surgical operations on a monthly average.

The MoH has started to implement the first phase of the Health Information Computerisation Programme at four hospitals in Ramallah, Nablus, Hebron and Qalqiliya, as well as at a number of primary healthcare centres in those cities. The application of this automated system will promote oversight of the availability of drugs and medical equipment at MoH warehouses. It will also facilitate and accelerate communications between warehouses and hospitals to speedily provide necessary supplies to hospitals. Additionally, the MoH has started to implement the Electronic Medical Record, which provides detailed information about the patient's health condition and makes this information readily accessible for medical treatment purposes.

To promote preventative healthcare, the Government has inaugurated the National Centre for Non-Communicable Diseases at the Palestine Medical Complex. The first of its kind to be established at the regional level, the Centre will develop scoping studies and raise public awareness on non-communicable diseases. The MoH has also launched a variety of public awareness campaigns targeting all segments of the Palestinian society. Topics include breast cancer, HIV/AIDS, as well as a healthy lifestyle in general, focusing on the importance of sound nutrition and exercise.

Currently, the MoH is developing bylaws to the *Public Health Law* and has already submitted 21 bylaws to the Council of Ministers for approval. These bylaws address various fields of healthcare, including human medicine, dentistry, laboratories, medical imaging, etc. In early February 2011, the MoH published the Medical Code of Conduct, which provides for citizens' right to safe and easy access to high quality health services, as well as to moral-based treatment throughout the healthcare facilities. Through the National Maternal Mortality Committee, the MoH has put in place a unified monitoring mechanism to observe and document incidences of maternal mortality and to issue reports on causes of death.

## Social Protection

In light of the harsh socio-economic conditions in the Palestinian territory, the Government has continued to deliver targeted social protection services to its poorest and most vulnerable citizens. To improve coverage, quality and targeting of social protection, the Ministry of Social Affairs (MoSA) has begun to implement the Social Safety Net Reform Project, as well as the Palestinian National Social Protection Plan, which will integrate assistance programmes delivered by the MoSA and other major partners.



### **Integration of disabled persons in the society**

*The Government pays special attention to the disabled. To secure safe and equitable access, the Council of Ministers issued a decision in its 80<sup>th</sup> session of 25 January 2011 to adjust public facilities to the needs of persons with disabilities. Tasked by the Government, the MoSA established a committee to monitor and follow up on the implementation of the Law for the Disabled Persons No. (4) of 1999. Currently, the MoSA is developing a package of services to be delivered to this social group. Accordingly, the MoSA is cooperating with the PCBS to finalise the national disability survey – the first to be conducted at the regional level. In addition, the MoSA has provided loans to 63 disabled persons to help them establish their enterprises. 597 physically disabled citizens have benefited from customs exemption to obtain their own vehicles and facilitate their movement. 50% of our national schools have also been adapted to serve students with disabilities.*

The organisational structure of the MoSA continues to be revised. The MoSA has reorganised its 77 centres, directorates and branch offices, and has opened new branch offices in order to enable citizens in marginalised areas, including areas isolated by the Separation Wall, to equitably access services. In the same context, the MoSA has finalised renovation works at the *Dar al Amal* Minors House, the Casablanca Centre for the Disabled, and has inaugurated the Sheikha Fatima Centre for the Disabled.

A poverty data-base is about to be finalized, which currently includes more than 55,000 households in the West Bank and Gaza Strip. Based on the data the MoSA will be able to prioritise delivery of in-kind and cash support to the poor and vulnerable. This database can also be used by other social protection service providers, thereby consolidating partnership, and bundling resources to further reduce poverty.

In order to address high levels of food insecurity, the MoSA distributed food packages to over 44,000 households, including 200,000 citizens, during the reporting period. As a specific measure to alleviate the suffering of citizens affected by the construction of the Separation Wall, by settlement activity, by Israeli military action, and by settler violence, 794 citizens received particular support through the Emergency Cash Assistance Programme throughout the West Bank.

To shift from relief-oriented assistance to development initiatives that lift poor and vulnerable households from dependency to self-reliance is the key priority. The MoSA is working towards that goal by consolidating and institutionalising the Economic Empowerment Programme. Accordingly, the MoSA has finalised the *draft Law on the Economic Empowerment Fund* and set up the administrative and technical framework of the fund. The second phase of the Economic Empowerment Programme, which will target 12,000 households over the next four years, has also been launched.

### **Approval of the National Strategy on Combating Violence against Women**

*On 11 January 2011, the Council of Ministers approved the National Strategy on Combating Violence Against Women, which seeks to “promote the principle of equality before the law for women” and improve institutional mechanisms in the treatment of abused women in order to reach a society based on equality and justice without discrimination.*



The MoSA has also continued to deliver protection and care to vulnerable groups, including abused women, minors and senior citizens. The ministry has also provided vocational training opportunities to the youth, particularly the poor and school drop-outs. This initiative has successfully targeted approximately 3,034 young people.

There are still 6,000 Palestinian detainees in Israeli prisons, including 280 children and 39 women. The Government has continued to provide a range of services and assistance for detainees, ex-detainees and their families, including legal representation before Israeli courts and social assistance. To reintegrate ex-detainees into society, the Ministry of Detainees and Released Detainees (MoDRD) has provided vocational training and rehabilitation to 280 former detainees. 1,800 released detainees have benefited from other education opportunities and another 72 from loans to establish enterprises. Furthermore, the MoDRD continues to provide social and psychological guidance to released prisoners and their families.

## Empowerment of Women

The Ministry of Women's Affairs (MoWA) has continued to empower and promote women's participation in the political and socio-economic sphere by institutionalising and integrating women's and gender issues within policies and programmes run by ministries and government bodies. The MoWA has also launched public awareness campaigns on gender issues.

To operationalise the National Gender Strategy 2011-13, MoWA has finalised an executive Action Plan 2011-13, in cooperation with representatives of other government bodies, civil society actors and the private sector. Work is now underway to implement this action plan on the ground.

The MoWA has also worked over the past six months on reviewing and commenting on draft legislation, including the *Penal Code*, the *Personal Status Law*, the *Law on Insurances and Pensions of the Palestinian Security Forces*, the *Law on the Alimony Fund* and the *Labour Law*. Accordingly, the Council of Ministers presented to the President a draft decision on suspending the provision on exculpating and mitigating excuses under the *Penal Law*. Accordingly, "honour" murders now constitute a crime for which the perpetrator will be fully held accountable by Palestinian law. The MoWA also succeeded in the following administrative regulations: Palestinian women are entitled to preserve their family names following marriage; girls who attain the age of 18 years are entitled to receive a passport without prior permission from their guardians; married women who hold a Palestinian ID are endowed to Palestinian nationality for their children and can register them on their ID cards until the age of 16; widowed mothers can apply for passports for their children under guardianship of the religious court.

To promote greater public awareness on women's issues in Palestinian society, the MoWA implemented three media campaigns: (i) encouragement of technical and vocational training and education among girls; (ii) awareness on gender-based violence; and (iii) UN Security Council Resolution 1325 on women in conflict situations. The ministry has also finalised the draft report on the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

## Youth and Sports

The Government continues to pay special attention to youth empowerment and promotion of community participation through sports. To support this objective, the Government approved the *Law on the Formation of the Higher Youth Council* to provide an institutional framework. A database on youth institutions in Palestine was established to enable the Government to address the needs of youth and enhance their participation in planning processes relevant for youth. Steering bodies and technical committees were established to implement the cross-cutting National Strategy for Youth 2011-13.



Orthodox Club Swimming Pool, Beit Jala

As part of its continued efforts to invest in infrastructure for youth and for sports, the Government has finalised construction of the Beit Jala swimming pool, as well as a the Child House Club in Hebron, which includes a theatre, media centre, a multi-purpose hall and a computer laboratory. Work is underway to prepare 15 training playgrounds, and rehabilitate two more playgrounds and two stadiums. The Government also plans to construct a further four closed sports halls and two swimming pools. Seven youth centres are currently being rehabilitated. In areas affected by the Separation Wall and in Hebron new youth and sports centers are being constructed.

### Jerusalem – The Capital of Arab Sports

*The Executive Council of the Union of Arab Football Associations declared Jerusalem as the capital of Arab sports for 2011. Accordingly, Palestine hosted the first Arab Sports Journalists Forum, which brought together 80 Palestinian and Arab media representatives from 12 Arab countries, including presidents of regional sports journalist associations, as well as the UN Under-Secretary-General at United Nations Office on Sport for Development and Peace (UNOSDP).*

The Feisal al Hussein International Stadium, located in the Ar Ram town in the vicinity of East Jerusalem, has been internationally recognised as the home stadium<sup>14</sup> of the Palestinian national football team. In this stadium, Palestine played its first ever competitive match at home in March 2011. It was the second leg of a qualifier for the London 2012 Olympic Games against Thailand. In the presence of the President of the International Olympic Committee, the cornerstone for the building of the Palestinian Olympic Committee was laid. A friendly football match between the Olympic teams from Palestine and Jordan marked this special occasion. Also, the International Olympic Committee approved an international strategic plan to sup-



Palestine-Thailand match on Feisal Hussein International Stadium

<sup>14</sup> According to FIFA conditions, a home stadium is a domestic playground that is qualified to host international matches.



port and bolster the Palestinian sports movement. In line with the relentless efforts to encourage women's participation in sports, the first Palestinian women's league was launched in February 2011, with participation of six female football teams. The Palestinian Football League and Premier League were also inaugurated.

## Culture and Heritage

The Government is making a sincere effort to develop Palestinian culture, promote the role of culture in Palestinian society, invigorate cultural contact and exchange, and preserve the cultural heritage.

Over the past six months, the Ministry of Culture (MoC) has organised more than 270 cultural events, including symposiums, theatre performances, book fairs, and local festivals and celebrations, such as the Olive Harvest Festival. To support and stimulate artistic and literary creativity, the MoC launched the Prison Literature Project. With the aim of encouraging a reading culture MoC, organised a conference to promote readership in the Jenin governorate, and provided a total of 33,750 books and publications to 225 schools, public libraries and kindergarten libraries.

### Culture Development Fund

*The Culture Development Fund currently provides support to 25 projects throughout cultural centres and institutions, especially in marginalised areas. These projects covered various cultural areas, including five projects in the theatre, five in the cinema, five in music, four in fine art, four in handicraft industry, and three in heritage. The Fund also completed four projects designed to support libraries and six others to carry out cultural community events.*

The MoC has furthermore launched the Fine Art Training Programme and has sponsored exhibitions of artistic works. In collaboration with MoEHE and MoSA, the MoC organised a competition in fine art for citizens with disabilities. 70 participants from across Palestine took part in the competition and 16 winning artists were honoured.

The MoC celebrated the Palestine Popular Heritage Day with 22 events and launched the National Register for the Documentation of Oral History. In light of the utmost significance of East Jerusalem as our economic, cultural and religious hub, the MoC organised a range of cultural events and activities in the city.

Recently an agreement was signed with the United Kingdom on the joint production of films for cinema. The MoC furthermore sponsored a resolution at the 17<sup>th</sup> Session of the Arab Culture Ministers, which designated





East Jerusalem as the permanent capital of Arab culture. Palestine was also represented in several Arab and international festivals, including the Doha Festival of Arab Pioneers and Innovators, the Vietnam-Arab Arts Festival, the Universal Music Festival in Tunisia, and the Popular Arts Festival in Belgium.

The Government has completed the restoration and inaugurated of the Picture Museum in the old city of Bir Zeit. Work is currently underway on the construction of a cultural centre in Qalqiliya and the expansion of the Khalil As Sakakini Centre in Ramallah. Finally, the Government provided financial support to purchase land for two more cultural centres in Tulkarem and Jericho.

## Looking ahead: Major Challenges in Social Development

Palestine has made tangible progress in social development, particularly in areas where the Government was capable of working without restrictions imposed by the Israeli occupation. Pressure on social services is increasing in light of the continued occupation and as a result of the rising population. Developing and ensuring the sustainability of social service delivery will be a major challenge for years to come. Our international development partners' contribution has positively impacted achievements in the social sector, but the challenge remains to reduce dependence on foreign aid and promote self-reliance in the implementation of social programmes. Ultimately, this requires moving forward and building on the financial and administrative reforms we have already achieved.

The few past years have witnessed a tangible improvement in coordination between social service providers within and outside the Government, including the private sector, civil society and international organisations. However, more efforts need to be made to promote coordination and partnership. We also need to consolidate and implement necessary legal and legislative reform initiatives grounded on a rights-based approach to social services. Although we have scored significant achievements, we are determined to make even further progress in this sphere.

The high level of unemployment and poverty is a major strategic challenge, which has compelled the Government to raise the number of households benefiting from the social protection net. Unfortunately, this has hindered our envisaged transformation from a welfare-oriented to a development approach. In effect, we need to overcome this challenge and focus on productive initiatives. To do this, Israel's control of Palestinian life in general, and of Palestine's economy in particular, needs to be dismantled. The Israeli occupation continues to restrict movement of persons and goods, to construct and expand settlements, to build the Separation Wall, and to subject our people to inhuman and collective punishment. The continued occupation obstructs the implementation of development initiatives, undermines our development achievements, and limits our ability to further build up our state.





# Infrastructure

## At a Glance: Infrastructure

Infrastructure is the backbone for the State of Palestine and is intertwined with economic development, public service delivery and private sector operation. In this important sector, the Government has produced many positive achievements in the face of numerous challenges. Improvements are visible in public transportation, energy, water and wastewater, solid and hazardous waste management, and the protection of natural resources.

In the energy sector, the Government has connected all Palestinian residential areas - including remote ones - to the electricity grid. In terms of road infrastructure, the Government has constructed new roads and rehabilitated many existing ones. Road network construction continues to positively impact daily life and has provided employment opportunities in addition. In the water sector, the government continues its efforts to provide water services to all Palestinian communities. Many networks have been rehabilitated or installed, including wastewater networks.

To conserve the environment and improve public health, the Government has started constructing new sanitary landfills in the central and southern West Bank.

Construction of new housing units continues, and we have also restructured the housing sector in order to improve prosperity and welfare for our people.

## Transportation

The Government has implemented numerous infrastructure programmes and projects to upgrade the transportation sector. Between September 2010 and February 2011, with an estimated cost of US\$ 28 million, approximately 140 kilometres of roads outside municipal boundaries were paved and rehabilitated, and 330 kilometres of roads inside municipal boundaries were also paved and repaired. Additionally, plans for the Palestine International Airport in the Al Buqei'a area of East Jerusalem have been finalised. The new airport will include airstrips, an aircraft parking area, a passenger terminal, a presidential wing and a cargo terminal. Currently, work is underway to finalise an environmental impact assessment (EIA), as well as an Integrated Pollution Prevention and Control (IPPC) study.



# Energy

Securing the energy needs for our growing population is a priority. The Government has connected several villages and small residential areas in the West Bank to the electricity network, including Ras Tira, Ad Dab'a and Wadi ar Rasha villages in the Qalqiliya governorate, as well as some Bedouin communities in Khashm al Karm area in the southern West Bank. The Palestinian Energy Authority (PEA) has also developed a feasibility study on the construction of an electricity plant in the northern West Bank and on renewable energy resources in Palestine.

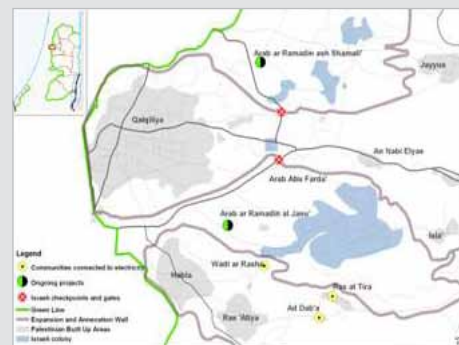
To better serve the Palestinian people, the PEA concluded a contract to procure operational equipment for the electricity distribution system in the northern West Bank. The first phase of connecting wells in the northern West Bank to the electricity network has been finalised, and 95% of another project to electrify stone quarries in Beit Fajjar and Injasa has also been completed. Besides eight networks in the north, electricity grids in five residential areas have been expanded and rehabilitated in the southern West Bank. Work is still ongoing to expand electricity networks in 18 residential areas in the Jerusalem District Electricity Company's area of operation.



Transformer station, Ras Tira and Ad Dab'a

## Connecting Isolated Villages to the Electricity Grid

*Ras Tira, Ad Dab'a and Wadi ar Rasha are Palestinian villages in the Qalqiliya Governorate with a combined population of 1,000 inhabitants. Adjacent to the Separation Wall and surrounded by several Israeli settlements, these villages suffer from a large economic burden as they are forced to rely on expensive diesel generators for electricity. Thus, the Government has made a great effort to connect the villages to the public electricity network. Between April and November 2010, the PEA constructed low and medium voltage power networks for the three villages. On 27 November 2010, all villages were successfully connected to the electricity grid, marking a major shift in the life of residents and providing electricity around the clock at a reasonable price. Despite this achievement, some villages, including the northern and southern Arab Ar Ramadin villages in Qalqiliya, continue to suffer since the Israeli occupying authorities refuse to connect them to the public electricity grid. Nonetheless, the Government continues to exercise all possible efforts to electrify these areas.*





To enhance and modernize the electricity transmission system, the PEA has reached an agreement with the Israel Electricity Company to construct four 161/33kv transformer stations in the northern, central and southern West Bank. The PEA has also started negotiations with the Israel Electricity Company to finalise the 161/22kv transformer station project in northern Gaza and has launched a project for the rehabilitation, installation and operationalisation of this station.

To promote more efficient energy consumption, the PEA has started to implement an energy audit at industrial installations and preparations are underway to develop a national plan on the efficient use and rational consumption of energy in Palestine.

Many positive changes to the energy sector are already visible throughout Palestine. Information system programmes at electricity distribution companies throughout the West Bank and Gaza have already been commissioned. The electricity tariff system has been circulated to all distribution companies and local councils, which continue to distribute electricity. Additionally, a tender was issued to procure equipment for the Gaza Electricity Distribution Company.

## Environment

Following the Council of Ministers' approval of the National Environment Strategy 2011-13, the Palestinian Environmental Quality Authority (EQA) has started to develop an anti-desertification strategy in coordination with relevant ministries and government bodies. Presided by EQA and bringing together representatives of relevant government bodies, several subcommittees have been established to tackle major issues related to the phenomenon of desertification.

### *Palestine's participation in the UNFCCC*

*The EQA participated in the Sixth Conference of Parties to the UN Framework Convention on Climate Change (UNFCCC) in Cancun, Mexico. The Conference sought to reach an ambitious, legally binding agreement to commit both developed and developing countries to reducing climate change emissions. EQA's attendance is a major achievement, which will enable the State of Palestine to materially benefit from global conventions. In the final session of the conference, the Palestinian delegation managed to include a special paragraph on Palestine in its addresses of the Group of 77 and China, highlighting that Palestine's participation in international meetings on climate change should be facilitated and that Palestine should benefit from UNFCCC funds.*

To address environmental concerns more effectively, the Council of Ministers approved the *Regulation on Environmental Conditions of Stone Quarries, Marble, Tiles and Ready Concrete*. Other regulations are being scrutinised for approval, including the *Regulation on Medical Waste Management* and the *Regulation on Nature Protection*. Legislation has also been approved in support of over 70 environmental projects, including an Environmental Impact Assessment (EIA) of the Khan Yunis wastewater treatment plant and the solar project in Jericho.



## Solid Waste

The Government can point out to achievements in the legal framework for solid waste management that benefit the environment and improve public health. In addition developing more solid waste landfills has reduced the environmental damage and health hazards generated by irregular sites. The Government has also embarked on pilot projects in the field of solid waste processing and has provided equipment needed to enhance solid waste collection, transportation and disposal.



Sa'ir Dumping Site – Before Closure



Sa'ir Dumping Site – After Closure

The Government has finalised the closure of several irregular dumping sites in Sa'ir, Ash Shuyukh and Bani Na'im in the Hebron Governorate and has commenced arrangements to construct the southern solid waste landfill instead. Also, the Wadi Ash Sha'ir transfer station was completed and is now able to absorb solid waste from the Tulkarem governorate, serving Tulkarem city, 'Anabta town, and Nur Shams refugee camp. After collection, solid waste is transported to the Zahrat al Finjan landfill in Jenin. 150 solid waste containers were distributed to the villages of Deir al Hatab, Salem, 'Azmut, Til, Beit Iba, Sarra and 'Iraq Burin in the Nablus Governorate. In addition, work is underway to establish the northern solid waste recycling plant at the Sir collection site.

## Water and Wastewater

In terms of water and wastewater the Government has finalised the first phase of the water sector reform and has established two Joint Service Councils for water and wastewater. The first one established in the Tubas Governorate, covering Tubas, Tammun, 'Aqqaba and Tayasir, and the other in the Jenin Governorate, covering Meithalun, Siris, Al Jadida, Misliya, Sir and Jarba.

### ***Towards a reformed water sector***

*Studies conducted by the Palestinian Water Authority (PWA) highlight the lack of clear legal terms of reference and conflicting responsibilities among actors in the water sector. The Council of Ministers approved a sector-wide reform programme for water with the aim of establishing strong and capable institutions. It is anticipated that this initiative will clearly define the roles, responsibilities and working relationships between the various institutions, and thus ensure high quality service delivery.*

As part of the Government's effort to secure an adequate supply of water, a project has been implemented to operate a new well with a 200 m<sup>3</sup>/h production capacity and install 26 km of transmission pipelines, as well as 100 km of internal water networks in six villages in the Jenin Governorate. Transmission pipelines are also being installed in nine villages in the north-western Jerusalem Governorate. In addition to constructing a 1,200 m<sup>3</sup> water reservoir in Beit Ula, a project for installing a water pipeline and a reservoir, with a capacity of 2,000 m<sup>3</sup>, in Halhul was completed. An additional two high water reservoir, with a capacity of 500 m<sup>3</sup> each, were constructed in Khallet al Mayya and Al Karmel areas. A main transmission pipeline, measuring 7.6 km in length, was also installed in Yatta in the Hebron Governorate. Five wells are being drilled on the Eastern aquifer and eight wells in the south are being rehabilitated. In the Gaza Strip, maximum efforts are exerted to construct five water reservoir with a capacity ranging from 200 to 1,000 m<sup>3</sup> each and to develop water pumping stations and desalination plants.

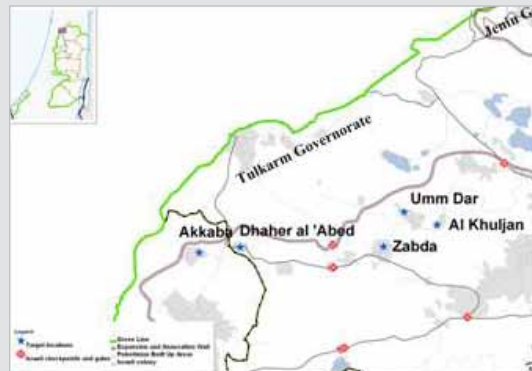


Inaugurating a water distribution cistern in Halhul

To artificially recharge ground water aquifers and prevent floods which frequently occur in the winter, the Palestinian Water Authority (PWA) has started to construct the Wadi al Far'a dam, which will collect floodwater. The dam design a capacity is approximately 40,000 m<sup>3</sup>.

### Ensuring water supply to all citizens

Zabda, Al Khuljan, Um Dar, 'Akkaba and Dhahr al 'Abed are marginalised villages in the northern West Bank adjacent to the Separation Wall. For a long time these villages have suffered from an acute water shortage because they are in such close proximity to the Separation Wall and lack water infrastructure. In the past, residents would have to depend on rainwater harvesting or purchase water from outside at exorbitant prices. In response to this dire situation, the Government has installed an integrated water infrastructure, which includes water supply networks, cisterns, house connections, and transmission pipelines linked with the internal water network, thus ultimately providing a permanent water source to these villages.



The construction of the Western Nablus Wastewater Treatment Plant has commenced, which will serve the western part of Nablus, as well as five adjacent communities.

Construction has also started for a wastewater treatment plant and sewerage network in the Northern Gaza Governorate. In addition sewerage systems have been developed in Deir al Balah, Al Masadir and Al Maghazi localities in the Gaza Strip. There are plans to establish a regional sewerage project for Wadi Zumar near Tulkarem, which will serve nine adjacent residential areas. The regional sewerage project would comprise the installation of a sewerage trans-



mission pipeline, as well as new sewerage networks in the villages and towns of Beit Lid, Ramin, Kafr al Labad, Bal'a and Kafr Rumman. Existing sewerage networks in Tulkarem city, 'Anabta town, and Tulkarem and Nur Shams refugee camps will also be expanded. In Misliya village in the Jenin governorate, the PWA has started to install a sewerage system includes sewerage network a wastewater treatment plant, and a system to reuse treated wastewater in irrigation.

## Housing

Providing adequate and affordable housing to all Palestinian citizens is one of our national goals. Housing construction is presently underway the new city of Rawabi, the Al Jinan neighbourhood in Jenin and Ar Reehan neighbourhood in Ramallah. In 2011, construction also commenced in the Al Ghadeer neighbourhood of Abu Qash in the Ramallah Governorate. In East Jerusalem, efforts continue to obtain needed licences for construction of the Rabi-yat al Quds neighbourhood in Beit Safafa. Additionally, several housing projects are being implemented in Nablus, Hebron and Qalqiliya, which will provide a total of 800 housing units.

In the fourth quarter of 2010, the Palestinian Housing Council (PHC) rehabilitated a total of 756 low-income housing units throughout the West Bank, including East Jerusalem. Housing projects have also targeted citizens with special needs. In Gaza, 750 homes are expected to be rehabilitated during the first half of 2011. To support financing for housing construction, the PHC provided a total of 55 loans, 25 in East Jerusalem and 30 in other areas of the West Bank.

Recognising the need to support vulnerable households, especially families of political prisoners, who have served long sentences in Israeli jails, the Council of Ministers decided to establish an ad-hoc committee to examine and assess housing conditions of these families. So far US\$ 4 million have been earmarked to improve housing conditions for these families.

As part of our strategic goal of promoting public-private partnership, and in cooperation with the UN-HABITAT, the Ministry of Public Works and Housing (MoPWH) has established a general framework policy for housing in Palestine. A process is currently underway to review the legal framework of the housing sector and to produce a new *Law Relating to Owners and Tenants*.

## Information and Communication Technology

Working in close cooperation with the private sector, the Government has produced tangible results in the development of the Information and Communication Technology (ICT) sector. In a short period, the ICT sector has experienced rapid success in terms of quality service delivery and coverage. Most importantly, the Ministry of Telecommunications and Information Technology (MoTIT) has finalised a scheme assessing e-government infrastructure, as well as relevant information systems and databases. The MoTIT has also completed an assessment of the ICT infrastructure, policies, strategies and regulations. The general framework of information exchange between ministries has been finalised and MoTIT is now working on training specialised staff to operationalize the system.



### ***Raising Palestine's representation at the ITU***

*The MoTIT has managed, through its delegation at the Plenipotentiary Conference in Mexico, to raise the representation level of Palestine at the International Telecommunication Union (ITU). With the exception of voting privileges, Palestine now enjoys every other entitlement of ITU membership. Palestine's accession to the ITU is a historic step towards statehood.*

In the postal sector, we have obtained an International Postal System (IPS) licence, through which we can introduce additional postal services and link them through a computerised network. Accordingly, we will be able to track mail at internal and external levels. Preparations have commenced to carry out a postal coding system of residential areas, neighbourhoods and places of residence. The Government has also constructed a postal service training facility in Jericho, rehabilitated post offices in Nablus, in the old city of Hebron, and has made preparations to establish a post office in the Jordan valley.

### **Looking Ahead: Major Challenges in Infrastructure Development**

The lack of sovereignty over Palestinian land and natural resources is a major inhibitor of infrastructure development. Permission from Israel is required before engaging in any form of construction activity in those 60% of the West Bank currently designated as "Area C", including for road rehabilitation, electricity, water and wastewater. However, Israel's measures are clearly designed to prevent construction activities and delay infrastructure development on the Palestinian side, while promoting construction and infrastructure for surrounding Israeli settlements.

In Gaza, the Israeli blockade prevents the implementation of nearly every major infrastructure initiative articulated in the Palestinian National Early Recovery and Reconstruction Plan. Due to restrictions on the import of required materials and machinery, infrastructure projects in Gaza are effectively frozen.

Many government ministries and agencies are involved in the process of developing, maintaining and regulating public infrastructure, which also presents a significant challenge in coordinating government policy. To address this problem, there have been substantial improvements in the degree of policy coordination and planning. There are presently many legal and organisational reforms underway to clarify the mandates of various government bodies and separating, for example, service delivery roles from regulatory roles.

Financial constraints are another major impediment in the implementation of our infrastructure objectives. Additionally, Palestine is still incapable of utilising the International Environment Fund and the Climate Change Fund because it only has observer status at relevant international conventions, which prevents Palestinians from obtaining the many privileges given to permanent members.





# PRDP 2008 -10 Achievements

## Introduction

The Government has completed the implementation of the Palestinian Reform and Development Plan (PRDP) 2008-10, which marked a new phase in national planning, since it adopted an integrated budgeting and planning process based on a medium-term expenditure framework (MTEF) and a medium term fiscal framework (MTFF). In this section of the AHLC Report we provide a brief summary of the main achievements of the PRDP.

Over the past three years, the Government has strived to promote good governance, enhance public service delivery, upgrade infrastructure, promote investment, and encourage economic growth. In order to accomplish these objectives, building solid institutions has been essential. Ultimately our institutions need to shoulder the responsibility of statehood – the responsibility towards the independent State of Palestine, with Jerusalem as its capital.

The challenge state-building under continued occupation has proven to be a daunting task. We are faced with incredible challenges: limited financial resources, lack of control over external borders, arrested development in Area C, restrictions on movement and access, the siege on Gaza, the confiscation of land for settlements, and the de-facto seizure of lands by the route of the Separation Wall. Yet in spite of these enormous obstacles, the Government has been able to implement numerous development projects and initiatives.

As we look forward to the establishment of a politically and economically independent State of Palestine, we are aware that we still have to exert efforts to reduce the substantive socio-economic inequalities. The quality of life in the Gaza Strip lags far behind the West Bank, and even within the West Bank there are significant disparities between urban and rural communities. As a small country with limited natural resources, human capital is our most precious asset. Therefore, over the next few years, the Government will continue to invest heavily in social development as it significantly impacts on the future of the entire Palestinian population.



## Governance

Good governance is a substantial, indispensable condition to achieve sustainable development. Accordingly, the PRDP 2008-10 was designed to promote democratic governance that respects the rule of law, protects individual and collective rights, prudently manages natural resources, and provides a safe and secure environment. Good governance is further essential to the delivery of efficient public services that fully meet the needs of our citizens.

The PRDP 2008-10 has sought to **promote and strengthen legal, civil and criminal systems and enhance the professional operation, efficiency and accountability of the security services**. In this context, the Government has worked towards strengthening the criminal justice system and promoting judicial independence. As a priority, the Government has upgraded infrastructure and improved institutional capacity for the security agencies, the Ministry of Interior (MoI), the public prosecution, and the court system. The Government has strongly promoted improved cooperation between all stakeholders in the justice sector, including the High Judicial Council (HJC), the Public Prosecution, the Ministry of Justice (MoJ), the MoI, civil society, and legal education institutions. The reforms have positively impacted the quality of services in our justice system<sup>15</sup> and have enhanced the feeling of safety and security for our citizens. The increased trust in the justice institutions is reflected by the fact that more citizens than ever before seek remedy through the PNA's justice system, instead of referring to traditional justice systems.

To meet the rising demand on security and judicial services, the Government has identified the reform of the Palestinian Civil Police (PCP) and Public Prosecution as a top priority. Between 2008 and 2010, the Government focused on upgrading infrastructure and enhancing capacity within the PCP and Public Prosecution. Capacity building projects for police officers focused on criminal investigations, combating narcotic drugs, preservation of public order, and respect for human rights. Additionally, specialised judges were appointed in the areas of juvenile justice, land disputes, customs, income tax, corruption, money laundering, etc. The number of judges in Palestine was increased from 181 in 2008 to 205 by the end of 2010. The number of Public Prosecution staff and judicial staff was also increased to meet the rising need for judicial services.

As part of the continued effort to develop infrastructure and institutional capacity of the security and justice sector, the Government has significantly invested in equipment, communication systems, vehicles and training to rapidly upgrade performance. To facilitate operation and expedite case settlement, six courthouses were constructed or rehabilitated. Two Public



*Graduation ceremony of the 3rd class at the Palestinian Academy for Security Sciences in Jericho, 2010*

<sup>15</sup> Compared to 2007, cases adjudicated in courts rose by 66% in 2008. 2009 also marked an increased percentage of case adjudication. In comparison to 2008, settlement of penal cases settled by Magistrate courts climbed by 156% and criminal cases by 263%. Courts also finalised 15% of backlog of cases. By the end of 2010, adjudication of cases brought to Palestinian courts represented 144% at Magistrate courts and 98% at Courts of First Instance. Cases completed by the Public Prosecution rose by 70% compared to previous years. Cases finalised by the Public Prosecution on a monthly basis increased by 16% and execution of penal cases by 1.4%. More than 26,000 judicial decisions were executed in 2009, indicating an improved level of cooperation and joint operation with the Judicial Authority and Public Prosecution.



Prosecution offices were also rehabilitated and supplied with modern equipment to better deliver high-quality services. The MoJ established four new public service offices and work is currently underway on two more offices. In late 2010, an agreement was concluded to finance the construction of the "Palace of Justice" in Ramallah, as well as of courthouses in Hebron and Tulkarem, at a total cost of CAD 50 million. An agreement was also reached to launch the construction of a forensic medicine centre and criminal laboratory. To upgrade public security and safety, a Civil Defence School was recently completed and work has already begun to equip an additional two Civil Defence centres. Seven correction and rehabilitation centres were renovated and rehabilitated. Four Civil Police stations and two Special Police centres were inaugurated. Nine regional headquarters for the National Security Forces and two General Intelligence stations have been rebuilt and maintained. Restoration of the National Security Forces headquarters in Salfit is ongoing, as well as the maintenance of the An Nuwei'ma encampment in Jericho and the Al Muqata'a buildings in Nablus, Jenin, Jericho and Hebron. The outpatient clinic of the Military Medical Services in Nablus has been finalised.

During 2008-10, the Government exerted significant efforts to **promote and strengthen accountability of local governance institutions**. In this context, the Municipal Development and Lending Fund (MDLF) was established to operate as the basic source of funding to LGUs. The MoLG and the MDLF developed a policy framework to support LGUs' financial independence and transparency, as well as to promote increased administrative, executive, technical and financial capacity. As part of the Government strategy to reduce the number of LGUs in proportion to its population and geographical size, a merger process has been launched. Accordingly, the number of LGUs dropped from 483 in 2009 to 412 by the end of 2010. LGUs are expected to further decline to about 200 by 2013. In addition, the Government has started to implement projects specifically targeted towards the Bedouin and other marginalised communities, such as areas affected by the Separation Wall, the Jordan Valley, and communities in Area C.

With regards to **Public Financial Management reforms**, the Government has implemented policies to improve fiscal sustainability. The **wage bill** was successfully contained by adhering to the prescribed ceiling of public servants (namely 150,000), while allowing for moderate recruitment in certain sectors in line with population growth, particularly in the education and health sector. The Government also reduced net lending and enacted policies to compel citizens to pay their utility debts, especially electricity bills. Thus, **net lending** declined as a percentage of GDP from 11% in 2007 to 3.4% in 2010. To raise tax and customs revenues, the Government reformed the **tax management** system. Reforms comprised a variety of administrative and technical processes, including the establishment of an office for major tax payers (such as large companies), increased presence of customs officials at crossing points, automated administrative processes, and specialised training. As a result, net public revenues rose as a percentage of the GDP to 28% in 2010, compared to 25% in 2007. Recurrent public expenditure dropped to 44% of the GDP in 2010, compared to 50% in 2007. The MoF has also accomplished a number of achievements in **financial oversight** through the consolidation of public accounts. Public accounts that used to operate beyond the zero-balance account system were closed down. A single accounting system was established throughout the budget entities and electronically connected to the MoF. The Single Treasury Account was fully re-established.



### ***Palestine Monetary Authority: A Success Story***

*As preparations are being made to establish a central bank, a major transformation in the performance and approach of the Palestine Monetary Authority (PMA) has taken effect in the past three years. In November 2010, President Abbas approved the new Banking Law, which was drafted by the PMA to replace the old Banking Law No. (2) of 2002. The new Banking Law of 2010 seeks to promote better principles of governance, transparency and accountability, and to develop more competitive financial services in order to facilitate and encourage investment. In 2008, a new regulation was issued to license and control money exchange.*

*The PMA adopted a new policy for bank branches and also launched an electronic credit information system. Developed in 2010, this credit information system was ranked first among Arab and Mediterranean countries, and ranked second in the world (only behind Malaysia). Furthermore, the PMA raised the minimum capital requirements for banks operating in Palestine to US\$ 50 million by the end of 2010. As part of its continual effort to enhance stability and improve performance of the banking system, the authority addressed the position of weak banks through a series of liquidation and merger initiatives.*

*As a result of these policies, the number of bank branches increased from 151 in 2006 to 212 in 2010. Net assets of banks operating in Palestine increased from US\$ 7.4 billion in 2008 to US\$ 8.6 billion in 2010. Total direct credit facilities issued in 2008 experienced an increase by 7.2%, rising to US\$ 1.8 billion. Non-bank deposits were higher by approximately US\$ 6.8 billion in 2010. In light of strengthened capital composition, total property rights increased, further promoting stable and steady operation of the banking system. Marking a significant decline, delinquent debts dropped from 8.1% in 2008 to only 2.7% in 2010. The credit facility portfolio rose by 29.2% in 2010, reaching the highest level since the PMA was established – namely US\$ 2.89 billion compared to US\$ 1.83 billion in 2008.*

Over the past three years the Government **promoted accountability and transparency** throughout the public sector. As mentioned earlier, the Single Treasury Account was re-established and an Accountant General was appointed to screen the public treasury, monetary and public debt management, budget implementation, the wage bill, as well as financial reporting and accounting. The Government has launched an advanced accounting system, which incorporates monitoring of commitments and management of disbursements with the aim of promoting stronger management in line with the budget, as well as public accountability. Policy making, planning and integrated budgeting implementation were furthermore enhanced.

The Government built effective and efficient oversight institutions through enhanced independent financial oversight capacities, as well as through monitoring, evaluating and reporting on the government's performance and on public service delivery. In 2009, the Council of Ministers approved the establishment of the Directorate for Monitoring and Evaluation at the MoPAD in order to implement a comprehensive, integrated monitoring and performance evaluation system covering all ministries and government bodies. Monitoring and evaluation tasks will be performed against national plans, as well as against sector and crosscutting strategies.



### **Advancing governmental planning**

*Over the past three years, the Government has made significant progress towards sector-wide planning processes. The MoPAD has evolved from purely preparing projects and coordinating aid to leading and coordinating the Palestinian development process. Further to being mandated to approve public policies, development and emergency plans, the MoPAD has also strengthened its role in the coordination of aid and the liaison with donors and other relevant institutions.*

*Launched in May 2008, the PRDP for the first time incorporated a comprehensive national policy agenda that is linked to the budgeting process. National policy priorities have thus been guiding the allocation of government revenues and external aid. In August 2009, the MoPAD initiated the process for the Palestinian National Development Plan (PNDP) 2011-13. This process was grounded in the development of 23 sector and crosscutting strategies, in partnership with respective stakeholders (government institutions, civil society organisations and the private sector). The PNDP 2011-13 is fully based on these sector and crosscutting strategies. The 2011-13 plan includes the Palestinian National Policy Agenda (NPA), resource allocation in line with the PNPA priorities, and a results-based monitoring framework. The planning approach thereby incorporates bottom-up public policy making with participation of governmental and non-governmental partners, overall guidance based on the PNPA, results orientation, and a realistic financial framework.*

*Statistical data collection has assumed an important role in informing governmental policy making and planning. The PNDP strategies for 2011-13 rely on Palestinian Central Bureau of Statistics (PCBS) data as a baseline for the planning and budgeting process. The Council of Ministers also referred to the cost-of-living index published by the PCBS to determine the annual increase in public salaries. According to the 2010 PCBS Status of Administrative Record survey, 84% of ministries and government bodies currently use PCBS data for planning and policy making. These achievements are a result of the PCBS' efforts to progressively develop and consolidate its information structure for planning and policy making. Statistical concepts have been unified and data is exchanged within the government to promote greater cooperation.*

*Over the next three years, efforts will continue to further improve planning and policy making on the basis of accurate data and financial information. Consultations with all relevant stakeholders will continue to be a basic planning principle. The ambitious aim is to enable government officials to select among policy options to achieve defined results and to anticipate the financial impact of these policies.*



## Economy

In the implementation of the PRDP the Government has worked towards **strengthening public-private partnerships** throughout the various economic fields and activities. To encourage more private sector development, the Government has paid careful attention to an **investment enabling environment**, especially in production sectors which are essential for sustainable economic development. The Government has also continued with efforts to regulate the internal market and access external markets. With these goals in mind the amended Investment Promotion Law and the revised Income Tax Law were issued. A Higher Council for Consumer Protection was established and by-laws for the Consumer Protection Law were passed. The Law on the Agricultural Insurance Fund and Risk Prevention was developed to better regulate the agriculture sector. To promote contact between local and foreign investors, the Government organised two investment conferences in Bethlehem in 2008 and 2010. Additionally the Palestinian market was cleared from Israeli settlement products and services by 2010.

### *Palestinian companies achieve more profits*

*2008 and 2009 reports released by the Palestine Capital Market Authority indicate that 26 companies listed on the Palestine Stock Exchange achieved profits of approximately US\$ 213 million in 2008. In 2009 these profits increased to US\$ 223 million for 30 listed companies.*

The Government continued to support and implement the **Gaza Private Sector Reconstruction Programme**, designed to rejuvenate the private sector in Gaza which has suffered immensely due to the longstanding Israeli blockade and military offensive launched in late 2008. With an estimated budget of US\$ 33 million, the programme provides direct financial assistance to more than 1,000 enterprises, whose production assets were destroyed or damaged during the war on Gaza.

The Government has achieved tangible progress in boosting external trade and has continued in its efforts to obtain observer status at the World Trade Organisation (WTO). Supported by friends in the international community, the process of Palestine's application to accede to the WTO has been finalised. In support of WTO membership, our partners have allocated technical assistance to Palestine to meet the required conditions for membership. The Government furthermore concluded several agreements, MoUs, and cooperation protocols with a number of countries in order to boost Palestine's economic relations.

The overall economic efforts have yielded an impressive 18% rise in the volume of foreign investment in Palestine between 2009 and 2008. Totalling about US\$ 1.6 billion, the majority of the foreign investments were direct investments (US\$ 1.2 billion). The share of foreign investment amounts to 7.3% of capital investment in Palestine. Investment in transportation and sewage comprised the lion-share of total investments, amounting to 61%. The PCBS survey results revealed the following ranking of foreign investments to Palestine: investments from Jordan constitute 45% of foreign investments, followed by Qatar with 6%, Egypt with 3.5%, Saudi Arabia with 2.7%, and the United Kingdom with 2.4%.<sup>16</sup>

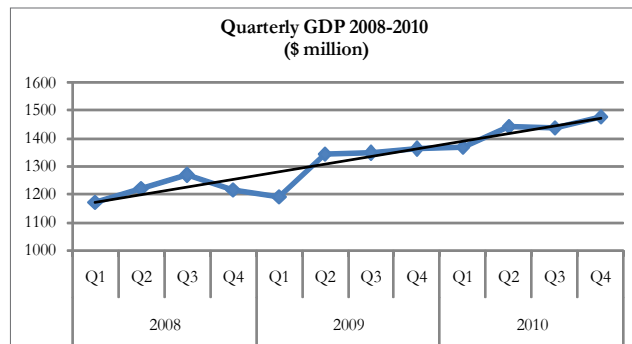
<sup>16</sup> PCBS, 2010, *Survey of Foreign Investments in the Palestinian Territory in 2008-09*, Ramallah, Palestine.



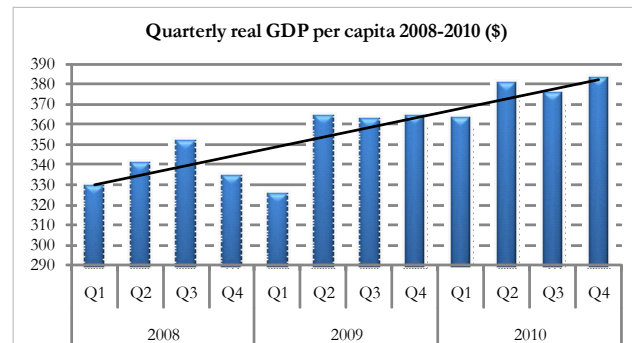
Over the reporting period, the Government has also implemented several projects targeting the **development, management and optimal utilisation of natural resources**. In the agriculture sector, the MoA reclaimed 18,000 dunums of farmland; constructed 500 km of rural roads; dug 1,400 rainwater collection wells; and cultivated 1,250 million trees. In partnership with the private sector, the Government has recently finalised construction of the Jericho Agro-Industrial Zone and Jenin Industrial Estate. Construction continues at the Bethlehem Multidisciplinary Industrial Park.

To promote the tourism sector, the MoTA has renovated and rehabilitated several museums and heritage sites in order to encourage internal and foreign tourism in Palestine. The number of hotel guests rose from 446,000 in 2008 to 537,000 in 2010.

The Palestinian GDP experienced a noticeable growth between 2008 and 2010. GDP grew by 7.5% in 2009, and rose by a further 9.3% in 2010.<sup>17</sup> This growth rate has been achieved in spite of the Israeli offensive on Gaza (December 2008 through January 2009). Clearly visible in the GDP figures in Q4 2008 and Q1 2009, Israel's offensive on Gaza has caused severe damage to all economic sectors, in addition to the loss of priceless human resources.



With 21%-25%, the service sector was the largest contributor to GDP during 2008-10, while mining and manufacturing, as well as, water and electricity contributed 11.5%-15.7% to GDP. Meanwhile, the agriculture sector alone contributed 3.9% – 6.6% to GDP



Real GDP per capita increased by 4.3% in 2009 and by 6.1% in 2010. In nominal terms the GDP increased from US\$ 1,356 in 2008 to US\$ 1,502 in 2010. As a result of population increase in Palestine, the growth rate of real GDP per capita is well below the overall GDP growth rate.<sup>18</sup>

The Government continued to **develop human resources** by generating employment opportunities in all economic sectors, including agriculture, tourism, as well as trade and industry. Special attention was also given to Gaza. The Government also expanded its vocational and technical training programmes and delivered valuable services in strengthening employment and workers' rights. In addition to reinvigorating the Employment and Social Protection Fund, the Government established the Empowerment Fund and developed operating procedures for the Economic Empowerment project.

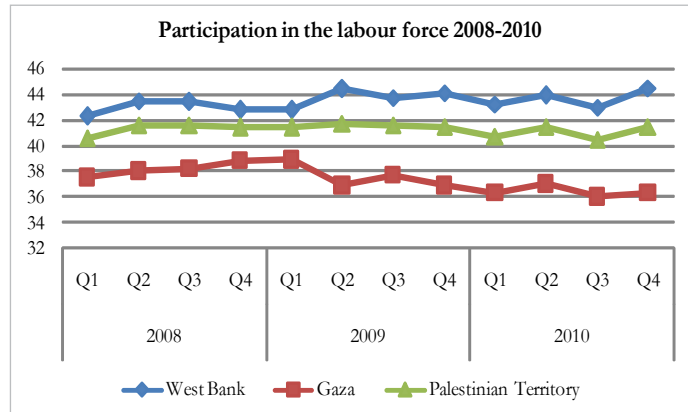
<sup>17</sup> PCBS, 2011, *Press Release: Preliminary Estimates of Quarterly National Accounts (Q4 2010)*, Ramallah, Palestine.

<sup>18</sup> Ibid.



During the reporting period, labour force participation increased by 2.2%. However, whereas participation marked a rise of 5.2% in the West Bank, it declined by 3.2% in the Gaza Strip. Female participation in the labour force rose to 15.7% in the West Bank and 4.5% in Gaza.

Statistics display a strong fluctuation in unemployment rates over 2008-10. Overall, unemployment increased by 3.5% throughout the Palestinian territory. Although unemployment dropped by 11% in the West Bank, it sharply rose by 25.5% in Gaza, The group mostly affected by unemployment is youth in the age group between 15-29. It can also be observed that unemployment statistics are higher in the third quarter of every year. This is the result of new graduates entering the labour market in July, their number is estimated at 40,000 per annum.<sup>19</sup>



## Social Development

The PRDP 2008-10 identifies a set of social development priorities that are meant to ensure a transition to statehood which respects human rights, promotes equality, appreciates social capital, maintains our values, and safeguards effective and efficient social services. Over the reporting period, the Government has also invested in social development to promote economic growth, maintain social cohesion, provide social protection to vulnerable groups, and preserve the cultural heritage.

In light of the significance of **developing human resources** and investing in the human capital necessary for **bolstering economic growth**, the promotion of educational and health services has been a major government priority in 2008-10. An educated population is a precondition for a healthy and skilled labour force able to compete in the knowledge-based global



<sup>19</sup> PCBS, August 2010, Labour Force Survey, Q3 and Q4 2010



economy. In this context, the MoEHE has reviewed and upgraded curricula; constructed, furnished and equipped 2,317 new classrooms; rehabilitated 82 existing schools to meet needs of students with disabilities; and established and updated 28 libraries, 535 scientific laboratories, and 263 computer laboratories. The Government also developed human resource capacities in the education sector and has started to implement a strategy for the training of educators. Accordingly, 40% of previously employed teachers and 50% of newly appointed teachers have gone through this training process.

The Government developed and launched the **National Vocational and Technical Training and Education Strategy**. Between 2008 and 2010, the infrastructure for vocational education and training was modernized as well. Achievements include the completion of two industrial and agricultural schools in Jenin; the expansion of the Al'Arrub Technical College; and the establishment and renovation of workshops at governmental vocational and technical schools and centres. **Higher education** is another government priority. In addition to channelling financial resources to higher education institutions, the Government has launched the Student Lending Fund, a scholarship programme to assist students in their pursuit of higher education. The Fund provided assistance to 65% of needy students. Additionally, the Government provided more than 5,000 scholarships at national and foreign higher education institutions.

In the health sector, the Government has focused on **enhancing and sustaining health care services** during the reporting period. The MoH built and rehabilitated 50 primary health care centres; constructed three hospitals; expanded and rehabilitated existing hospitals; and inaugurated the Palestine Medical Complex and National Blood Bank. The Government also continued to implement the Expanded Immunisation Programme, which now covers over 96% of children. The Government's effort



*Ibn Sina College of Health Sciences*

to promote partnership with civil society and the private sector has effectively reduced patient transfers to hospitals outside Palestine from 33% in 2007 to 19% in 2010.

In addition to the training of health care workers, the Government delivered training for specialisations, such as emergency medicine and anaesthesiology. A number of educational hospitals, including the An Najah University Hospital, were inaugurated. The Palestinian Health Information Centre was also established and a computerised health information system was put into operation, allowing for an improved information exchange between MoH directorates and hospitals. As part of the effort to upgrade the health sector legislative framework, bylaws for the Public Health Law were developed and a draft National Health Insurance Law was finalized.



To provide **effective and efficient social protection to poor and vulnerable individuals and households**, the Government established partnerships with stakeholders in civil society and the private sector, thereby delivering more effective and sustainable social protection services. The Advisory Council for Social Protection Policies, bringing together stakeholder representatives, was established to coordinate social protection policies and programmes. In full coherence with human rights and social justice standards, the Government reviewed and developed legal and regulatory frameworks for improved social protection. Government investments in infrastructure for social protection encompassed the construction of juvenile centres, infirmaries, and shelters for battered women.

The Government furthermore reformed the social safety net and started to implement the National Social Protection Programme, which currently provides cash assistance to approximately 65,000 households, as well as in-kind and non-cash support to other vulnerable groups, such as orphans, senior citizens and persons with disabilities. To consolidate citizens' perseverance against Israeli policies of impoverishment and marginalisation, the Government raised the number of households targeted by the Social Protection Programme to 95,000 and launched the Emergency Assistance Programme to provide aid to households and individuals directly affected by the occupation and settler violence.

In line with its direction to **shift from relief-oriented assistance to development initiatives**, the Government has helped households and individuals to move from dependency to self-reliance. In this context, the Government finalised the first phase of the economic empowerment programme targeting poor households, whereby 2,100 households managed to start up their own income-generating small enterprises. In a second phase of the programme, the Government has further delivered vocational and technical training to marginalised individuals to help them participate effectively in the labour market.

As part of the effort to **maintain the national heritage and culture**, the Government established the National Culture Council as a coordinating body of the culture sector. Having been invigorated, the Culture Development Fund provides support to various cultural institutions in the field of music, cinema, theatre, fine arts, public libraries and handicrafts. Besides organising the *Jerusalem – Capital of Arab Culture* festival, the MoC implemented a Collection of Popular Folklore programme and launched the National Register for the Documentation of Oral Heritage. To further stimulate cultural life in Palestine, the Government established and rehabilitated several cultural centres, and supported construction and rehabilitation of libraries, theatres and cinemas, especially in marginalised areas. The Government has also sponsored numerous cultural and heritage activities, including cultural conferences and symposiums, theatre performances, book fairs, festivals and celebrations - both inside and outside Palestine.





The Government has carried out significant investments to promote equal opportunities for all members of our society, in particular for **youth and women**. In this context, the Government established the Higher Council of Youth as a coordinating body for youth-related policies and programmes. The PNA has furthermore promulgated the Palestinian Sports Law No. (11) of 2008. As part of the serious effort to develop sector-wide infrastructure and institutional capacity, the MoYS established and rehabilitated 13 standard playgrounds and stadiums, eight training playgrounds, five multi-purpose sports halls, and a semi-Olympic swimming pool. Over the reporting period, the Palestinian Olympic Committee scored significant achievements in reviving sports activities, thereby placing Palestine on the world's sport map and promoting participation in regional and international events.

With the objective of empowering women, the Government established gender units throughout ministries and government bodies, and implemented capacity building programmes targeting staff members of these units. The Government also established a national committee to combat violence against women and approved the Strategic Plan on Combating Violence against Women. Also, legislation was enacted to a) entitle Palestinian women to preserve their family names after marriage b) permit girls who reach 18 years of age to receive a passport without prior permission from their guardians c) allow married women who hold the Palestinian ID to endow Palestinian nationality to their children and register them on their ID until the age of 16 and d) permit widowed mothers to apply for passports for their children under guardianship of the religious court. To promote interaction with women in local communities and better serve their needs, the Government launched five information resource centres, which help to create channels and bridges between women and Palestinian women organisations.

## Infrastructure

In the 2008-10 period, the Government developed and implemented a comprehensive and integrated approach to public infrastructure in order to respond to citizens' needs, enhance public service delivery, create an enabling environment for private sector operation, and materialise sustainable development. The Government has worked hard to improve transportation and utility networks, deliver electricity and water supply services to all residential areas - especially remote ones - and develop the management of solid and hazardous waste, as well as wastewater in order to conserve the environment and public health.

With the aim of creating an **effective and safe road network that supports socioeconomic development**, the Government constructed new roads, and rehabilitated and paved 2,253 km of main, internal and branch roads in numerous cities and towns. To increase road safety and reduce traffic accidents and resulting fatalities, the Government developed a set of laws, bylaws and regulations and presented them to the Council of Ministers for approval. The Council of Ministers also agreed on the establishment of a Higher Traffic Council. In preparation for the **Palestine International Airport** in the Al Buqei'a area of Jerusalem preliminary designs and cost estimates have been finalised. Work has already started on an initial Environmental Impact Assessment, as well as on geological and topographic studies for the future airport.



### PNA New and Rehabilitated Roads (2008\_10)



**Legend**

Road projects completed	Main Roads
Expansion and Separation Wall	Regional Roads
Green Line	Local Roads
International Border	Built-up Areas
Jordan River	

0 10 20 40  
Kilometers

*Palestinian National Authority  
Ministry of Planning and Administrative Development*



In the energy sector, the Government has worked towards **connecting all Palestinian residential areas to the electricity grid** over the reporting period. In addition to linking 137 communities to public electricity networks, 50 wells and 75 stone quarries and processing factories were electrified. As part of the effort made to implement the Palestinian National Early Recovery and Reconstruction Plan for Gaza, the Government repaired the war-damaged electricity network in Gaza. At this time, 99.8% of the population is connected to electricity. The Government has also rehabilitated electricity grids in 221 residential areas throughout Palestine. As part of the Government's approach to strengthen the capacities in the energy sector, the Electricity Sector Regulatory Council was established in the end of 2010 following the promulgation of the General Electricity Law in early May 2010. Besides issuing the Regulation on the Unified Electricity Tariff, the Council drafted the Law on Licensing Electricity Distribution to ensure optimal regulation of electricity distribution companies. The Northern Electricity Distribution Company (NEDCO) was also incorporated. By the end of 2010 some 300,000 prepaid electricity meters were installed in line with the Government's policy to reduce net lending from the central treasury.

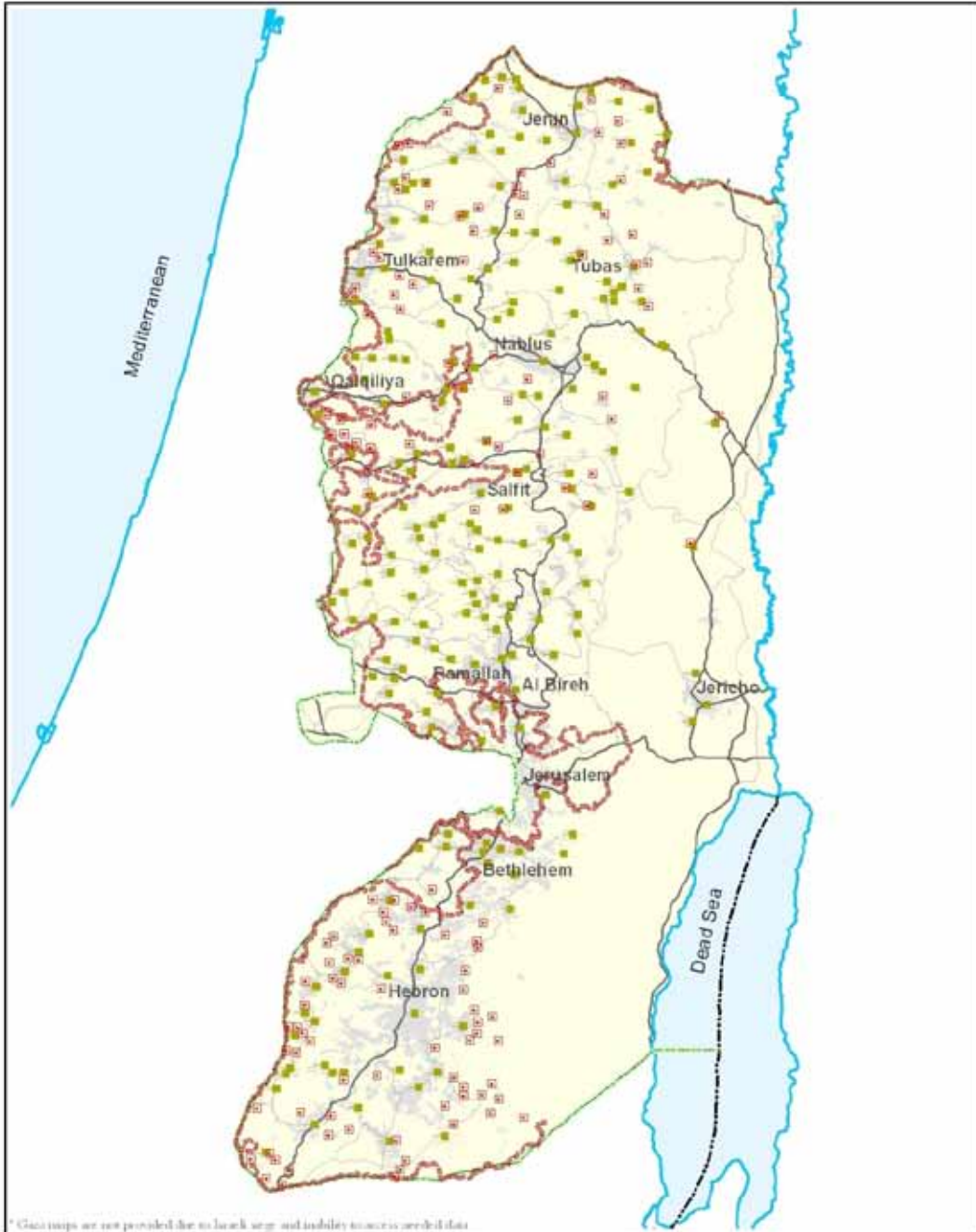
In order to diversify energy sources, Palestine acceded to the Eight Country Interconnection Project (named EIJLLPST), which includes Turkey, Libya, Egypt, Iraq, Syria, Lebanon, Jordan and Palestine. Accordingly, Palestine can now import electricity from member states. In addition, the Government has initiated its first steps to construct a 350KW Solar Power Plant to supply the Jericho Agro-Industrial Zone.

To **conserve the environment and natural resources**, the National Strategy for Climate Change Adaptation was drafted. In coordination with other government institutions, the Palestinian Environment Quality Authority (EQA) also started to develop a national anti-desertification strategy, along with a financing plan. In order to develop and conserve nature reserves, the PEQA finalised a study assessment for this purpose. The Council of Ministers approved a number of environmental regulations, including the regulation on Environmental Conditions of Stone Quarries, Marble, Tiles and Ready Concrete. Other regulations, including the regulation on Medial Waste Management, Wastewater Management and on Nature Protection, were also submitted to the Council of Ministers.

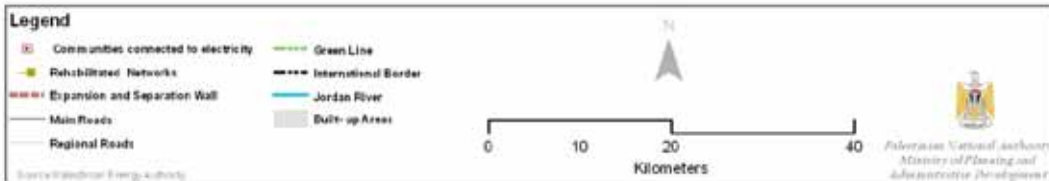
Between 2008 and 2010, the Government continued to develop **integrated, effective and environment-friendly solid waste management** practices. To this avail, the Government established criteria to be applied for landfills. Accordingly, a number of landfills were closed, including two in Qalqiliya, nine in Tulkarem, three in Salfit, five in Ramallah & El Bireh, and three in Hebron. The Wadi Ash Sha'ir collection site project was completed in order to collect and transport solid waste in the Tulkarem Governorate. The collection site serves the city of Tulkarem, Nur Shams refugee camp, 'Anabta town, and the Wadi Ash Sha'ir area. Work has already been initialized to maintain and operate the Yatta landfill in the Hebron Governorate. Preparations are also underway to install a Southern West Bank landfill (Al Maniya landfill) for the Bethlehem and Hebron Governorates. Responsibility for solid waste collection has been completely transferred to the Joint Service Councils in Jenin, Tubas, Bethlehem, Jericho, Jordan Valley, Tulkarem and Salfit. Work is also underway to complete the transfer of solid waste services from LGUs to Joint Service Councils throughout other Palestinian Governorates.



### PNA Projects in Energy Sector (2008-10)



\* Gas maps are not provided due to lack of up-to-date and reliable access needed data





Over the reporting period, the Government paid special attention to the **fair and efficient distribution and management of water resources**. The Palestinian Water Authority (PWA) installed 90 km of main pipelines and 500 km of internal water networks. In addition it constructed seven water cisterns. By the end of 2010, 88.4% of Palestinian households were connected to water supply networks. In order to improve service delivery and reduce leakage, the PWA rehabilitated 220 km of water networks and 65 wells. Overall network leakage was hence reduced from 45% in 2008 to 34% by the end of 2010. On average, per capita water consumption in Palestine stands now at 80 litres per day.

As part of its efforts towards effective and **efficient wastewater management and collection**, the Government installed 60 km of sewerage networks throughout Palestine, thereby connecting 31% of the West Bank households and 71% of the Gaza households to public sewerage networks. Several projects were implemented for the construction of wastewater treatment plants and sewerage networks, including a wastewater pumping station in Beit Lahiya. Work has also commenced on the installation of a new wastewater treatment plant southwest of Jabalya in the Northern Gaza Governorate. Similar additional projects are being implemented in Nablus, Tulkarem, Jenin, Bethlehem and Ramallah. As part of the water sector reform process, the Government established two Potable Water and Wastewater Joint Service Councils in Tubas and Jenin.

During the 2008-10 period, the Government sought to **provide more affordable housing**. A National Housing Team was formed and developed guidelines of public-private partnership in the housing sector. Accordingly, the Government will provide needed infrastructure, including roads, water and sewerage networks, as well as electricity and communication grids to major housing projects. The Government has already supported infrastructure provision in *Ar Reehan* neighbourhood in Ramallah, *Al Jinan* neighbourhood in Jenin, *Rawabi* neighbourhood near 'Atara town, and *Al Ghadeer* neighbourhood in Abu Qash village near Ramallah. As part of its effort to secure affordable housing to citizens with low and medium income, the Government is currently finalising 200 low-income housing units for female heads of households and public servants in Hebron, Nablus and Qalqiliya. Under a programme to restore and rehabilitate houses completely or partially destroyed by the occupation, the Government reconstructed 189 houses.

To further **upgrade ICT, promote the ICT industry, and contribute to more efficient government functions**, the e-government system was launched, connecting over 50 government institutions and LGUs to the government's information network. Furthermore, Palestinian universities and academic research centres have been connected to the Euro-Mediterranean network in order to enhance communication and collaboration with academic institutions overseas. In November 2009, the *Wataniya* mobile phone company launched commercial services as a second mobile telecommunications operator in the Palestinian territory after the required frequencies had been released. To upgrade services delivered by the national postal system, the Government renovated postal offices in Jericho, Nablus, Ramallah and Tulkarem. Palestine has now joined the international postal code system and acceded to the Euro-Med Postal Organization. Preparations have been commenced to implement a postal coding system for residential areas, neighbourhoods and places of residence.



### PNA Projects in Water Sector (2008-10)



\* Data maps are not provided due to Israeli siege and inability to access needed data.

Transmission Lines	Expansion and Separation Wall
Water Network	Green Line
Drilling Wells	International Border
Rehabilitated Wells	Jordan River
Main Roads	Built-up Areas
Regional Roads	

Kilometers

*Palestinian National Authority*  
 Ministry of Planning and  
 Administrative Development

Source: Palestinian Water Authority



## Conclusion

As part of implementing the 13th Government Programme Palestine: Ending the Occupation, Establishing the State, significant results were achieved during the PRDP 2008-10 period. These accomplishments improved our capacity and preparedness for the establishment of the State of Palestine. Many aspects undoubtedly still require more efforts and resources. We worked under strenuous conditions and the Israeli occupation has imposed innumerable obstacles and challenges that severely hindered our efforts. However, the ongoing support of our Arab brethren and other partners in the international community enabled us to produce significant achievements towards our national aspiration to establish an independent state on the 4 June 1967 border, with East Jerusalem as its capital. The full empowerment of our people and the realization of sustainable development in Palestine will never come to fruition unless the occupation regime is dismantled.

