



# ANNUAL REPORT 2019-2020

RESULT ORIENTED FRAMEWORK OF  
THE EUROPEAN JOINT STRATEGY IN  
SUPPORT OF PALESTINE 2017-2020

VOLUME I



# **ANNUAL REPORT 2019-2020 RESULT ORIENTED FRAMEWORK OF THE EUROPEAN JOINT STRATEGY IN SUPPORT OF PALESTINE<sup>1</sup> 2017-2020**

**17 NOVEMBER 2020**

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<sup>1</sup> This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the EU Member States on this issue

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# LIST OF ACRONYMS

AGO	Attorney General's Office
AHLC	Ad Hoc Liaison Committee
APLA	Association of Palestinian Local Authorities
CAT	Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
CERF	Convention on the Elimination of All Forms of Racial Discrimination
CRC	Convention on the Rights of the Child (CRC)
CRPD	Convention on the Rights of Persons with Disabilities
CS	Cabinet Secretariat
CSO	Civil Society Organization
CTP	Cash Transfer Programme
CVET	Continuous Vocational Education and Training
CWA	Cooperative Works Agency
DP	Development Partners
EDPs	European Development Partners
EGD	European Green Deal
EJS	European Joint Strategy in support of Palestine 2017-2020 – towards a democratic and accountable Palestinian state
EQA	Environment Quality Authority
EU	European Union
EUPOLCOPPS	EU Coordinating Office for Palestinian Police Support
EUREP	The office of European Union Representative
GAP II	Gender Action Plan
GBV	Gender-Based Violence
GER	Gross Enrolment Rate
GPC	General Personnel Council
GPP	Gaza Power Plant
HCYS	Higher Council for Youth and Sport (PLO)
HJC	High Judicial Council
HR	Human Rights
HRW	Human Rights Watch
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic Social and Cultural Rights
ICHR	Independent Commission for Human Rights
IEC	Israel Electricity Corporation
IHJC	Interim High Judicial Council
ILO	International Labour Organisation
JFA	Joint Financing Arrangement
JPG	Joint Planning Group
JSC	Joint Service Councils
LACS	Local Aid Coordination Secretariat
LED	Local Economic Development
LGSIG	Local Government Service Improvement Programme
LGUs	Local Government Units
MDLF	Municipal Development and Lending Fund

<b>MDP</b>	<b>Municipal Development Programme</b>
<b>MFA</b>	<b>Ministry of Foreign Affairs</b>
<b>MoA</b>	<b>Ministry of Agriculture</b>
<b>MoE</b>	<b>Ministry of Education</b>
<b>MoEHE</b>	<b>Ministry of Education and Higher Education</b>
<b>MoFP</b>	<b>Ministry of Finance and Planning</b>
<b>MoH</b>	<b>Ministry of Health</b>
<b>MoI</b>	<b>Ministry of Interior</b>
<b>MoJ</b>	<b>Ministry of Justice</b>
<b>MoL</b>	<b>Ministry of Labour</b>
<b>MoLG</b>	<b>Ministry of Local Government</b>
<b>MoNE</b>	<b>Ministry of National Economy</b>
<b>MoSD</b>	<b>Ministry of Social Development</b>
<b>MoWA</b>	<b>Ministry of Women’s Affairs</b>
<b>MSMEs</b>	<b>Micro, Small and Medium Enterprises</b>
<b>NDC</b>	<b>National Determined Contribution</b>
<b>NPA</b>	<b>National Policy Agenda 2017-2022 – Putting Citizens First</b>
<b>NPM</b>	<b>National Preventive Mechanism</b>
<b>NRSS</b>	<b>GBV National Referral Services System</b>
<b>NWC</b>	<b>National Water Company</b>
<b>PA</b>	<b>Palestinian Authority</b>
<b>PACC</b>	<b>Palestinian Anti-Corruption Commission</b>
<b>PADRRIF</b>	<b>Palestinian Agricultural Disaster Risk Reduction and Insurance Fund</b>
<b>PAR</b>	<b>Public Administration Reform</b>
<b>PCBS</b>	<b>Palestinian Central Bureau of Statistics</b>
<b>PCP</b>	<b>Palestinian Civil Police</b>
<b>PEFA</b>	<b>Public Expenditure and Financial Accountability</b>
<b>PENRA</b>	<b>Palestinian Energy and Natural Resources Authority</b>
<b>PETL</b>	<b>Palestinian Electricity Transmission company Limited</b>
<b>PFM</b>	<b>Public Finance Management</b>
<b>PIPA</b>	<b>Palestinian Investment Promotion Agency</b>
<b>PJI</b>	<b>Palestinian Judicial Institute</b>
<b>PLC</b>	<b>Palestinian Legislative Council</b>
<b>PMDP</b>	<b>Palestinian Market Development Programme</b>
<b>PMO</b>	<b>Prime Minister’s Office</b>
<b>PNSA</b>	<b>Palestinian National School of Public Administration</b>
<b>PPA</b>	<b>Power Purchase Agreement</b>
<b>PWA</b>	<b>Palestinian Water Authority</b>
<b>RE</b>	<b>Renewable Energy</b>
<b>ROF</b>	<b>Result-Oriented Framework 2018-2020</b>
<b>SDGs</b>	<b>Sustainable Development Goals</b>
<b>SEPA</b>	<b>Swedish Environmental Protection Agency</b>
<b>SRF</b>	<b>Strategic Results Framework</b>
<b>SWG</b>	<b>Sector Working Group</b>
<b>TAIEX</b>	<b>Technical Assistance and Information Exchange</b>
<b>TVET</b>	<b>Technical and Vocational Education and Training</b>
<b>UN</b>	<b>United Nations</b>
<b>WCLAC</b>	<b>Women’s Centre for Legal Aid and Counselling</b>



# INTRODUCTION

The 2019-2020 Annual Report is the outcome of the second year of monitoring through the Result-Oriented Framework (ROF) under the European Joint Strategy in support of Palestine 2017-2020 (EJS). For the first time, such report will be handed over by European Development Partners (EDPs) Heads of Mission (HoM) to the Prime Minister (PM) towards the end of 2020 for the Annual High Level Policy Dialogue, which be the occasion to discuss the EJS overall progress and challenges and agree on priority action points to follow up on. This joint annual review represents a key milestone towards improved mutual accountability commitments of EDPs and the Palestinian Authority. Its publication is also improving transparency towards the broader public, making development cooperation results accessible to all.

The Report is the fruit of regular monitoring meetings held in 2019 and 2020 between EDP Sector Leads and respective Palestinian Authorities (PA) institutions to follow up on sector progress and EDPs' support. Under the coordination of the Sector Leads, and in collaboration with other active donors, EDPs had regular and structured discussions on sector analyses and priorities with the PA. Some sectors were also discussed with representatives of the civil society and private sector, although the unforeseen COVID-19 pandemic did not allow systematic consultations.

Considering the multi-sectoral nature of Sustainable Development Goals (SDGs), the ROF process revealed the need for enhancing inter-sectoral coordination. At the same time, it became evident that it is necessary to allocate, upstream, sufficient human and financial capacity to define solid analysis for evidence-based theories of change and investments prioritisation. EDPs support toward the duty bearer should focus on this prerequisite. Finally, it seems that civil society and private sector engagement is still fragmented and ad hoc while 'the transformative 2030 Agenda for Sustainable Development cannot be met solely through the efforts of the public sector. It requires a collective effort to step up all forms of resource mobilisation and innovative partnerships and solutions to achieve the SDGs<sup>2</sup>'. In 2021, EDPs will strive to find new and adapted approaches for partnering, keeping in mind that the ultimate goal of partnership is to accelerate the implementation of shared development efforts.<sup>3</sup>

In Volume I, the 2019-2020 Annual Report takes stock and analyses progress made towards agreed results in various sectors over the period, while Volume II presents the detailed sector results chain, indicators, baselines, milestones and targets with traffic lights.

The results of this Report were presented and discussed in a Sector Policy Dialogue with the Cabinet Secretariat (CS) and PA ministries and institutions on 14 and 15 October 2020. Key issues will be discussed at the annual EDP-PM Policy Dialogue that is scheduled to end 2020.

# Working together to make a difference



## Sustainable Development Goals 2030



## Palestinian National Policy Agenda Pillars (2017-2022)

**Government Reform & improving of the quality of Public services**

- Citizen-centered government
- Effective government

**Sustainable Development**

- Social justice and rule of law
- Inclusive and quality education for all
- Inclusive health care coverage for all
- Resilient communities

## European Joint Strategy pillars and sector Leads (2017-2020)

**1 Policy and Government Reform, Fiscal Consolidation**

Public Financial Management (EU), Central Public Administration (EU), Local Public Administration (Denmark)

**2 Rule of Law and Justice**

(EU)

**3 Sustainable Service Delivery**

Education (Finland), Health (Italy), Social protection (EU)

**4 Self sufficient Water and Energy Services**

Water (Netherlands), Energy (France)

**5 Sustainable Economic Development**

Private sector (EU), Agriculture (Spain), Labour (Germany)

**CROSS CUTTING**

Environment (Sweden), Gender (Italy), Youth (Denmark)



# HIGHLIGHTS OF THE SECTOR POLICY DIALOGUE MEETING – 14-15 OCTOBER 2020

The Secretary General of the Council of Ministers, Amjed Ghanem, and the EU Head of Cooperation, Gerhard Krause co-chaired the Sector Policy Dialogue meeting under the Result-Oriented Framework (ROF) of the EJS. The CS reiterated the importance of institutionalising PA-EDP partnership and coordination. EDPs welcomed the dedication of the PA institutions in these demanding times of COVID-19 and fiscal crisis. The meeting was attended both physically (30 people) and virtually (39 people) by PA institutions staff and EDPs staff. The rolling agenda meant participants were not present for all sessions.

In the spirit of the commitment made under the Busan Global Partnership Agreement, the ROF is an attempt to support monitoring for accountability, to stimulate dialogue and drive behaviour change towards more effective development cooperation in Palestine. This Sector level policy dialogue reviewed progress - or lack thereof - towards the agreed outcomes. Most discussions were around the consequences of COVID-19 and risk of annexation by Israel in all sectors and the need for coordinated response and adaptation of all development cooperation stakeholders, public, private, local, national and international. CS informed that most sector strategies were revised and extended to 2023 – pending Cabinet approval - in particular taking lessons from COVID-19 crisis into account. The update, by end 2021, of the ROF indicators for the period 2021-2024 will be necessary. CS also called for a new planning paradigm based on geographical clustering and fast-tracking of systems' digitalisation and automation.

This second year of policy dialogue under the ROF covering 13 sectors and 3 cross-cutting themes was useful in highlighting a number of challenges, which would benefit from further reflection and follow up by both PA and EDPs.

1. **COVID-19 impact:** Sectors' Theory of Change, indicators, milestones and targets (ROF indicators targets for 2024 to be defined by end January 2021) will have to be re-calibrated taking into account the pandemic impact on the society. This is of concern for the achievement of SDGs by 2030.
2. **The political and peace dimension:** The constraining consequences of Israel's occupation on development results in Palestine require EDPs to convey joint messages to the Government of Israel, including on health (transparency of costs of referrals to Israeli hospitals), energy (Power Purchase Agreement (PPA), Renewable Energy (RE) in Area C), clearance revenue payments, access to Gaza including for humanitarian interventions and PA access to Area B and C.
3. **Cross-sectoral linkages:** PA institutions and EDP leads need to work collectively in order to progress towards SDGs. More systematic inter-ministerial coordination and multi-sector planning with defined roles and responsibilities of each stakeholder (in particular SDG1, water, energy and Technical and Vocational Education and Training (TVET)), as well as investment prioritisation and budgeting would ensure efficient use of public resources and attraction of private funding towards expected results.
4. **Data quality, analysis and disaggregation:** Despite some progress, data collection in terms of accuracy, availability, triangulation, disaggregation and frequency remains a challenge in most sectors. Data from Area C, East Jerusalem and Gaza Strip, are often missing or are incomplete. It is also vital to keep the Palestinian Central Bureau of Statistics (PCBS) engaged in discussions and involve them in the ROF reporting process, not only at sector level but also for the overall review. Revised sector Strategic Results Framework (SRF) should ensure a focus on impact and sector outcome indicators (including baseline, milestones and target). PA institutions and EDP Leads shall work hand in hand to progress on these issues.
5. **Policy-based financing and programme-based budgeting:** Almost all ministries cited the sector's under-funding and protracted fiscal crisis as a top challenge and called for increased financing for their sector. Proper programme budgeting, with development of Medium-Term Expenditure Framework, can contribute to a more inclusive, bottom-up approach in budget preparation and better policy making and implementation.

6. **Nexus approach:** It was agreed that PA institutions and EDPs shall reinforce the overall coordination and programming along the humanitarian-development-peace nexus to foster shock responsiveness, with a priority in the education, health, social protection and water/energy sectors. There is also a need to improve coordination along the water/food/energy nexus by leveraging the private sector and engaging with civil society.
7. **Mainstreaming of climate change adaptation and mitigation in all sectors:** EDPs are committed to the European Green Deal (EGD), which is the EU's new growth strategy and includes partnership with EU Mediterranean neighbours on this path. EDPs stand ready to support the PA to 'turn climate and environmental challenges into opportunities, and make the transition just and inclusive for all' but also in meeting Palestine's commitments under the National Determined Contribution (NDC).
8. **Digitalisation:** Fast-tracking of systems' digitalisation and automatization in all sectors, including distance learning and related technologies, and ensuring interoperability systems and legal framework to exchange information between various ministerial registries (the social registry of MoSD, the farmer registry of MoA, MoF and MoI databases etc...).
9. **Youth and gender mainstreaming:** It was highlighted that the PA shall use better the Palestinian youth-dividend and, with EDPs' support, advance on youth participation in decision-making in all sectors and on youth employment. Enhancing the institutional leadership of Ministry of Women's Affairs (MoWA), with EDP support, is key for gender mainstreaming, coordination and technical support to line Ministries as well as for involvement in the identified thematic clusters.
10. **Law-making:** One standardised and transparent law-making process should be established and applied uniformly in all sectors, making it more consistent to soundly developed policies, participatory and inclusive, and aligned to international Human Rights (HR) Treaties Palestine has acceded to.

Some laws or by-laws already are still pending, mainly at Cabinet level, hampering sector reforms:

- Civil Service Law (PAR Central, IO 1.1)
- Law for People with Disabilities (Social Protection, IO 1.1)
- Family Protection Bill (Rule of Law-Justice, IO 1.1)
- National Protection Mechanism (Rule of Law-Justice, IO 1.4)
- By-Law on tobacco (Health IO1)
- HR Treaties in Official Gazette (Justice, IO 1.1)
- Water sector Tariff by-law (Water IO 1.1)
- Plant Health Law (Agriculture IO 1.1)
- Revised Pesticide by-law (Agriculture IO 1.2)
- Company Law (Private Sector Development)

In addition:

- Palestinian Water Authority (PWA) has to submit to Cabinet the 'Establishment and Licensing of Regional Water Utilities By-law' (Water IO 1.1)
- The Judicial Authority Law needs to be amended in line with international standards (Rule of Law-Justice, IO 1.3).
- Law to allow E-Justice (Rule of Law-Justice, IO 1.4) is still required.

# CROSSCUTTING THEMES

## HIGHLIGHTS

The main objective concerning the three crosscutting issues - gender, environment and youth - is to be considered and, where relevant, integrated or mainstreamed within each of the sectors of the EJS. Hence the name "crosscutting."

Overall, the absence of disaggregated indicators, the under-reporting of consistent disaggregated data, including geographic specifications, and related analysis, remain a concern for all cross-cutting themes, in all sectors. Furthermore, quantitative data should be coupled with qualitative data for a better-informed decision-making process.

2019 has been marked by the European Green Deal (EGD) announced in December and that will represent Europe's new growth strategy. It is not only for EU internal work, but also for development cooperation and political work. The EGD specifically emphasises supporting the EU's immediate neighbours. Mediterranean countries are key partners, so the EGD will influence all EDPs in their support to Palestine.



# GENDER EQUALITY

**Lead: Italy/Ministry of Women's Affairs**

## A. Main progress and challenges at impact and outcome level in 2019-2020

At **impact** level, 'Equal rights and opportunities in the public and private sectors', data available in 2019 refer mostly to 2018 and show that there are still clear difficulties in improving gender equality. Out of 15 outcome indicators, only 4 are green. The absence of gender-disaggregated milestones, the under-reporting of consistent disaggregated data, including geographic specifications, and related analysis, remain a concern for gender mainstreaming in all sectors. Moreover, the analysis of all indicators must be framed considering the present overall socio-economic situation, which continues to deteriorate, in part due to COVID-19 outbreak, making the absorption of the most vulnerable groups into the formal labour market more difficult.

At **outcome** level, the incidence of violence against Palestinian women in all its forms is reduced (**OC1** - reflecting the European Gender Action Plan (GAP II) priority 'Ensuring girls' and women's physical and psychological integrity'): data from the National Violence Survey carried out by the PCBS in November 2019 reflect a decrease to 29% compared to 37% in 2011 (last survey realised), but is still far from the milestone of 23.2%. In addition, 29% of the currently married or ever married women in Palestine experienced at least one form of violence (such as psychological, physical, sexual, social or economic violence) by their husbands. However, the rate of reporting remains low and the silence over domestic violence is usually reinforced by a non-supportive legal system that fails to criminalise domestic violence, considering it a private issue instead of a global concern.

Increased women participation in decision-making positions (**OC2** reflecting the GAP II priority 'Strengthening girls' and women's voice and participation'): the percentage of women in the government sector with positions in rank C and higher (IOC2.2) increased by more than 50%, (from 11.6% to 24.7%); the participation of women in labour unions (IOC2.4) remained stable with 28.6% in 2019. The percentage of women members in local councils (IOC2.3) has worsened from 21.2% in 2018 to 20% in 2019, not achieving the target of 27%. Finally, the percentage of women in general leadership of the police (IOC2.5) reveals a slight increase from 4.4% in 2018 to 4.9% in 2019, but the target of 6.3% is still unmet.

Increased women participation in the economic sector (**OC3**) reflecting the European Gender Action Plan (GAP II) priority 'Promoting the economic and social rights / empowerment of girls and women': the participation of women in the labour market (IOC3.1) decreased to 18.1% in 2019 comparing to 20.7% of 2018 while the unemployment rate among women (IOC3.2) decreased to 41.2% in 2019, compared to 51.2% in 2018. The share of paid woman labour in the non-agricultural sector (IOC3.5) is 17.6% in 2019, compared to 17.3% in 2018. Further research is essential to obtain this data for the agricultural sector and in rural areas. The data reflect the focus on the area of women's economic rights and increased women participation in the economic sector, recorded by 56% of all EDP's interventions. The percentage of female employees out of total workers (IOC3.4) strongly decreased from 16.8% in 2018 to 12.2% in 2019; finally, the salary gap between women and men (IOC3.3) remains significant as women's wage is 73.3% of the correspondent male one, against a designated target of 79%.

Gender equality and equity are institutionalised (**OC4**) highlights the importance of a structured and mainstreamed approach to gender equality within the Palestinian institutions and is consistent with the GAP II horizontal priority of Shifting the Institutional Culture.

The induced **output** of having specific systematic monitoring and measuring system in place (IO1), with the Gender Inequality Index (IO1.1), and the monitoring of SDG 5 (IO1.2), has not been reached yet, but the process is ongoing and tangible results are planned to be achieved in 2021.

## B. Results of policy dialogue and reform process in 2019-2020

**Gender Based Violence (GBV) and COVID-19 response plan:** In April 2020, GBV increased under the situation of lockdown imposed by the PA to tackle the spread of COVID -19 pandemic. GBV survivors could not access shelters without doing 14 days of quarantine before, and no arrangement was made on where they could be quarantined. Italy hosted a meeting with representatives of the Ministry of Health (MoH), MoWA and Ministry of Social Development (MoSD) also representing Mehwar centre in Beit Sahour, as well as members of the Women's Centre for Legal Aid and Counselling (WCLAC), representing the Emergency Centre in Jericho, and the Director

of the Safe Home in Nablus, from Family Defence Society, in order to discuss the situation and possible remedial actions. It was agreed that there is a need to include a gender perspective in the COVID-19 response plan.

**Family Protection Bill:** In July 2020, Italy reiterated that the Family Protection Bill needs to be inclusive and participatory (done in consultation with the civil society organisations, such as Tawasol centres and WCLAC). Considering the urgency to have a national policy to protect women, girls and boys from violence, the approval of the law, even if not completely aligned with international HR standards, should be accelerated. Italy stands ready to provide financial and technical support to implement the Law as soon as possible.

## C. Theory of Change in 2020

The Sector Intervention Logic and Theory of Change remain applicable. However, the indicators related to OC1 - Reduction of the incidence of violence against Palestinian women in all its forms - might be improved, especially considering the implications of COVID-19 in relation to multi-service delivery for GBV cases. In addition, the milestones related to OC2 should be revised in agreement with the MoWA and other relevant Ministries. It would also be beneficial to report available sex and age disaggregated data in all sectoral ROF matrixes.

The plan for 2021 is to be taken into account for the EJS ROF revision: MoWA with the support of Italy will start the implementation of a pilot programme to improve the National Gender Equality Machinery within the Palestinian Governmental institutions: "OIL - Pilot programme to strengthen gender mainstreaming in Palestine". The initiative intends to be a pilot intervention to support the Palestinian institutions in strengthening its existing structures and mechanisms for an effective implementation of gender mainstreaming in all the country's development sectors. In particular, the intervention will identify the positive and efficient components of the Palestinian gender equality machinery and identify the characteristics, behaviours, specific tools and factors that positively influence its functioning. In coordination with the units of the related Ministries, the MoWA will ensure the effective implementation of good practices of gender mainstreaming in the agriculture sector, defined by the PA as one of the new areas of economic investment (the other two are tourism and industry). The enhancement of the institutional leadership of the MoWA in terms of gender mainstreaming, within its role of coordination and technical support for the line Ministries and its direct involvement in the thematic cluster identified, will contribute to the achievement of equal opportunities in Palestine.

## D. Priorities for policy dialogue and future programming

### 1. Gender Mainstreaming

- Gender mainstreaming is not a purpose as such but is a strategy to achieve gender equality and includes well-defined indicators, disaggregated data collection, gender analysis, identification of indicators to measure gender equality improvements and development of gender-sensitive policies.
- Need of qualitative methods: quantitative indicators (numbers and percentages) are indeed seductive in their promise of providing concrete knowledge about how the world works, but they are implemented most successfully when paired with context-rich qualitative accounts grounded in local knowledge. The need of qualitative methods captures people's experiences, opinions, attitudes and feelings — for example, women's experiences of the constraints or advantages of working in the informal sector, or men's and women's views on the causes and consequences of underrepresentation of women in senior positions in the economy or in politics, or people's perception of international agreements about gender equality. Often participatory methods such as focus group discussions and social mapping tools are used to collect data for qualitative indicators. Qualitative data can also be collected through in-depth surveys measuring perceptions and opinions.
- All these aspects remain a constant component of policy dialogue in each sector of the European Joint Strategy.

### 2. Gender Based Violence

- Increased service response: As a result of the preventive and precautionary measures taken by the PA to contain the spread of the COVID-19, which included restrictions on movement, closure or downsizing of the scope of services, the services provided by the security sectors, including protection services, access to shelters and restriction on movement and transportation, have been heavily impacted. Specific measures to contain the consequences of COVID-19 on the access to security services are requested, as well as the need for a gender component in emergency response.

- The role of the police in administrative data collection of GBV cases. The police play a crucial role in collecting data in the early stages of the criminal justice process. Accurate police data is essential for grasping the total number of intimate partner violence incidents reported, even if some of these are not recognised as crimes. Police data reveals how many recorded crimes do not reach court and the effectiveness of policies meant to protect victims of violence. Information on the relationship between the victim and the perpetrator is necessary in order to identify offences committed by an intimate partner.
- Improved access to justice and improved gender component in all justice sectors, starting from the police: Trainings for police officers (who most often are not specialised) on what intimate partner violence is and how to recognise and record such incidents; how to address and receive women's reports in an adequate way and without judging or discouraging women to report.
- Targeting men: engage men for the improvement of social change towards Gender Equality and to stop GBV (investing in "gender equality", raising awareness on New Masculinities, mentorship activities, peer to peer education).
- Targeting perpetrators: involving perpetrators in psycho-educative programmes to raise men's awareness of the consequences that the violence has on women and children; re-education in a culture of respect and gender equality.
- Legal framework – Cabinet Approval of the Family Protection Bill and Convention on Elimination of All Forms of Discrimination against Women (CEDAW) to be published on the National Gazette.

### **3. Women Economic Empowerment**

- Genderise data collection and analysis of the informal sector and unpaid work (SDG 5.4), especially considering the negative socio-economic implications of the COVID-19 pandemic.



# ENVIRONMENT AND CLIMATE CHANGE

**Lead: Sweden/Environment Quality Agency**

## **A. Main progress and challenges at impact and outcome level in 2019-2020**

The revised NPA 2021-2024 sets the foundation for the prioritised areas for Sustainable Development, including 'Ensuring a Sustainable Environment and Adapting to Climate Change'. National Priority 10, 'Resilient Communities', highlights the importance of providing a clean, healthy and sustainable environment with the following specific goals:

- Reduce and effectively control pollution and greenhouse gas emissions.
- Expand solid waste management and recycling.
- Expand wastewater management, treatment and reuse.
- Manage, protect and promote sustainable use and conservation of natural resources (land, water and energy).
- Keep Palestine green (conserve biodiversity, establish nature reserves and expand green spaces),
- Increase energy efficiency and reliance on RE.

While the political and economic challenges are immense, the environmental challenges cannot be overlooked. Climate change and environmental degradation exacerbate existing vulnerabilities and threaten resilience-building efforts. The endorsed EGD (December 2019) underscores the need for a global response, by integrating climate action in EDPs diplomacy, trade and development cooperation. Thus, to address the aforementioned growing concerns and advance climate action, EDPs should consider to play a more prominent role in holding the duty bearers to account (both the PA and Israel) for their obstructive roles to enhance the operational and financial sustainability of a green water and energy sector in Palestine, by setting clear parameters to both sides.

When it comes to mainstreaming/integrating environment in all operations, the EDP sector leads have reported the following results for year 2019:

**Sector 1.1 Public Finance Management (PFM) and 1.2 PAR:** no green indicators identified in the sector matrix.

**Sector 1.3 Local Government:** two relevant indicators on access to the wastewater network (to be measured in 2021), and on landfill solid waste. For 'increased coverage of sanitary landfill for solid waste disposal in the West Bank': in 2019, the Joint Service Councils (JSC) operated four Palestinian sanitary landfills in the West Bank. According to the Ministry of Local Government (MoLG)-JICA 2019 data book, 65% of the total waste generated in the West Bank in 2018 was collected by JSCs (1,711 tons/day), against a target of 53%. LGUs managed the remaining quantity (about 911 tons/day). The transportation distance to landfills is a challenge. Except for Jericho and Bethlehem governorates, the average transportation distance to landfills is 25 km minimum and in some cases more than 80 km, which has a non-negligible impact on JSCs' operational costs.

**Sector 2.1 Security and 2.2 Justice:** no green indicators identified in the matrix.

**Sector 3.1 Education:** no green indicators in the sector matrix. To be considered for the coming 2020 ROF report as education is one of the most important vehicles for promoting and bringing awareness on environmental issues. The share of schools meeting health environment standards, measured only in the West Bank, was on average 68.1 %, with little change from the previous year.

**Sector 3.2 Health:** an indicator on medical waste management by hospitals and health facilities is included under outcome 6: Environment safeguarded and occupational health risk factors reduced with community participation: Concerning the adoption of medical waste management, new targets were defined. During 2019, only 32% of the health facilities in the West Bank alone have integrated the medical waste management system complying with the endorsed health protocols. The results did not improve as expected, with no change compared to 2018. MoH needs to invest more for this sector and for improving their medical waste management data collection tool, particularly with the COVID-19 crisis, which generated a lot of medical waste.

**Sector 3.3 Social protection:** no green indicators identified in the sector matrix.

**Sector 4.1 Water:** The whole water/wastewater matrix is environment related. Proper handling of water and wastewater has a huge environmental effect. All the indicators are environment related (since there is an emphasis on sustainable management).

**Sector 4.2 Energy:** The whole energy matrix is environment related. Proper handling of energy and energy production has a huge environmental effect. Most of the indicators are environment related (e.g., IOC 1.1 energy savings, IOC 1.2 RE, IOC 2.1 losses in distribution system).

**Sector 5.1 Private Sector:** outcome 3 of the matrix foresees ‘... build[ing] the path towards a green economy’ with an indicator on the share of RE in energy mix (examples of interventions are AfD/EU SUNREF and the EU/UNIDO programme). IOC3.3 Share of RE in the energy mix. In 2019, the share of RE in the energy mix increased by 160 % reaching 2.3% compared to 0.88% in 2018.

**Sector 5.2 Labour:** no indicators related to the environment. It could be considered to establish an indicator on labour employability and the skills needed for the transfer towards the “green” economy (since this is more future oriented), e.g., technicians for renewable energies/solar cells, hybrid/electrical cars, ICTs, recycling, etc.

**Sector 5.3 Agriculture:** The use of treated wastewater is slowly increasing (the management of the local treatment plants remains the main challenge). Climate change is being addressed with the introduction of smart agriculture and cultivation techniques (hydroponics, irrigation, seasonal crop adaptation) and the incorporation of agriculture by the Environment Quality Authority (EQA) as a priority sector for adaptation and mitigation plans. Solar generated energy supply systems are becoming the norm for agricultural installations (wells, water treatment units, poultry farms) in all EDPs sponsored interventions. A transition to a more “smart” and sustainable agriculture seems to be starting. The ROF reporting, however, only mentions the environment in general terms. Only the IO1 “Plant health law in place and Pesticide by-law review” and OC7 “Plant and animal diseases are controlled” can partly be related to the environment. Considering that significant environmental work is done in the agriculture sector, the next ROF report would benefit from more information about it.

**Conclusion:** The level of environment mainstreaming in the ROF is acceptable as the ROF sector matrixes address approximately 60% of the goals of the NPA – namely ‘expand solid waste management’; ‘expand wastewater management, treatment and reuse’; ‘water and energy as natural resources’; and ‘increase energy efficiency and reliance on RE. However, many goals of the NPA are not addressed by the ROF – namely ‘reduce and effectively control pollution and greenhouse gas emissions’; ‘recycling’; ‘land as natural resource’; ‘Keep Palestine Green’ (conserve biodiversity, establish nature preserves and expand green spaces).

## B. Results of policy dialogue and reform process in 2019-2020

The crosscutting theme environment is under the leadership of the EQA. Many achievements and challenges have been presented and discussed in the meetings of the Local Aid Coordination Secretariat (LACS) Environment Sector Working Group, for which Sweden is the deputy Chair. Some of the main intervention areas discussed and achieved are:

- Mainstreaming Gender in climate change.
- Presentation on the main results and recommendations of GEF/Small Grants Programme Report.
- Sectoral Strategies and NPA review (methodology & gaps).
- Discussion on Sweden’s capacity building support to Environment Quality Authority (EQA) (Strengthening EQA Environmental Action Programme 2018-2021), with support from the Swedish Environmental Protection Agency’s (SEPA) fully integrated in the programme.
- UNDP briefing on the status of the SDGs.
- Information on joint meetings between EQA and MoA on climate change.

## C. Theory of Change in 2020

The ROF approach on the mainstreaming environment is in most parts applicable for 2020. However, the Intervention Logic will require a review of the direct relations between the ROF and the environmental priorities of the NPA to improve coherence as well as to mainstream the Green Deal requirements.

A long-term targeted programme for capacity building of EQA - Strengthening EQA Environmental Action Programme 2018 to 2021 - serve as one of the cornerstones for EDP support. The programme is funded by

Sweden and includes support from the Swedish Environmental Protection Agency (SEPA). In previous years, Belgium also supported EQA with a Project to Support the Implementation of Palestine's Nationally Determined Contributions. This enhances Palestine's access to climate finance opportunities thereby ensuring successful implementation and delivery of the NDCs. Possible future new joint EDP interventions and support could build on/link to these programmes. Furthermore, it is assessed that a stronger involvement from the Palestinian civil society in the work on strengthening/improving the environment is highly relevant.

## D. Priorities for policy dialogue and future programming

The main priority is to introduce the EGD priorities into the strategic EDP partnership with Palestine. The following issues are both NPA and EDPs priority and provide opportunity for enhanced partnerships:

1. Sustainable Environment and Adapting to Climate Change.
2. Reduce and effectively control pollution and greenhouse gas emissions.
3. Recycling, Land as a natural resource: keep Palestine green (conserve biodiversity, establish nature preserves and expand green spaces).

The following items should be discussed at policy dialogue meetings:

1. **Climate change:** Climate models anticipate that the mean temperatures will increase significantly. EDPs support EQA with the NDC, but the PA and EDPs need to do more and better. In addition, it is recommended that EQA present the NDCs to all sectors and related Ministries and PA Institutions. It is also encouraged that all programmes have NDC result oriented indicators.
2. **Water scarcity:** By 2030, the World Bank estimates that Palestine will face large water supply and wastewater treatment gaps. There is a need to address these water management issues, which are already acute in Gaza, in terms of water efficiency, awareness building and public campaigns, as well as the environmental concerns regarding the increasing desalination of water. Treated wastewater should be used for irrigation and other productive purposes.
3. **Water, energy and food security nexus:** Water, energy and food security are linked and this needs to be further explored. One such example is desalination of water, being provided with energy from solar panels, and how this would impact the agriculture sector.
4. **Environmental governance:** Environmental governance needs to be strengthened in Palestine as well as coordination between the local governments and EQA.
5. **Waste:** It is necessary to improve the handling of waste as regional and global common interest (e.g., the antibiotic resistant bacteria in Gaza, pollution affecting the whole of the Mediterranean including the nearby desalination plants in Israel, transfer of medical and electronic waste, vehicles and other kinds of hazardous waste, etc) with the involvement of the Union for the Mediterranean dealing with environment issues. Several joint interests on cross border environmental issues could potentially trigger dialogue.
6. **Green economy:** Encourage investment in green technology production to enhance competitive positioning in the global supply chain. Take measures including relevant policies and regulations to promote sustainable energy investments in industrial enterprises, including energy efficiency, Renewable Energy (RE) and clean technology while promoting a low-carbon, energy-efficient economy. Promote integration exports of green value-added production from Palestine into regional and global value chains through providing related incentive packages. Promote implementation of green standards.
7. **"Green" adjustment required by climate change has been more of a priority for agriculture.** Agriculture will have to be responsive to innovation in energy efficiency, water saving and reduction of chemicals, among other measures that are already included in the NDC plan. It could be a necessary addition to establish a direct link to the NDC via joint indicators and "green" targets. The EGD prioritises in its action plan two lines, which could be emphasised in agriculture development: investing in environmentally friendly technologies and supporting industry to innovate. The ROF needs to be improved with indicators on crosscutting environment and climate change adaptation. A proposal could be to develop an indicator on organic/ecological farming (access to the "organic/ecological" high segment niche market) and environment friendly agricultural practices.

# YOUTH

## Lead: Denmark/Higher Council for Youth and Sport

### A. Main progress and challenges at impact and outcome level in 2019-2020

At **impact** level, efforts to empower and equip Palestinian youth to meaningfully participate in public life and state-building and provide them with opportunities for a successful future (I1) remain critical, especially in light of the socio-economic consequences of COVID-19. A 2019 survey by the International Committee of the Red Cross found that many young Palestinians are pessimistic about the future, with 52% of the millennials thinking that the Israeli Palestinian conflict will never end. COVID-19 exacerbate challenges faced by the youth, with increasing unemployment expected to hit them hard, particularly young women. Data on the impact indicator (II1.1.) "increase in youth satisfaction with opportunities and quality of life" will be available in 2021, according to the Higher Council for Youth and Sports (HCYS).

At **outcome** level, Increased participation of Palestinian youth in civil and political life (OC1): The percentage of youth participating in student council elections at universities increased from 72% in 2018 to 73% in 2019. Youth participation in elected youth organisations, clubs and centres reached 65%, slightly missing the 2019 milestone of 70%. Out of the elected members in the youth organisations, clubs and centres, 15% are young women, 50% are young men, and the remaining 35% of the elected members are not youth. To enable youth to participate actively in civil and political life, the HCYS and the student affairs departments widened their cooperation in both the West Bank and Gaza to cover leadership programmes at 13 universities. The efforts led to an increase in youth participation in these programmes from 240 participants in 2017 to 400 participants in 2019. The number of workshops on youth engagement in local councils also increased, with 20 workshops and about 400 participants in 2019, against 10 workshops and 200 participants in 2017, but fell short of the 2019 target of 24 workshops. According to the HCYS, the participants in the leadership programmes and the workshops on youth engagement in local councils consisted of 50% young women and 50% young men. The COVID-19 pandemic is affecting the efforts to increase youth participation, with restrictions resulting in postponement of leadership programmes at universities, workshops on youth engagement in local government and elections.

Palestinian youth have better access to economic opportunities and enjoy improved economic conditions (OC2): Unemployment among Palestinian youth (15-29 yrs.) remained high, standing at 37% in the fourth quarter of 2019. While this is an improvement compared to Q4 of 2018, the high youth unemployment rate remains a concern. The youth unemployment in Gaza is particularly worrying, with an unemployment rate standing at 61.3% in Q4 of 2019. In the West Bank, the youth unemployment was 24.5% in Q4 of 2019. Young Palestinian women are disproportionately hit by unemployment, with 60.4% being unemployed in Q4 of 2019 compared to 31.2% for young men. In terms of youth volunteerism, the digital platform, [www.palvol.ps](http://www.palvol.ps), which lists volunteer opportunities, increased its outreach to 3,000 members and more than 750 organisations. However, additional components to the platform that should have provided information on available work, internships and training opportunities were not added to the platform. Youth employment counselling services for students aimed at ensuring a better match with labour market needs did also not materialise.

Palestinian youth enjoy greater access to sporting and cultural activities (OC3): the percentage of females elected to the general assembly of youth clubs in the West Bank decreased from 2% in 2018 to 12% in 2019. About 70% of the sports facilities in the West Bank are catering for youth with disabilities and providing adequate facilities for females. During 2019, six new facilities were built (100% of which caters for youth with disabilities and provides adequate services for females), and five old facilities were renovated to cater for youth with disabilities and provide adequate facilities for females. 150 youth benefitted from cultural exchange programmes, with 45% young women and 55% young men participating. Of the 150 participants, 80 were from the West Bank, 40 from Jerusalem and 30 from Gaza.

Healthy behaviours and availability of healthcare for youth are strengthened (OC4): Health awareness campaigns on reproductive health, mental health and health consequences of smoking and drugs were conducted in 332 summer camps with about 33,200 students in the age from 13-17 participating. The awareness campaigns in the summer camps were conducted instead of workshops in order to reach more people. In 2020, as a response to COVID-19, HYCS is conducting information campaigns on the pandemic. The summer camps planned for 2020 were cancelled.

**I01:** Youth related national laws are strengthened to incorporate children's rights and youth empowerment focused articles and/or clauses are aligned with international norms and standards:

To date, Palestine has submitted the initial State party reports under the seven-core international HR treaties to which it is a party. In 2019, Palestine presented its initial report on the Convention on the Elimination of All Forms of Racial Discrimination (CERD) to the relevant Treaty Body in Geneva. In addition, Palestine submitted the initial report on the Convention on the Rights of Persons with Disabilities (CRPD) and the initial report on the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT). In 2020, Palestine submitted its initial State party reports on the International Covenant on Economic Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR), and follow up reports to the concluding observations on the CEDAW and the CERD. In 2020, Palestine also presented its report on the Convention on the Rights of the Child (CRC) to the relevant Treaty Body. In terms of legal steps, the Committee on the Rights of the Child recommended Palestine to publish the international Human Rights treaties in the Official Gazette, take all other steps necessary for the incorporation of these treaties into national law, and ensure the HR treaties' full application. As of November 2020, none of the international HR treaties have been published in the Official Gazette. In terms of the youth law and sports law, both laws are still being drafted.

## **B. Results of policy dialogue and reform process in 2019-2020**

Policy dialogue on efforts to support Palestinian youth took place regularly with the Prime Minister's Office (PMO) and ministries. In 2019, Prime Minister, Dr Mohammad Shtayyeh, announced 2020 as the year of Palestinian youth, providing impetus to these efforts. Discussions during 2019 and 2020 included, among other things, integration and involvement of youth in the NPA and the revision of sector strategies. A particular focus of the dialogues with the PMO has been on addressing youth unemployment.

Key priorities highlighted by youth organisations in meetings with Denmark also include addressing the high unemployment rates, in addition to creating decent jobs and increasing youth participation in decision-making processes.

## **C. Theory of change in 2020**

The youth mainstreaming theory of change, the EJS ROF indicators and targets will have to be reviewed in consultations with stakeholders to ensure that they reflect the COVID-19 pandemic's implications for youth and the response measures taken by both the PA and the EDPs to mitigate the impact of the pandemic on the youth. In addition, some indicators should be reconsidered with a view to better measure the respective outcomes, in particular IOC 1.2, IOC 1.3, IOC 2.2, and IOC 4.1.

There is also a need to continue dialogue and conduct consultations with the PA, youth organisations and the Palestinian youth on the theory of change, indicators and targets for future interventions. Alignment with the NPA, the revised strategy for youth and the updated European Joint Strategy will be part of this review and consultation process.

## **D. Priorities for policy dialogue and future programming**

1. **Impacts of COVID-19:** Support the PA in mitigating the short- and longer-term impact of COVID-19 on the Palestinian youth. In doing so, consider integration and mainstreaming of youth within each sector.
2. **Participation:** Critical to strengthen youths' leadership skills and capabilities to represent young women and young men in public decision-making and policy formulation effectively and inclusively. In light of COVID-19, it is vital to ensure participation and involvement of youth in the identification and implementation of the response strategies and measures.
3. **Youth unemployment:** Increase efforts to address youth unemployment in Palestine, in particular in Gaza and among young women. Unemployment rates among Palestinian youth were high before the COVID-19 crisis. The negative economic impact of the pandemic has made it even more critical to prioritise efforts to create job opportunities for the youth. It is vital that PA and EDPs continue discussions, planning and coordination on how to tackle youth unemployment, including with particular emphasis on young women who are disproportionately affected.
4. **Education and vocational training:** Continue discussions and efforts to ensure that education and vocational training opportunities for youth are matching market needs.

5. **Violence:** Strengthen the protection of Palestinian youth from all forms of violence and increase prevention to reduce the risk of youth being exposed to violence.
6. **Health services:** Increase national capacity to deliver integrated health services and information, including sexual and reproductive health, family planning, psychosocial support and mental health services as well as safe, youth-friendly health centres.



# PILLAR 1: GOVERNANCE REFORM, FISCAL CONSOLIDATION AND POLICY REFORM

## PILLAR HIGHLIGHTS

2019 has been particularly difficult from an economic and fiscal point of view, with very narrow policy space that undermined the ability of the PA to adopt an effective fiscal policy. Exposure to discretionary measures by the Israeli authorities have compounded the challenges faced by the PA in collecting revenues, controlling its sources, and have resulted in significant revenues losses. Despite the difficult political and economic conditions, the PA continued, although at a slower pace, the implementation of its agenda supporting the central and local layers of government, including fiscal and governance reforms.

Overall speed of reforms was rather modest, putting pressure on various branches of the public administration.

PFM focused on the revision of reform priorities that followed up on the Public Expenditure Financial Accountability assessment completed in June 2019. This included improvements in public procurement and reduction in backlog of annual financial accounts. However, more efforts are required on policy-based budgeting, domestic revenue mobilisation, fiscal transparency and oversight, treasury management, and financial controls. It is also expected to support the PA's fiscal objectives through improved and consequently applied budgetary principles, policies and processes.

On Public Administration Reform (PAR), the PA advanced on implementation of civil service reform but there is room for improvement in terms of addressing broader PAR issues such as setting up a PAR LACS Sector Working Group (SWG) for more effective and multilateral policy dialogue, passing the civil service law, and work on the reintegration of the public administrations in the West Bank and Gaza, without which PAR reforms will have only limited impact, particularly in the Gaza Strip.

As regards Local Government, there has been satisfactory progress in the management of local finances and tax collection, citizens' engagement and oversight of local authorities, in addition to gender mainstreaming in local development planning and support to marginalised communities. Challenges to be addressed in the short and medium term need to be centred on the fiscal sustainability of Local Government Units (LGUs). Currently, LGUs functionality and delivery of quality services, in particular to the most vulnerable, have been significantly hampered due to the COVID-19 pandemic. LGUs remain financially unsustainable and therefore shaping the functional and institutional framework based on the updated Local Government Sector Strategy and action plan, which now factors in climate-related challenges in local government operations should remain a key priority for the PA

Coordinated support of EDPs to the three sub-sectors should be articulated along the above priority areas in close coordination with the relevant PA institutions, with formal input through constructive participation from relevant civil society organisations through sector policy dialogue to the extent possible.

International organisations (World Bank, IMF, OECD) remained closely associated with the EDPs work under Pillar I, as key technical and strategic partners.

# SECTOR 1.1. PUBLIC FINANCIAL MANAGEMENT AND MACROECONOMIC SUPPORT

**Lead: EUREP/Ministry of Finance and Planning**

## **A. Main progress and challenges at outcome level in 2019-2020**

The Palestinian economy is continuing to operate under occupation. Palestinian economic developments and political relations with Israel are strictly linked while the 1994 Paris Economic Protocol makes Palestine dependent on the Israel economy. The country has no control over its own borders, it does not collect its own taxes and suffers from restrictions and controls on the movement of its people, goods, and resources. Exposure to discretionary measures by the Government of Israel (GoI) have compounded the challenges faced by the PA in collecting tax revenues, controlling its sources, including from trade, and have resulted in significant revenue losses in 2019, continued in the first half of 2020 as result of the threat of annexation. This has, in turn, led to a chronic budget deficit and further minimised the fiscal and policy space available to the PA. To cover the financing gap, the PA fiscal policies have become increasingly dependent on international aid, borrowing from local banks, accumulation of arrears and rationalisation of expenditures.

EDPs have contributed to the more stable and resilient macro-fiscal position of the PA through the PEGASE<sup>4</sup> Direct Financial Assistance to the PA, established in 2008, and supporting the payment of salaries and pensions; social allowances to vulnerable families and cost of medical referrals to the East Jerusalem Hospitals. It helped safeguard the functioning of the PA civil administration in a context of declining budget support - from USD 1.2 billion in 2013 to USD 377 million in 2019, which risks having a negative impact on the macro-fiscal outlook. It has also been a crucial driver of macro-fiscal stabilisation, as well as a lifeline for the most vulnerable groups of the society and an avenue to ensure the provision of quality health care. In other words, PEGASE has so far proven vital in creating the necessary fiscal space to allow the preservation of a functioning administration and its upkeep of the social services to the Palestinian citizen.

2019 was the third year of implementation of the PFM Strategy 2017-2022. The Strategy has been in process of updating in 2020 as a part of broader revision of the National Policy Agenda (NPA) 2017-2022 and the existing sectorial strategies. The overall objective for the PFM stays unchanged and aims at having the systems, processes and procedures functioning properly, ensuring financial stability, and supporting the PA's development objectives.

At **outcome** level, the PA progressed marginally satisfactory in achieving its PFM reform objectives in 2019. The normal budget process was suspended, as no official budget was published for 2019. Following the 2019 clearance revenue crisis, the PA had shifted into an emergency budget mode based on available cash that undermined the possibility of having completed a proper budget preparation process and budget reliability (IOC 4.1 and IOC 6.1) as well as the efforts to improve access to key fiscal information (IOC 2.3). Despite the clearance revenue standoff, transfers from Israel had increased by 8% year-on-year; however, on balance there was an almost 10% decrease in gross domestic revenue, resulting in an overall decrease of 0.6% in total revenue. On a more positive side, the PA progressed well in public procurement (IOC 5.1) by having launched the Single Procurement Portal and uniformly applied the Standard Bidding Documents for goods, work, and services across its public administration. Fiscal consolidation efforts are expected to benefit from reforms in area of cash management, introducing the Commitment Control System in all line ministries while the State Audit and Administrative Control Bureau (SAACB) completed the audit of the PA's financial accounts for fiscal years 2014 and 2015, and continued catching up on auditing the financial accounts for 2016 and 2017 (IOC 6.1 and OIC 7.1).

## **B. Results of policy dialogue and reform process in 2019**

The policy dialogue in 2019 focused on the fiscal crisis, ways to soften the worsening fiscal conditions, especially on vulnerable and disadvantaged groups of the population. Implementation of the incentive-based support to the budget continued under the PEGASE programme, with a revived dialogue on PFM reform agenda, following the completion of the Public Expenditure and Financial Accountability (PEFA) assessment in June 2019, and subsequent PFM reform adjustment discussions throughout end of 2019. The Multi-donor Trust Fund, administered by the World Bank, with contributions from the EU and Denmark, launched in October 2018, has been operational in supporting the policy dialogue between the PA and key Development Partners (DP) active in PFM area. Despite

policy dialogue going on, it lacks inclusiveness and well-defined ways of interaction with DPs and the fact that the Fiscal/PFM Working Group has never been convened since the start of the fiscal standoff (February 2019) only confirms the need for greater coordination effort on fiscal matters between the PA and its Development Partners (DP).

### **C. Theory of Change in 2020**

The PFM ROF intervention logic needs to be revisited based on the 2019 PEFA assessment and the updated PFM Strategy for 2021-2023 (September 2020) that considers the key constraints and weaknesses identified in the assessment. The call for an annual PFM monitoring mechanism focused on a selected number of short- and medium-term reform measures, based on the PEFA assessment and aligned with PEGASE incentive-based tranches, as an alternative to the current PEFA scores, stays valid. It could be further reinforced with a rolling policy dialogue plan allowing for progress to be measured on an annual basis, provide up-to-date analysis for the policy dialogue on PFM and fiscal governance matters and simplify the evaluation and reporting arrangements for the future assessments of this sub-pillar under the European Joint Strategy.

### **D. Priorities for policy dialogue and future programming**

The narrow policy space undermines the ability of the PA to adopt an effective fiscal policy. As such, there is a pressing need to introduce fundamental reforms to the current trade and taxation system under the Paris Economic Protocol. Even though the PA would like to be less dependent on donor support in the future, stronger efforts would be needed for instance to increase the tax base, enhance domestic revenue collection, or control smuggling, which would all contribute to reaching this aim. Reforms in PFM are key to improve on the above and pursue the fiscal consolidation objectives. Key areas of intervention identified during the 2019 ROF reporting exercise stay valid for near term and includes:

1. Programme-based Budgeting and financing of national/sector policies – by gradually developing sector expenditure plans for the existing sectorial strategies underpinning the revised NPA.
2. Domestic Revenue Mobilisation – in line with the revised PFM Strategy 2021-2023, by broadening the tax base and improving collection mechanisms and tax compliance.
3. Expenditure Management and Controls – by further improvements to budget expenditure management, financial control and cash management, management of public sector wage bill, and amelioration of intergovernmental fiscal transfers.
4. Public procurement – by continuing strengthening the procurement institutions, developing and applying modern procurement tools, and capacity building in the area of public procurement.
5. Transparency, oversight of the budget and accountability – by aligning public sector accounting and reporting to international standards (GFS 2014), eliminate the backlog of financial statements and further inclusive and qualitative disclosure of fiscal information to the public.
6. Internal and external audit – by improving financial management and control framework and managerial accountability in line ministers, departments and agencies and strengthening the external audit function of the SAACB.

To achieve the above, joint efforts are needed by all the parties interested and/or involved. EDPs are invited to support the PA with funding and related technical assistance while also including the above in their sectorial policy dialogue to the extent possible.

The MoF is urged to improve the coordination on fiscal/PFM issues to make it more inclusive and less fragmented and find ways to reanimate the corresponding SWG for better coordination of DPs support and interventions. Finally, the PMO is expected to assume a closer steering of its PFM agenda as cross-sector reform efforts underpinning, along with the PARs, the implementation of the revised NPA.

# SECTOR 1.2. PUBLIC ADMINISTRATION REFORM - CENTRAL GOVERNMENT

**Lead: EUREP/Prime Minister's Office/Cabinet Secretariat/General Personnel Council**

## **A. Main progress and challenges at impact and outcome level in 2019-2020**

In view of the increasingly challenging circumstances, the overall progress in the Public Administration Reform (PAR) at central government level for 2019 was modest.

The PA was able to achieve some progress on specific indicators in modernising human resources management policies and procedures. The NPA 2018 annual report and the 2019 medium term review report were issued. Nevertheless, there was still no major progress on other indicators such as the approval of a civil service law and the unification of human resource management information system. The PA still lacks a strategic framework for PAR.

Considering the COVID-19 pandemic and its consequences, it is of utmost importance to improve governance capacity of the Palestinian public administration through strengthened policy-making and planning, more accountable and performant civil service, improved organisation of the administration and better-quality service delivery for citizens and businesses. EDPs shall respond to the priorities identified by the PA to manage the immediate-term crisis-related imperatives and also longer-term and structural public governance challenges.

At **outcome** level, the first outcome is to 'Develop human resources management system in order to achieve institutional excellence in public services towards citizens (OC1)': In 2019-2020, the General Personnel Council (GPC) and the Palestinian National School of Administration have developed several training and capacity building programmes for public employees in cooperation with several international partners. This included training at least 32 Human Resources Management (HRM) trainers. The GPC has also continued benefiting from Improvement in Governance and Management (SIGMA) and Technical Assistance and Information Exchange (TAIEX) support for developing a national competency framework, modernised performance appraisal system and transparent recruitment techniques and procedures.

In 2020, all the Palestinian Public Institutions (ministerial and non-ministerial institutions) have been linked to Human Resources Management Information System (HRMIS), except for the Ministry of Education (MoE), which is working on having full connection. The connection was of great value in facilitating civil servants' affairs during the closure and teleworking. As for the HRMIS territorial coverage, should a political reconciliation materialise, the GPC could work on having a unified civil service.

The second outcome 'Modern efficient and transparent public administration systems developed' (OC2): The PA reform agenda has been led by the PMO through the NPA 2017-2022 and various sector strategies. The CS has worked with the Ministry of Finance (MoF) to link the Strategic Results Framework (SRF) and Results Action Plans to the medium-term expenditure framework. PA Institutions have been expected to provide the CS with annual monitoring reports by the end of the first quarter the year after. Reports produced by the CS included the 2018 annual report to measure progress against NPA, a Mid-Term Review of the NPA at the end of 2019, and a review of the NPA and sector strategies. However, for the reporting period of 2017, a monitoring report has been produced measuring the main achievements and Key Indicators, as the SRFs were not fully developed for that year. Line ministries and governmental institutions have also produced progress reports against the individual sector strategies that were developed in 2017. The planning and reporting progress around the NPA suggest that there has been limited engagement with citizens on its implementation and that of the sector strategies.

**Induced output:** The new, modified and updated Civil Service Law (CSL) has not been endorsed yet. It has passed the 2nd reading at the Council of Ministers and is waiting for the 3rd and final reading before adoption. Nevertheless, the GPC has worked on the development of selected by-laws together with SIGMA. To note that the CSL has been prepared in consultation with all stakeholders, including the Palestinian civil society.

## B. Results of policy dialogue and reform process in 2019-2020

There is no active LACS sector working group, which could serve as a platform for EDPs and PA policy dialogue on PAR. However, EDPs have been meeting regularly with the PMO and other PAR stakeholders, mainly the CS and GPC, throughout the reporting period. Main points of discussion and outcomes of this dialogue have been centred around:

- Highlighting the importance of having accountable public administration as key to democratic governance and economic development is in line with the SDGs 16, which refers to the promotion of peaceful and inclusive societies, the provision of access to justice for all, and building effective, accountable institutions at all levels.
- Agreeing with the PA on enhancing the Principles of Public Administration framework developed for the European Neighbourhood Policy countries, including Palestine. The European Commission has defined the scope of those principles since 2014 as covering six core areas: i) the strategic framework for PAR, ii) policy development and co-ordination, iii) public service and human resource management, iv) accountability, v) service delivery, and vi) PFM<sup>5</sup>.
- Emergency Response to address COVID-19 crises. Supporting the simplification and digitalisation in service delivery with the objective of reducing the administrative burden and increasing efficiency and improving the administration-citizen relations, while taking into consideration the latest challenges brought by COVID-19.
- The EU continued its dialogue with the PMO, the CS and the GPC on supporting the Palestinian PAR within the framework of the EU state building tools that Palestine is benefiting from – these are the Support from SIGMA, Twinning and TAIEX. The EU – PA discussions focused on upgrading the administrative capacities of the Palestinian public administration in general through the training of its staff and the support to the reorganisation of its structure. It also aimed at supporting the approximation of national laws, regulations and quality standards to those of EU Member States in the framework of Cooperation or Association agreements signed with the EU.
- The CS is looking for the EDPs' assistance to automate the SRF and assist in the implementation of the strategic plans and NPA, including supporting the M&E functions. Discussions are ongoing regarding this request.

## C. Theory of change in 2020

PA reforms in the PAR sector continue to aim at achieving statehood with effective, accountable and transparent institutions (SDG16). Through PAR, EDPs will continue to support the establishment of a well-functioning and modern public administration, including sound and accountable public financial management policy and systems and enhanced evidence-based decision-making.

Palestine lacks a comprehensive, holistic, coherent and strategic framework for PAR, but as per the envisaged plans in the NPA and the continuous dialogue with the PMO, the PA - supported by EDPs - is working on developing this strategic framework for an effectively functioning public administration as a prerequisite for delivering other commitments to citizens, businesses and external partners.

The PAR Theory of Change and EJS ROF will need to focus on promoting accountable public administration as key to democratic governance and economic development, in line with SDGs and include new developments in the PAR sector in terms of quality management and digitalisation. The PA is aiming at improving the overall management processes within Palestinian public institutions to ensure continuous enhancement of performance in line with Total Quality Management. The CS is willing to reach "excellence" and quality management within the Palestinian Public Administration. It will launch a survey to measure citizens' satisfaction of public services throughout all service customer centres in 12 ministries, and by targeting 10,000 citizens. A digital transformation strategy is in the process of finalisation. The CS is working with the Ministry of Transport and Communication and the Ministry of Telecommunication and Information Technology on the launch of e-service for selected public services such as the driving licence, which should go through a stress testing.

## D. Priorities for policy dialogue and future programming

1. Developing a strategic framework, which will guide the PA's policy and PAR interventions for the coming years. Elements for implementing a wider PAR in Palestine beyond civil service reform have been included in the EJS, which are in line with the PA national priorities for building effective, capable, accountable, and responsive institutions that are fiscally sustainable.
2. Administrative capacity development at the centre-of-government to strengthen policy-making, strategic planning functions, for ensuring well-planned, coordinated and budgeted public policies, which will require a long-term training of civil servants at the local and the central levels.
3. Re-organisation and restructuring of public institutions for reforming the civil service to ensure it is a modern, efficient, result oriented and merit-based. Working with the GPC to enhance its main functions related to PA human resources planning and management, and the regulatory framework (Civil Service law) and by-laws.
4. Improved service delivery through the simplification of administrative procedures and systematic integration of digitalised services that prompt enhanced e-governance to strengthen on-line services and information sharing/communication aiming at greater transparency between citizens and government.
5. Reintegration (and sequenced reforms) of the West Bank and the Gaza Strip administrations should remain a priority although progress largely depends on movement at the political level. However, without overcoming the intra-Palestinian split, these reforms will have only limited impact, particularly in the Gaza Strip.

# SECTOR 1.3. PUBLIC ADMINISTRATION REFORM - LOCAL GOVERNMENT

## Lead: Denmark/Ministry of Local Government

### A. Main progress and challenges at impact and outcome level in 2019-2020

The overall progress in the local government sector for 2019 was satisfactory. However, previous years' results are in risk due to the negative socioeconomic implications of the COVID-19 pandemic, which could pose a major challenge to the LGUs sustainability. In response, EDPs have for instance allowed existing financing under the municipality development programme to be mobilised for municipalities to cope with the current pandemic and to ensure that municipalities can continue to function and provide essential services through the crisis and beyond. To capture better the implications of COVID-19 on LGUs and the extent to which Palestinian citizens' benefit from more responsive and effective local government (I1), the impact indicators may be adjusted or new ones added. The current **impact** indicators, namely the percentage of municipalities connected to waste water network (II 1.1) and road network (II 1.2), will only be measured in 2021.

At **outcome** level, 'Improved LGU budgeting and financial management' (OC1): Based on the latest local government performance assessment from 2019, the number of municipalities that could report a surplus in operational and enterprise budgets with no increase in net lending increased from 57 in 2016 to 61 in 2018. However, the ongoing COVID-19 pandemic will have severe negative implications to the LGUs operational and enterprise budgets for 2020 due to the additional expenditures related to the response to the pandemic and the drop in the municipalities' revenues. Given the financial challenges faced by all municipalities during the 2020 fiscal year, it is foreseen that the target for the year 2020 will not be achieved.

Increased rates of local tax collection (OC2): In 2019, the PA decided to pilot the collection of property tax by a selected number of municipalities. This is an achievement and can potentially result in increased tax revenues. However, the pilot phase has been delayed, which has contributed to the shortfall of tax collection rates according to the set target of 2019 for five LGUs successfully collecting property tax.

Improved donor coordination for better economies of scale in development support (OC3): The MoLG and the Municipal Development and Lending Fund (MDLF) expressed satisfaction with the donor coordination in the local government sector. EDPs support the local government sector via a number of bilateral and joint engagements. Joint engagements include the Municipal Development Programme (MDP) and the Local Government Services

Improvement Programme (LGSIP). Germany, Denmark, France, the Netherlands, Switzerland and the EU support the MDP, while Sweden and Germany support the LGSIP. Both programmes also receive funding from the World Bank and the PA. A mapping assessment on the number of funding mechanisms channelling support to the sector will likely be ready by 2021.

Enhanced citizen engagement and oversight of LGUs (OC4): To increase transparency and accountability, readable budgets were issued by 60 LGUs in 2019, against a target of 10. This significant achievement can be attributed to the joint efforts by MoLG and MDLF supported by EDPs. LGUs managed to disseminate their readable budgets widely but citizens' awareness of the readable budgets remains a challenge. Progress was also made in terms of ensuring functional complaint systems. The latest local government performance assessment found that 113 municipalities have a functional complaint system, which is an increase from 104 municipalities in 2017. However, Civil Society Organizations (CSOs) are reporting that citizens consider it more efficient to use personal contacts in the municipalities to solve complaints than using the formal complaint systems.

Gender further mainstreamed in development planning (OC5): Gender mainstreaming measured as women's satisfaction rate with LGU performance and service delivery, increased in terms of the satisfaction with roads (58%), water service delivery (63%), and parks and services (45%) compared to 2017 and surpassed the targets for 2019. The difference in the satisfaction rate for men and women is small although women in general are more satisfied with the provision of services but less satisfied with the costs of these services.

Increased support for marginalised communities (OC6): As of December 2019, a total of 42 social and public infrastructure projects were implemented in Area C with funding from EDPs against a target of 40. In addition, another 16 social infrastructure projects in 15 localities across the West Bank were launched in July 2020 with funding from EDPs. These projects, which include schools, roads, multipurpose buildings, water distribution networks, water reservoirs and rehabilitation of electricity networks, will benefit more than 24,000 Palestinians living in Area C.

Increased coverage of sanitary landfill for solid waste disposal in the West Bank (OC7): In 2019, the JSC operated four Palestinian sanitary landfills in the West Bank. According to the MoLG-JICA 2019 Data book, 65% of the total waste generated in the West Bank in 2018 was collected by JSCs (1,711 tons/day), against a target of 53 %. LGUs managed the remaining quantity (about 911 tons/day). The transportation distance to landfills is a challenge. Except for Jericho and Bethlehem governorates, the average transportation distance to landfills is 25 km minimum and in some cases more than 80 km, which has a non-negligible impact on JSCs' operational costs.

## B. Results of policy dialogue and reform process in 2019-2020

Policy dialogue between the MoLG and EDPs took place regularly throughout the reporting period. Focus of the policy dialogues and results of the reform process include:

- Emergency Response to address COVID-19 crisis. This resulted in the approval of restructuring the existing support through the Municipality Development Programme III to enable West Bank municipalities to access 20% additional financing to procure emergency equipment and supplies necessary to ensure adequate service delivery to accommodate the threats of the pandemic in addition to their standard operational needs.
- Continuous dialogue between the PA agencies and EDPs to improve the progress on intergovernmental fiscal transfer reform. The PA has decided to pilot the collection of real property tax to municipalities.
- The PA has adopted a roadmap for reforming the land administration in the West Bank and Gaza.
- The PA is taking preparatory measures to initiate the lending function of MDLF. Further analytical work is being pursued by MDLF to help develop its lending model.
- Priority actions for improving LGU sustainability and service delivery have been identified. Short analytical pieces are under preparation, and more extensive consultations on key recommendations are planned.
- Denmark as lead donor to the sector is providing technical assistance to the MoLG to support the update of the LG action plan in alignment to the recently submitted LG Sector Strategy and also on strengthening the MoLG's institutional framework. Delays materialised due to the COVID-19 crisis but progress remains underpinned by an extended deadline in coordination with the MoLG.

## C. Theory of change in 2020

The theory of change remains applicable for 2020. However, there is a need to adjust the impact indicators (II 1.1 and II 1.2) or add additional indicators to reflect better the extent to which Palestinian citizens' benefit from more responsive and effective local government, and to capture the implications of COVID-19. There is also a need to adjust targets for 2020 to provide adequate basis for policy dialogue. Adjustments to or revision of the theory of change so it covers the period from 2021 to 2023/24 will be based on consultations with relevant stakeholders and aligned to the updated EJS, the revised NPA and the revised local government sector strategy once these documents are finalised.

## D. Priorities for policy dialogue and future programming

1. Strengthen LGUs financial management and fiscal sustainability. Transferring more responsibility to municipalities for more fiscal and financial sustainability is strongly encouraged. This includes reforming existing laws such as the Local Authorities Law 1997 with particular focus on policy dialogue contingent to transferring the collection and management of property tax to a small number of LGUs.
2. Ongoing implementation of amendments to the local election law. MoLG has previously proposed amendments to the local elections law to enable open candidate lists so that citizens can vote for individual candidates rather than be limited to voting for closed council lists. These amendments are expected to be implemented in advance of the next round of local elections.
3. Finalise the support to the MoLG in completing the update of the LG sector strategy action plan and the institutional framework. To contribute to making municipalities more financially and fiscally sustainable. Furthermore, the LG sector strategy action plan will act as a basis for facilitating coordination and guiding EDP support.
4. Support to LGUs' COVID-19 response and the provision of basic services during the crisis and beyond, in particular to marginalised communities, including in Area C.
5. Mainstreaming of women and youth is critical in the local government sector. It is encouraged to continue to focus on increasing participation in the preparation and selection of projects and in the decision-making processes at local level. It is also encouraged to continue with introducing and implementing tools such as the gender-tag system, which is being applied in projects under the Multi-Donor Trust Fund to address gender disparities.
6. Mainstreaming of climate change adaptation in LGU operations. The updated NPA focuses on climate change adaptation and mitigation and needs to also be reflected in the implementation of the local government sector strategy and action plans. It is critical that the revised Local Government sector strategy and support programmes integrate climate change adaptation in close coordination with the EQA who has developed the first National Determination Contribution Plan and sub-strategies that impact the local government sector.
7. Strengthen cross-sectoral interlinkages with other sectors and relevant action plans. Cross-sectoral interlinkages are particularly important in the Local Government, Energy, and Water sectors, in addition for the need to increase coordination with the relevant authorities to address environmental risks.
8. Strengthen further the Association of Palestinian Local Authorities' (APLA) role and its respective responsibilities and relations to the MoLG and the MDLF as the institution responsible for the representation and advocacy of LGU interests and priorities. This is especially important as APLA is a permanent board member of the LG SWG and also deemed as the advocate between LGUs and central government.

# PILLAR 2: RULE OF LAW, CITIZEN SAFETY AND HUMAN RIGHTS

## PILLAR HIGHLIGHTS

In 2019/2020, cooperation under the EJS on Security, Rule of Law and Justice continued on already established objectives and bilateral and joint channels. The EJS remains a key framework to ensure strategic coherence to EDPs' interventions. In terms of coordination and policy dialogue, other frameworks, particularly under the LACS, provide platforms for development partners and PA to discuss sector reforms. The outcomes of these discussions are also reflected in the sector ROF.

This year, we also observe challenges for Pillar 2 coordination as the EDP lead on security is missing following the withdrawal of the United Kingdom, in relation to Brexit. Thus, the dialogue on citizen safety has been hampered by the absence of a joint data collection and analysis exercise. The Ministry of Interior (MoI) has provided an update of key issues for reforms, underlining both progress and stagnation. This update is included in this report. As for Rule of law and Justice, data collection was challenging as reported below. The coordination framework for data collection needs to be reviewed and enhanced.

Key Security and Rule of Law reforms are yet to take place although the PA took important initiatives towards reforming the Rule of Law and Justice systems. However, dissolving the High Judicial Council (HJC) and all court panels in 2019 and establishing the Interim HJC (IHCJ) raise concerns on the erosion of the principle of separation of powers. EDPs continuously underline that these reforms need to be conducted according to international standards and in a transparent manner. This is also relevant for the reforms of the legal frameworks required to ensure access to justice and fulfilment of HR for all Palestinians. In 2020/2021, the PA should prioritise the approval of pending laws following a transparent, consultative and standardised law-making procedure. With regard to constraints to access justice due to COVID-19 and interruption of security coordination with Israel that emerged in late 2019-early 2020, the PA and EDPs need to work together operationally and diplomatically to enable e-justice mechanisms and improve access to Area C and underserved areas of the West Bank.

## SECTOR 2.1. SECURITY

### Lead: to be agreed

No ROF report was prepared and the sector matrix was not updated due to absence of EDP Lead, following the withdrawal of the UK from the EJS process in relation to Brexit. For the 2020 reporting phase, a decision is to be made on how to address this sector. On 15 October 2020 at the Sector Policy Dialogue meeting, MoI and EUPOL COPPS reported the points below.

MoI reported on some of the ROF indicators for the security sector: Response time to incidents and calls by police (IOC1.1) did not improve. Most of the data collected comes from Area A as access to Area B and C remains a challenge due to Israel occupation. Not much progress was made on law-making in the sector due to the absence of the Legislative Council. Developing specific budget for each institution dealing with security is still being worked on, trying to align planning and budgeting; however, for the moment the Central Financial Administration is still managing the budget for the security sector as a whole. Main challenge for MoI is to control criminality, including illicit drug business, as the PA does not control its borders and depends on Israel. Finally, the MoI confirmed the priority of gender mainstreaming in the security sector.

On the side of EDPs, a new EJS ROF lead needs to be identified as the UK left the function since Brexit. However, EU Coordinating Office for Palestinian Police Support (EUPOLCOPPS) provided some highlights mainly on the police sector but insisted that the security sector should be addressed as a whole although it is divided among various institutions including MoI and the Palestinian Civil Police (PCP). EUPOLCOPPS reported good progress for the drafting of bylaws for the 2017 Decree Law of Police (2017). EUPOLCOPPS relayed the difficulties faced

by the sector at the time of COVID-19 that required the preparation of a comprehensive Palestinian Police Plan to implement the declaration of emergency. Finally, the agency representative mentioned some other progress related to the Community Policing concept formally adopted but still to be put into action, as well as PCP Environmental Unit in place. Looking forward, the revised EJS ROF and the Security Sector should align to the Strategic Security Sector Plans.

## SECTOR 2.2. RULE OF LAW (JUSTICE)

**Lead: EUREP/Ministry of Justice**

### **A. Main progress and challenges at impact and outcome level in 2019-2020**

The Ministry of Justice (MoJ) provided the SDG report on Justice, with which the ROF shares a few indicators and relevant data, but could not provide data for the majority of the other ROF indicators. As a result, this report is based on data that was shared throughout LACS dialogue platforms or obtained through bilateral engagement with some sector institutions and the available PCBS statistics. Different reasons may have led to MoJ's inability to deliver data, including the design of the Rule of Law ROF, the institutional Monitoring and Evaluation capacities of relevant institutions and the challenging inter-institutional dynamics of the sector, which includes both the judiciary and the executive, represented by the MoJ. More specifically, the Rule of Law ROF is designed to measure progress at outcome level as opposed to output level mostly measured in the PA sector SRF. For the future, the reviewed EJS ROF and the SRF should be harmonised at outcome level. A large amount of data is nonetheless available although spread across several institutions. Responsibilities and coordination for data collection should be clarified and strengthened with EDPs support. Finally, yet importantly, in 2020 the COVID-19 crisis has absorbed much of the institutions' focus.

The main highlight of 2019 was the presidential Decree Law 17/2019 dissolving the HJC and all court panels and establishing the Interim (or Transitional) HJC for 12 months with a possibility to extend its mandate to 18 months, which has now been granted. The IHJC has been effective in increasing court efficiency and reducing case backlog. It also addressed individual accountability of judges with the new Code of Judicial Conduct. It partially delivered on its mandate to reform the judiciary, recommending to the President the dismissal of judges it assessed as corrupt or unqualified, their referral to early retirement or their transfer to other positions. This has however stirred strong opposition to the IHJC among dismissed judges and civil society. The IHJC also appointed and trained new judges to meet existing and new needs. Finally, it prepared judicial related draft legislation - including the amendment to the Judicial Authority Law; and developed a vision for the judiciary that aims to also clarify the status of courts, of the Prosecution Office and of the Judicial Institute. In 2020, the COVID-19 crisis has initially caused a suspension of its reform process and moved the HJC to focus on ensuring continuity of essential business - including trials - during the lockdown. The COVID-19 crisis has propelled e-Justice as a key priority and donor-supported initiatives have been undertaken to allow for electronic justice services. E-justice however requires legislative reforms to legalise the new electronic procedures. The establishment of the IHJC shows the PA's commitment to reform the justice system. However, some IHJC's prerogatives raise concerns on the risk of erosion of the principle of separation of powers, even if the presidential decision was taken in response to decrease of public trust in judicial confidence as measured in 2018 and previous public surveys. For instance, the IHJC's legislative initiative, although legally mandated, deviates from the competence of the Minister of Justice to initiate legislation on justice matters. Besides, consultations were limited to the Judicial Authority Law. In the absence of parliamentary initiative and debate, this situation is considered a challenge to a Rule of Law-based state. EDPs should engage with the Ministry to support the drafting of legislation with systematic consultations and engagement of civil society.

It is important to highlight the civil society's choral criticism of the establishment of the IHJC and some of its subsequent actions as examples of executive branch's interference in the judiciary, in breach of aiming for an independent and effective Palestinian judicial system. In 2019/2020, civil society organisations criticised again law-making by Presidential Decree with limited public and political consultations and expressed the view that the JAL and other legislation should be amended only once an elected parliament is established.

Nonetheless, legislative development remains a priority particularly in the context of alignment with international HR treaties. In 2019, harmonisation work has continued at a good pace, though it has borne only minimal legally

valid results. Key pending laws are the draft bills on Family Protection and on the National Protection Mechanism.

Progress in 2019 is also reported in the area of fight against corruption, both in terms of measures adopted by the Palestinian Anti-Corruption Commission (PACC) and action taken to fight corrupt individuals. However, it is not clear if due process is applied in all cases. For instance, it would be relevant to know why removed judges for causes of corruption were transferred rather than prosecuted.

Progress is also reported on the number of violence against women cases that were sentenced, which also took place in the context of increased number of cases filed.

Finally, the MoJ successfully concluded the report on the SDG 16 'Peace Justice, and Strong Institutions' for the Atlas of Sustainable Development 2020. To this end, the Ministry led the coordination and contributions from the sector institutions.

The ROF **impact** indicator 1.1 'Extent to which Palestinians have confidence in and abide by the rules of society' and 1.2 'Extent to which Palestinians are satisfied with legal and judicial processes': Impact of rule of law reforms and EDPs support is not measurable. The indicators rely on public surveys and PCBS statistics on public perceptions and are not regularly available. EDPs need to discuss this with the PCBS, the MoJ and implementing agencies. As a reminder, 2018 public surveys showed a dynamic picture: while citizens' trust towards the courts was slightly increasing in the West Bank, confidence towards the judicial system as a whole was decreasing in both the West Bank and Gaza.

At **outcome** level, 'Integrated institutions and unified legislation adhere to international obligations' (**OC1.1**): No data is available on the degree of integration of justice system institutions and processes between the West Bank and Gaza, while no political progress has taken place. The Palestinian Bar Association reports efforts to integrate internal systems, such as the certificates for trained lawyers and the internal Management Information System, to which the EU is contributing.

As for the compliance with HR obligations, during 2019, the Independent Commission for Human Rights (ICHR), the Ombudsman, received 2,814 complaints: 1,789 were security complaints and were 1,025 civil complaints, 1,761 from the West Bank and 1,053 from Gaza, 2,526 from males, 283 from females (5 unidentified)<sup>6</sup>. However, it is not known if this represents an increase or a decrease of documented HR violations and the rate by which the responsible institution follows these complaints is not available or not publicly shared.

For the outcome on 'Legislation is produced through an effective, transparent and participatory process set in a normative framework' (**OC1.2**): In 2019/2020, this outcome has seen no substantial progress as legislation is not yet produced through a transparent and participatory procedure set in a normative framework with clear roles and responsibilities of governmental bodies and institutions. In 2019, the CS, the Diwan al Fatwa and the MoJ, initiated a proposal on the regulatory framework, set up the electronic reference for the Official Gazette and launched the first official governmental legislation database. The EUPOLCOPPS supported both initiatives as part of its main task to strengthen and support the Palestinian Criminal Justice System. Following the 2019 change of government, a renewed interest emerged. Currently, in agreement with the PMO and EU funding, OECD is preparing a broad programme in support of policy and law making.

In 2019, 28 Laws by Decree were issued in the Official Gazette. Some went through an external consultative process, though with an unclear impact on their content. In 2019/2020, a PA internal and external consultation process with CSOs and other key stakeholders continued to take place in an inconsistent manner. Crucially, in 2019, the Law by Decree 17/2019 assigned to the judiciary the legislative initiative on judicial matters, raising concerns with regard to the fundamental principle of separation of powers. The IHJC worked on many laws, including the draft amendments to the JAL, the criminal and civil procedure codes, the notification and execution law, the Law on Evidence, Law on the Formation of Regular Courts as well as the draft bill on administrative courts, to establish second-tier courts for administrative cases involving the PA administration. An initial draft amendment to the JAL was presented and discussed with PA institutions in the justice sector, civil society and donors. It is reported that other draft laws were not circulated nor discussed. Due to the COVID-19 emergency, no draft laws were approved.

For 'Strengthened independence and competence of the High Constitutional Court (**OC1.3**)', no data is available. In 2019, the MoJ reported plans to train legal researchers of the constitutional court on the methodology of

6 ICHR documented 1,380 cases of HR violations- 917 in the West Bank and 463 in the Gaza Strip.

interpretation and studying appeals applications and on drafting decisions and judgments.

For 'Strengthened administrative justice' (OC1.4), throughout 2019 and still in 2020, judicial review of administrative acts has continued to be performed only at the High Court and with limited scope. Further to the recommendation of the National Committee for Justice Reform to establish a two-level administrative justice, the IHJC prepared a draft law in line with its mandate set by the Law by Decree 17/2019. This is still pending. Progress is observed in the High Court's disposal of cases, with the new High Court disposing of 57% of cases in the context of an increased number of filed administrative cases from 425 in 2018 to 702 in 2019 including 326 new incoming cases.

For 'Empowered anti-corruption mechanisms' (OC1.5), in 2019, the fight against corruption saw progress with new and enhanced measures. The revised anti-corruption law took effect in March, enhancing the witness protection system in corruption cases as well as the asset declaration system by increasing the PACC oversight of the forms. Consequently, institutional and personnel changes took place. The PACC was re-organised and a new Commissioner appointed. Subsequent measures included the witness and whistle-blowers protection bylaw, the bylaw on declaring conflict of interest for public servants, the bylaw on gifts for public servants, the anti-corruption media strategy, the anti-corruption gender strategy, the risk assessment study on the land authority, the risk assessment study in the labour sector, and the risk assessment study in the health sector. An assessment of corruption within the judiciary was conducted by the Council of Europe but its results have not been released yet.

As regards to investigation, prosecution and adjudication of corruption cases, the number of complaints and reports of corruption received by the PACC has been steadily increasing since 2017. In 2019, the PACC received 904 complaints and reports of corruption and the tendency 2020 is increasing with 550 complaints and reports of corruption for the first half of 2020. The tendency is increasing also for the number of investigations that the Anti-Corruption Prosecution initiates upon PACC referral: from 28 in 2018 to 58 in 2019, bringing to 86 the total number of investigation files managed by the PACC in 2019, to an additional 56 during the first half of 2020. Finally, the tendency is increasing also for the number of cases that the Anti-Corruption Prosecution referred to the Corruption Crimes Court: from 18 cases in 2018 to 23 cases in 2019. This could be the expression of more public confidence in anti-corruption measures.

For 'Enhanced independence, impartiality, integrity and accountability of the justice system' (OC2.1), data is available for the HJC not for the Public Prosecution. However, the indicators do not adequately capture 2019 developments with regard to independence, impartiality, integrity and accountability of the justice system. The Decree Law 17/2019 dissolved the HJC and all court panels and appointed the current IHJC with the mandate to exercise regular judicial functions, the powers to reform the judiciary, recommending to the President the dismissal of judges, their referral to early retirement or their transfer to other positions as well as legislative powers to amend the JAL and other laws to reform the judiciary and improve access to justice. The stated reasons for the President's decision were the decreased public trust in the judicial system, the lengthy judicial proceedings, the delayed disposition of citizens' disputes and high backlog of cases, the shortage of qualified judges and administrative staff, the lack of a clear vision and plans to develop the Judicial Authority, the impasse and inadequacy of the legal framework and the unclear legal status of the Public Prosecution, caught between being a judicial or an executive agency and requiring a legislative solution.

The IHJC's mandate was extended by 6 months in July 2020. Since its appointment, it has:

- Removed judges through an internal procedure, also involving the Anti-Corruption Commission. In 2020, 20 judges who were reportedly found to be corrupt or unqualified were transferred to non-judicial legal work to public institutions or ministries.
- Recruited 25 judges in 2019 and organised a transparent competition for a new recruitment batch of magistrate judges in 2020 under supervision of representatives from civil society. It is unclear whether the recruitment process in 2019 was transparent and open.
- Enhanced internal HJC policy-making and planning processes to ensure independent judiciary.
- Proposed draft legislation.
- Engaged civil society to increase public trust and judicial accountability while maintaining independence. The IHJC reports a high percentage of reported incidents (including complaints) involving judges that were followed up on and the complainant was promptly provided with an adequate reply.

The Palestinian Judicial Institute (PJI) trained all 25 judges appointed in 2019 as well as judges appointed in 2018.

The duration of initial trainings was very short, i.e. 13 days for the 25 magistrate judges and 3 days for the other 18 magistrate judges. In 2020, the trend of short trainings continues. The group of 18 magistrate judges received a further 4-day training to complete their initial training, bringing the total to 7 days of initial trainings. Still in 2020, 7 newly recruited first instance court judges received 10 day training. The initial training system is not in line with international standards. The PJI's continuous trainings for judges on specialised matters are also a requirement for allocation of specialised cases. Adequate trainings are key to judicial performance. The strategic focus of the EU grant to the PJI is to develop and institutionalise an improved judicial and prosecutorial training system in full cooperation between the PJI, the HJC and the Attorney's General Office (AGO). This work is still pending.

The COVID-19 emergency has stifled reforms. Moreover, recent events surrounding the dismissal and transfer of judges without clear motivations and procedure and the police's intervention to stop judges and lawyers from entering the court during trial, risk to be detrimental to public trust. Civil society has criticised the executive branch's interference in the judiciary that undermines judicial independence, effectiveness and credibility.

While efforts were made to address the issue of judicial independence, of individual judges' accountability and of transparency of recent judicial competition, cases of corruption should be regularly investigated, prosecuted and adjudicated in line with fair trial standards.

For the outcome on 'Justice is better accessed and increasingly administered in line with fair trial standards' (OC2.2): on the proportion of unsentenced detainees in correction and rehabilitation centres, the PCBS reports a slight decrease from 56.1% in 2018 to 54.5% in 2019 (IOC2.2.2). To further reduce the percentage of detainees in pre-trial detention, it is crucial to enhance the right to early legal representation of detainees/suspects at the police preliminary investigation phase and, among other measures, to prepare lawyers for this role. In 2019, EUPOLCOPPS started engaging on this.

At its establishment, the IHJC communicated a backlog of almost 68,000 cases, particularly at Court of Cassation and High Court. In 2019, the IHJC reported an increase in court efficiency with an increase in the disposed-to-incoming ratio for cases at all court levels while also an increase in incoming cases as compared to 2018 and 2019. This is particularly noticeable at the level of the High Court, where the disposed-to-incoming ratio went up to 124% in 2019 from 59% in 2018.

However, in 2020 the COVID-19 emergency has reversed the trend. The wider reasons for backlogs should also be considered. Limitations to freedom of movement due to the Israeli occupation was further aggravated in 2020 with the cessation of security coordination between Israel and Palestine. This means that police and prosecution cannot move from one to another area to pursue the investigation, while defendants cannot move to courts placed in different jurisdictions from where they reside.

The COVID-19 crisis has propelled e-Justice as a key priority. The portal, supported by the United Nations (UN) programme Sawasya, was approved. Initially, it focuses on enabling electronic notifications; legislation is currently being drafted to regulate these notifications.

With regard to the right to fair trial, the Fair Trial Working Group supported by EUPOLCOPPS resumed work in 2019. It is currently reviewing the current legislation, interpretation and practice to provide recommendations to be integrated in the strategic plans of each justice institution. Meanwhile, for 2019, ICHR reports a high number of violations of fair trial principles: 214 cases of detention under governor's custody in the West Bank, 54 cases of failure or delay in enforcing judgments in the West Bank, 34 cases of seizure of citizens' funds without court ruling in the West Bank.

For outcome 'Women and vulnerable groups, including children, have access to justice and benefit from integrated services' (OC2.3), data on juvenile justice was not shared. There was an increase in number of GBV cases referred to courts by prosecutors and convicted in courts in 2019: 1,140 GBV cases were convicted (out of 3,282 transferred to court) compared to 913 (out of 3,110) in 2018 and 838 (out of 2,481) in 2017 (IOC2.3.2). This increase shows more trust in the system from the part of women survivors of violence on one hand, and more efficiency in the services provided although the number of specialised judges has seen progress, on the other hand. Cases that benefitted from the services of the Family and Juvenile Protection Unit increased to 3,862 from 3,820 in 2018. The MoJ reported that specialised judges and prosecutors in Juvenile Justice exist now in all courts. Moreover, the AGO unified guidelines for addressing cases on violence against women.

The ROF includes a number of induced **outputs** to measure 'Alignment of legal framework' (IO1) with international treaties, particularly on human rights, gender and environment (IO.1.1): in 2019, some progress is reported in preparatory work although the adoption of key legislation is still pending. ICHR reported that most of the adopted laws' content complies by around 70% with HR standards (percentage of adoption of ICHR comments and recommendations to those laws/by laws, which are normally not compulsory to the government).

The Decree-Law No. 21/2019 set the age of marriage to 18 years in alignment with the UN Convention on the Rights of the Child. Some exceptions in special cases were however added: i) if the marriage is a necessity by the interests of both parties; ii) with the approval of the Palestinian judge or the religious authorities of other sects. Civil society reported that since this law was passed, many exceptions have been permitted with judicial approval.

The adoption of key laws, such as the Family Protection Bill (FPB) and the law to establish a National Preventive Mechanism (NPM) are still pending despite efforts to finalise and adopt them. Meanwhile, all legislation related to women's rights was published in a dedicated booklet.

With the rise in the number of cases of domestic violence during COVID-19 pandemic, the government has been keen to adopt the FPB rapidly. The draft bill was revised again in 2019 and shared with civil society in May 2020. According to CSOs, their previous recommendations were not considered and the bill should be more gender sensitive and consistent with international standards. The Cabinet of Ministers discussed the draft in a first reading in May 2020 and again with CSOs. However, the incitement campaign against the CEDAW and the FPB that started in November 2019, targeting representatives of the PA and civil society who worked on the bill, has thwarted its approval. Lawyers, judges, legal scholars, and some religious, political and community leaders criticised the FPB on social media and other platforms.

The Law on the NPM was drafted and sent for adoption. In 2019, the Government committed to establish an independent NPM in accordance with Optional Protocol of the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT). Such mechanisms are established to ensure oversight of state's obligations stemming from the CAT. The adoption of the drafted NPM law, foreseen for 2020, was postponed due to the COVID-19 outbreak.

Significantly, in April 2019, Palestine adopted the Optional Protocols of CEDAW, CRPD and CRC, recognising the competence of the respective Treaty Bodies to receive and examine individual communications by persons claiming violations of rights by the state.

No progress was noted with the Venice Commission standards of constitutional justice (IO1.2). The Venice Commission stands ready to provide opinion on the legal framework, including on new developments on constitutional justice, upon request of the Palestinian government.

For IO1.3, on the principles of judicial independence, impartiality and integrity, see report on OC2.1.

The right to fair trial as per international standards (IO1.4) has not yet been fully incorporated in the legislative framework, although the IHJC worked on the amendment of the penal code. Only a few guarantees exist in the Criminal Procedures Code. For instance, the Basic Law recognises the right to legal counsel, but the Criminal Procedures Code does not foresee it for the first 24 hours after an arrest. In 2019/2020, a committee was formed to review the Penal Code and ensure its compliance with international HR conventions.

No progress was made 'to protect vulnerable groups, including through access to free legal aid' to develop and draft law on legal aid as this requires first agreement among all public and private stakeholders, including the Bar Association.

In 2019, a new Disability Law was developed and drafted following wide consultations with organisations of Persons with Disabilities, civil society organisations, and international organisations. The draft law is aligned with the CRPD and aims to replace Law no. 4/1999. At the end of 2019, a fourth draft of the law was completed and widely circulated for further comments before being submitted to Cabinet.

Finally, the Ministry also reports the publication of guidelines on implementing International Conventions in Palestinian Courts.

## B. Results of policy dialogue and reform process in 2019/2020

Policy dialogue on Rule of Law/ Justice took place through the LACS Justice SWG framework and bilaterally. Technical Justice SWG meeting focused on the Strategic plans and financial situation of the justice sector. LACS Thematic groups offered the opportunity to discuss key reform issues, challenges and progress, including the Family Protection Bill, the work of the Legislation Harmonisation Committee, obstacles facing the execution of criminal judgements, electronic judicial services, the draft amendment of Judicial Authority Law, training programmes for the justice sector staff, case backlog and amendment of procedural laws.

The High-level Justice SWG took place in the aftermath of the establishment of the IHJC and focused on its priorities. Heads of Missions highlighted the need for judicial and legal reforms and for the development of a professional and independent Judiciary, in line with international standards, which the EDPs stand ready to support. They voiced concerns about the erosion of the fundamental principle of separation of powers and emphasised the need for proper consultations with civil society and international partners.

Looking back, we observe a number of points of progress while the overall picture reflects numerous points of stagnation or even set-back. The main observations from the EDPs' perspective, including comments gathered from consultation with civil society organisations and the Independent Commission on Human Rights, are the following:

- The PA has shown commitment to address key judicial reforms. However, the initiative of setting up the IHJC in July 2019 carries several risks that can only be contained through transparent and open processes.
- The enhanced LACS platform through the establishment of thematic groups has increased opportunity for mutual PA-donor-CSO accountability.
- The consultation process with CSOs and ICHR has been enhanced on key files such as the JAL and the FPB but it remains unevenly applied and with no clear impact. More broadly, civil society laments that space of its engagement and oversight on Rule of Law is being severely restricted.
- The breath of needed justice system reforms would require democratic and participatory processes, including through elections.

## C. Theory of change in 2020

The theory of change and intervention logic remain valid but work is required to better align the Rule of Law ROF with the PA Justice SRF. This alignment should ensure that progress is measured at outcome level, indicators are streamlined and based on clear baselines and realistic targets and that data is available. The latter point requires better coordination among the institutions, with an agreed monitoring and evaluation plan and clear responsibilities for collection and analysis. The revised framework will set ambitious yet realistic targets and take into account the COVID-19 challenges.

## D. Priorities for policy dialogue and future programming

Like in 2018, EDPs reaffirm their aim to support to the PA to:

1. Adopt and implement a normative framework for policy and law making that mainstreams international HR treaties Palestine has acceded to.
2. Strengthen independence, accountability and effectiveness of the judiciary. This includes: 1) clearly defining mandates, procedures, responsibilities and enforcement mechanisms for each justice institutions and for the system as a whole, in line with international standards and best practices; and 2) enhancing transparent procedures for recruitment, appointments and removals of judges in line with international norms; 3) ensuring competence and specialisation, including through trainings.
3. Establish a fair, transparent and equitable justice system and enhancing access to justice and legal protection for Palestinian citizens in line with international norms and standards, with special attention to vulnerable groups, women and children. The creation of a national mechanism for legal aid to enhance access to justice is a priority.
4. Establish an accessible administrative justice, with two levels of judicial review and giving courts powers to remedy violations committed by central and local administrative institutions.

5. Enhance constitutional justice by aligning the Law on the Supreme Constitutional Court to Venice Commission standards; enacting rules of procedures including on disciplinary matters and building legal capacity of its staff through trainings.
6. Expediently adopt the Family Protection Bill and the National Protection Mechanism in alignment with international norms and standards, while ensuring proper and timely consultation of CSOs and other organisations. Progress achievement with regard to these laws and the underlying CEDAW and CAT Treaties will be monitored as quality indicators of progress (or lack of) with regard to the PA's overall compliance with and implementation of international treaties and commitments regarding HR as well as the 2030 Agenda for Sustainable Development.
7. In the absence of a functioning parliament, empower the oversight role of relevant administrative bodies such as the ICHR and the Anti-Corruption Commission, as well as CSOs.

# PILLAR 3: SUSTAINABLE SERVICE DELIVERY

## PILLAR HIGHLIGHTS

Education, health and social protection constitute people's main rights and entitlements. The EJS ROF aims at monitoring the support to and accountability of the duty bearers in the provision of social services, and reinforcing the synergies between the three basic social services. EDPs coordination should be further improved in the coming years for better results. Worldwide, the COVID-19 crisis confirmed the importance of maintaining the continuity and financing of social sectors for the most vulnerable.

Coordinated support of EDPs to the three sectors should be articulated along a few priorities jointly identified with PA institutions:

1. Build a resilient social sector with stronger linkages between the Humanitarian-Development-Peace nexus.
2. Move towards social sectors' Medium-Term Expenditure Framework for budget preparation and better policy making.
3. Fast-track digitalisation and automatisisation, including distance learning and related technologies, e-payment, interoperability of information systems.

The 2019/2020 ROF process reiterated the importance of mainstreaming youth, gender and environment/climate change in social sectors, including with specific indicators to guide decision-making.

As regards engagement with all stakeholders in the ROF process, CSO consultation could not be held for 2019/2020 as it was foreseen to have it in March 2020 but was cancelled due to the lockdown. The Pillar III should start 2021 with a joint consultation on the ROF results and indicators and a discussion on possible revision in line with the revised sectoral strategies.

International organisations (UNICEF, WHO, WFP, ILO, FAO and World Bank) remained closely associated with the EDP work under Pillar 3, as key technical and strategic partners.

Finally, the need of comprehensive, accurate, disaggregated (age, gender, region) and triangulated data for analysis was noted again as a persistent weakness. EDPs should continue their support to line Ministries but also to the PCBS on this matter.

## SECTOR 3.1. EDUCATION

**Lead: Finland/Ministry of Education/Ministry of Education and Higher Education**

### **A. Main progress and challenges at impact and outcome level in 2019-2020**

The EJS, in line with the Education Sector Strategic Plan and the NPA aims to ensure that children and youth in Palestine enjoy inclusive and equitable quality education and lifelong learning opportunities.

It is a government policy to open public pre-school classes in marginalised areas. Ten new governmental pre-school classes were opened in 2018-2019. The average gross enrolment rate (GER) however remained nearly unchanged at 72.7%, with no significant differences between boys and girls. Nevertheless, there are growing inequalities in access to pre-school education with no efforts made in opening public pre-school classes in Gaza. Only 4,759 children have access to public pre-schools in the West Bank and 333 in Gaza. It is a concern that the GER in Gaza dropped from 72% to 68.2% suggesting families are struggling to afford private pre-school education. Efforts are needed to reverse this trend and invest in pre-school education, especially in Gaza. Apart from expansion of public provision, support to private pre-schools is needed to enhance their quality and affordability. In 2020, the MoE and World Bank launched a new Early Childhood Development project that seeks

to accelerate these efforts.

Palestine sustains nearly universal enrolment rates in basic education (grades 1-9) and gender parity has been achieved. However, a third of children with disabilities do not access education. The net enrolment rate in secondary education (10-12) increased to 79% although with significant gender disparity in favour of girls (girls 88.9%, boys 69.6%). This disparity has further widened compared to the previous year. The percentage of schools with resource rooms to support students with special needs increased significantly. However, it is not clear to which extent the inclusive education policy is realised. A positive trend continued in the reduction of violence experienced in schools (incl. physical, verbal, and sexual violence and negligence either from peers or school staff) compared to the previous year, although violence in schools continues to be a concern, especially among boys. Apart from school's cyber violence is an issue, based on a PCBS survey on violence.

The MoE monitors the number of public school students and teachers detained, injured or killed by Israeli security forces. These figures dropped in 2018-2019 compared to the previous year. Nevertheless, safe and unhindered access to education and the protection of educational facilities from attacks continued to be a concern. The Education cluster recorded 328 interferences to education in the West Bank and Gaza affecting 19,913 students in 2019 as compared to 206 incidents recorded in 2018. 24 schools in Gaza sustained minor damage and closed for six days affecting 56,000 students, due to Israel air strikes. In the West Bank, three incidents of demolitions or confiscations of school assets by the Israeli security forces were recorded, and 51 schools have pending 'stop-work' and demolition orders. In East Jerusalem, the Israeli security forces arrested the director of education and closed the education directorate for six months with a military order. In November 2019, the EU missions in Jerusalem and Ramallah issued a joint statement expressing their most serious concern at attacks on schools and at the rate of detention amongst children.

One of the three goals in the education sector strategy is to enhance student centred teaching and learning pedagogy and environments. In 2018-2019, the MoE continued its efforts to improve the quality of school curricula. MoE commissioned a comprehensive evaluation of the curriculum reform that was finalised in 2020, and is currently in the process of revising all textbooks based on the recommendations and extensive consultations and feedback from students, teachers and other stakeholders. Further, MoE and partners continued to invest in school construction, renovation and equipping classrooms with appropriate educational technology and resources. The percentage of classes using a variety of educational technologies and resources increased substantially from 43.7 to 54%. The share of schools meeting health environment standards, measured only in the West Bank, was on average 68.1 %, with little change from the previous year. Girls' and co-ed schools show more awareness and abide by the standards better than boys' schools. However, the development was inconsistent since standards declined in girls' schools and improved significantly in boys' and co-ed schools.

Expanded access to the labour market with relevant Technical and Vocational Education Training (TVET), especially for girls in non-traditional sectors is essential. The share of students enrolled in vocational secondary streams compared to the academic stream in grade 10 has slightly increased from 2.3% to 3.04%. However, only 1.36% of girls against 5.1% of boys attend vocational secondary education and only 13% of students were trained in work-based learning. Enrolment to higher education was 45% (34.1% male and 56.5% female). While female enrolment in higher education is much higher than male enrolment, female unemployment remains high.

## **B. Results of policy dialogue and reform process in 2019-2020**

In 2019, the new government split the MoE and Higher Education (MoEHE) into two separate ministries. The MoEHE is currently developing its own higher education sector strategy while the MoE is updating the Education Sector Strategic Plan to reflect the new government's priorities. Partners have stressed the need to base the updated strategies on a strengthened evidence base, focused prioritisation process, and policy-based target setting. Furthermore, it is important that different steering documents including the NPA, the education sector strategies and their SRFs and the ROF are aligned.

Policy dialogue in the education sector was active and took place in the LACS education SWG and through various thematic working groups. With the split of the sector to two line Ministries, it was agreed that both ministries would be represented at the SWG but that the MoE should keep the lead. Ireland took over the position of deputy chair and partners affirmed their commitment to sector wide support by signing the partnership principles for the education sector. Furthermore, the joint financing partners signed the third joint financing agreement (JFA) to sustain the mechanism of direct financial assistance to the development budget of the MoE for the duration of the

education sector strategic plan, until 2022.

Pre-school education was the topic of the annual sector review in 2019 resulting in a number of recommendations for enhancing equitable access to pre-school education and more evidence and results-based decision making in general. In 2020, the annual sector review could not take place due to COVID-19. Hence, progress on the 2019 Annual Sector Review recommendations will be reported later, once it is possible to organise the sector review meeting.

### **C. Theory of Change in 2020**

EDPs support the education sector through a sector wide approach and align their support with the education sector strategic plan. In this way, EDPs can make a meaningful and sustainable system wide impact. The JFA as well as direct financial support via PEGASE are the main mechanisms of support from the EDPs. Sector wide support has strengthened sector wide planning, monitoring and evaluation as well as enabled a close partnership and policy dialogue with MoE moving several sector wide reforms forward. However, EDP's engagement with the MoHE is less intensive due to the absence of similar sector wide mechanisms for support.

Once the NPA, the sector strategies and the EJS are revised, there will be a need to revise the EJS education theory of change and related ROF to strengthen its significance as a tool for policy dialogue. EDPs expect the MoE to strengthen results-based management ensuring that the strategic objectives, indicators and targets set for 2022 better reflect set policy priorities. Discrepancies in the ambition level in the targets is still present. Further, the targets do not aim at increasing parity in terms of gender nor in terms of geographic inequalities. Indicators on access for students with special needs should also be considered. The MoHE does not yet have a comprehensive monitoring and evaluation system and hence there are no available indicators on measuring the quality of higher education but the appropriate strategic objective and targets are currently under discussion, along with the development of the new sector strategy for higher education.

### **D. Priorities for policy dialogue and future programming**

1. MoE and MoHE should continue efforts to strengthen accountable and results-based management of the education system. EDP's should continue dialogue on prioritisation and target setting with both Ministries ensuring that the strategies are well prioritised and feasible, budgets are allocated to core policies and activities and that targets aim to actively reduce inequalities.
2. EDPs should support MoE in managing and mitigating the impact of COVID-19 and the fiscal challenges faced by the PA to protect education and minimise any disruptions in education delivery in the West Bank, including East Jerusalem, and Gaza. This also involves continued support to UNRWA to enable the agency to deliver basic services including education.
3. In light of COVID-19, distance learning (part- or full-time) may be unavoidable. MoE with the support of partners should ensure no one is left behind, especially poor children, and children and youth with disabilities who may not have the technological means to benefit equally from distance learning.
4. Equitable investment to education: MoE should produce information on cost per student expenditure disaggregated by geographical area to allow informed decisions on strengthening educational equity. All reforms and investments should be reaching out to Gaza.
5. MoE should invest in early childhood education and reverse the trend of declining government investment into the pre-school programme.
6. MoE should ensure safe, inclusive and equitable access for boys and girls alike, as well as students with special needs. Accelerated and comprehensive implementation of the inclusive education policy and a review of the effectiveness of resource rooms are needed. Furthermore, MoE should accelerate efforts to enhance the quality of education for boys, and reduce the growing disparity in enrolments of boys and girls at secondary level. In light of COVID-19 and the worsening socio-economic conditions, the number of boys and girls dropout from schools may increase - boys to support families and girls for early marriage. A priority is to continue monitoring this and prepare adequate responses to minimise this risk thereof.

7. MoE should continue efforts to ensure schools are safe and violence free. MoE should accelerate implementation of the non-violence policy with zero tolerance to violence and clear accountability measures. EDPs should enhance their support to the PA for the protection of children's right to quality education and seek to hold all duty bearers accountable for violations of this right. Reporting on its violation should continue through the Children in Armed Conflict Working Group and the UNCRC reports as well as through the education cluster and relevant civil society organisations.
8. MoE and MoHE should continue efforts to improve learning outcomes and make education more student-centred. Data on learning outcomes should be better analysed and utilised to identify trends, bottlenecks and more targeted interventions. The MoE is encouraged to continue its efforts to improve the quality of the curriculum, including to counteract gender-based discrimination and stereotypes and to assess related reforms such as the introduction of vocational subjects in grades 7-9 and digitalisation. Further, the education quality improvement reforms, including indicators, need to be extended to Gaza.
9. The relevant line ministries should work together to expand access to TVET, especially for girls and in non-traditional streams. Students attending TVET need to be systematically exposed to work based learning. The governance system for TVET should be urgently clarified.
10. MoE, MoHE and EDPs should pay increasing attention to teacher policy and pre-service teacher training, including in gender issues.
11. EDPs should provide more support and attention to higher education and efforts to strengthen the quality and relevance of higher education should be supported.
12. EDPs should provide more support and engage in dialogue to use school education more effectively to improve the youth awareness on environment and climate change.

## SECTOR 3.2. HEALTH

**Lead: Italy/Ministry of Health**

### A. Main progress and challenges at impact and outcome level in 2019-2020

The EJS, in line with the National Health Strategy and the NPA, aims to ensure universal health coverage. In order to have key indicators reflecting adequately the reality and the goals to be achieved, a revision was performed between 2019 and 2020. For the same reasons, some milestones were changed, for values previously under or overestimated or not yet set. During the revision process, targets for 2021 were set as well.

At **impact** level, a new indicator was added: **II2.1** Infant mortality rate per 1000 live births, taking into consideration that maternal, infant and under 5 mortality are equally essential at this level. The indicators show a positive trend for infants and under five mortality. For the indicator **III.1** Maternal mortality ratio per 100,000 live births, the milestone was changed, because initially set too low. However, MoH data shows increasing figures of reported cases of maternal mortality that could be attributed to national efforts to improve maternal mortality reporting system. Nonetheless, the issue still needs attention and further analysis.

The mortality attributed to cancer, diabetes and chronic respiratory disease has also increased compared to both 2019 milestones and baselines, with the only improvement for cardiovascular diseases related deaths. Non-communicable diseases continue to be the lead cause for death, which adds more burden on the health system, in addition to the economic and social burden. Therefore, prevention and management of NCDs continue to be one of the main strategic priorities for MoH.

**Outcome 1, Improved Health Insurance Coverage:** during 2019, the MoH reported a coverage of 43.3% of the West Bank population, which shows a positive trend in the Governmental Health Insurance, compared to the previous year. However, the health insurance system remains fragmented, only covering civil servants and the beneficiaries of the Cash Transfer Programme (CTP) of the MoSD, leaving a high proportion of the population not covered by proper insurance schemes. As for the population in Gaza, an exemption from the insurance premium payment is guaranteed along with the provision of all governmental health services for free. This requires a strong effort by MoH to review and update the health insurance system to improve coverage and ensure equitable access to healthcare services, in particular for vulnerable and marginalised populations.

**Outcome 2, Improved efficiency of the health care system:** The indicator on medical referrals to Israeli hospitals was removed as the PA stopped referring new cases to the Israeli hospitals since March 2019, except for specific cases. Two indicators on referrals, within and out of Palestine, were added in agreement with MoH: "Number and actual cost of medical referrals out of Palestine - Egypt, Jordan, etc. - from West Bank, East Jerusalem Hospitals, and Gaza" and "Number and actual cost of medical referrals inside Palestine - West Bank, including East Jerusalem Hospitals, and Gaza. In 2019, the results showed a decrease of 45% in the number of referrals outside Palestine compared to the previous year, showing a positive trend as a result to stop referrals to Israeli hospitals, while increasing referrals to neighbouring countries. Referrals inside Palestine increased by 5% compared to 2018.

MoH data indicated a decrease in the total number of referrals by 4% in 2019 (104,881) compared to 2018 (109,818); however, the total cost of referrals continues to be high standing at ILS 924 million. Although the drop in referrals indicates an improvement in terms of health services, the high cost of the procedure continues to form a major financial burden on the health system, in spite of the reform actions undertaken by MoH. The ministry, with donors' support, needs to invest more efforts in reducing cost of referrals through better service planning, better coordination among service providers and local capacity building. The reduction of referrals in 2020 results could artificially reduce due to the COVID-19 crisis and limited movement from Gaza for political reasons; therefore, it must be taken in consideration for future analysis.

Challenges remain with the PA financial crisis worsened by the COVID-19 crisis and affecting MoH ability to fulfil its obligations towards suppliers and health providers resulting in accumulation of significant amounts of arrears. Another challenge is the health financing system, relying on unpredictable and unsustainable donors' funding. Improving health financing strategies including health insurance reform and strengthening the health care system efficiency remain key priorities for MoH to ensure the sustainability and resilience of the healthcare system, especially during an emergency crisis as COVID-19.

On the family practice approach, MoH achieved positive results with donors' support focused on family practice approach at Primary Healthcare level. The 2019 milestone was already exceeded in the previous year and has been updated by MoH. Moreover, to make the indicator more significant, a second component was added, related to the total number of Primary Health Centres, Health Workers trained on Family Practice Approach. The results showed that 38% of Primary Health Care units apply this approach, compared to 36% in 2018. The approach was fully implemented in three governorates (Salfit, Tubas, North Hebron), and partially in another two (Tulkarem and Ramallah). The consolidation of these results and trends should be an important issue for MoH and donors to consider in 2020 and to replicate in other areas and facilities.

On mental health, a new indicator was added, related to access of patients to services and number of dedicated professionals. It is relevant and timely to increase the policy dialogue in this sector, considering the political context and the probable increase of psychological trauma following the COVID-19 pandemic. In 2019, there was an increasing trend of new cases detected and follow up of persons with a severe mental disorder. However, the number of MoH mental health professionals drastically decreased from 294 in 2018 to 178 in 2019. This is a reason for concern, requiring review and corrective action to address the needs and identify adequate resources. Moreover, the available data is related to West Bank only, and similarly to other indicators, it needs to be properly addressed in the future, for a better analysis of results and strategies implemented, concerning the entire Palestinian population including in Gaza.

**Outcome 3, Improved coverage and effectiveness of primary and secondary prevention programmes:** MoH, with the support of DPs, improved the breast cancer screening, with 11,420 exams performed and a positive trend of the indicator, also for 2019, compared to the milestone newly set by MoH. To make it more relevant, a second component was added to the indicator, related to the percentage of breast cancer detection out of the total women screened. The result for 2019 is 2.3%, reporting a positive trend. On the other hand, MoH should collect and monitor data on the number of detected cases disaggregated by the different stages of cancer, with the aim to increase detection of breast cancer at an early stage. The MoH highlighted the need of trainings for the health staff, awareness campaigns, and updated equipment to keep the same positive trend. However, the partial data for 2020 already show a significant decrease in screening tests performed, due to the COVID-19 emergency restrictions.

The indicator on adult smoking prevalence was erased as data can only be gathered through a survey, which can be performed only every 3-5 years, leaving some years with no evidence.

Regarding obesity in school children, the results of 2019 (18.3% overweight and 6.9% obese) are the same compared to 2018 and below the set milestones, even if there is a slight improvement compared to the baseline. Overall, results show a stagnating situation. The MoH should enhance its prevention and management programmes with focus on improving healthy lifestyles (unhealthy diets, physical inactivity, etc.).

**Outcome 4, Access to health services for marginalised people expanded:** Concerning persons and communities benefitting from mobile clinic services, the results of the programmes implemented and managed by MoH, in cooperation with donors and WHO cluster, are positive (75,000 persons from 76 communities, an increase compared to the previous years). Future targets were revised, because the initial ones were already reached in 2018.

**Outcome 5, Health system response to violence against women and children strengthened:** The indicator on GBV was revised by MoH to make it more accurate and to include all services provided by the GBV National Referral Services System (NRSS), even if still referring only to MoH facilities. More survivors (1,982 women in 2019 compared to 1,791 in 2018) could benefit from the GBV NRSS in 29 facilities, including 11 new ones. A manual for GBV standard protocols was developed and Trainings of Trainers were performed for more than 100 participants, with the aim of harmonising the health service providers. However, there is an indication that GBV increased in 2020 due to COVID-19 related constraints and lock-down, hindering access of GBV survivors to the NRSS.

**Outcome 6, Environment safeguarded and occupational health risk factors reduced with community participation:** concerning the adoption of medical waste management, new targets were defined. During 2019, only 32% of the health facilities in the West Bank have integrated the medical waste management system complying with the endorsed health protocols. The results did not improve as expected, with no change compared to 2018. MoH needs to invest more for this sector and for improving their medical waste management data collection tool, particularly with the COVID-19 crisis, which generated a lot of medical waste.

Regarding the induced **output** on institutional improvements, policy dialogue should continue on the tobacco and nutrition legislation, as the bylaw for tobacco is still pending under cabinet approval, and the bylaw for nutrition (sugar and trans-fat) is still under definition.

With regard to gender mainstreaming, MoH continues collecting and making available almost all data disaggregated by gender. Unfortunately, an issue previously highlighted persisted also in 2019: in some health reports, not all data are presented with gender-disaggregated figures and the data analysis is not adequate to guide policy and planning. For this reason, dialogue with relevant health sector authorities and stakeholders could be also focused on requiring that all data included in official reports should be presented in a gender-disaggregated form with adequate analysis to inform decision-making. This could help all stakeholders to design and manage evidence-based health programmes addressing gender disparities.

## **B. Results of policy dialogue and reform processing 2019-2020**

In 2019/2020, similarly to the previous years, MoH with the support of EDPs, focused on reforms concerning universal health coverage, health spending and health insurance, accreditation, and payment system of private hospital providers. However, the COVID-19 emergency preparedness, response and recovery became the actual priority for the first 2020 semester.

After discussion with MoH officials, some ROF indicators were updated and adapted to reflect specific increased attention to health policy issues, envisaged in accordance with the NPA and policy dialogue with EDPs, including with the addition of an indicator related to mental health.

MoH continued reforming and strengthening the existing referral system, mainly, updating Memoranda of Understanding with service providers inside and outside Palestine, introducing the national price list and adopting the e-referral system. From 2019, Israel is no longer a destination of referrals out of Palestine (only for exceptional cases), however the process of Israeli authorisation of patients' movements for medical reasons remains an important challenge. In 2020, the COVID-19 crisis along with the suspension of all interaction between PA and Israel for political reasons, made the referrals extremely challenging, with the need of UN agencies support to overcome these limitations.

The challenge remains also with the high number and cost of referrals, and therefore, the EU annual contribution

to the payment of unpaid bills of medical referrals to East Jerusalem hospitals through PEGASE remains a priority for the PA to maintain the availability, access and sustainability of specialised services to the Palestinian population. Concerning PEGASE, EU, Italy and Finland provide annual funding in support to the arrears for the costs of referral due to the East Jerusalem Hospitals by MoH, with the disbursement of EUR 14.9 Million (EUR 13 million from EU, EUR 1 million from Italy and EUR 0.9 million from Finland) in 2019. Due to the COVID-19 emergency crisis, in 2020 a total of EUR 26.5 million were allocated, with EUR 17 million disbursed in May and August (EUR 13 million from EU, EUR 3 million from Finland, and EUR 1 million from Italy) and a top up of EUR 9.5 million from EU foreseen in November.

There was an increasing degree of coordination and cooperation between all stakeholders in 2019, nevertheless joint implementation of activities, policy and strategies dialogue remains limited. In 2019, the Health core group meetings were organised, as well as the LACS Health SWG were resumed, with Italy replacing USA as deputy chair. Two Health SWG were held in September and December 2019. In 2020, due to the COVID19 emergency, only one Health SWG meeting was organised in September

### **C. Theory of Change in 2020**

All sector strategies including the National Health Strategy are being revised in 2020 and should be endorsed by the Council of Minister by the end of September 2020, mainly to include strategic priorities related to the new Shtayyeh government and to include the COVID-19 crisis lessons and COVID-19 prevention and control measures. Jointly with MoH officials, the health ROF theory of change was revised to further strengthen its significance as a tool for policy dialogue. Some indicators were revised because they were outdated (such as referrals to Israel) or with no data collected (such as smoking prevalence) or not sufficiently accurate to measure results and their reflection of strategies implemented. Moreover, some milestones and targets were updated. Some indicators are still related only to the West Bank, leaving out Gaza, which represents a limit and will need to be addressed properly in the future.

A new indicator on mental health was added, considering this sector of high relevance for the Palestinian population with a focus on Gaza, but with limited dedicated resources. Indeed, according to WHO, the prevalence estimate of mental disorders in conflict settings is 22.1% at any point in time in the conflict-affected populations assessed (<https://www.thelancet.com/action/showPdf?pii=S0140-6736%2819%2930934-1>). WHO estimates that around 210,000 or over one in ten people suffer from severe or moderate mental health disorders in Gaza. Results during the years will reflect this health priority, strengthening result-based management.

Moreover, in 2020 the European Union has started a direct policy dialogue with MoH, to explore the feasibility of supporting health financing policies including health insurance reform to enhance the sustainability of the health sector and achieve progress towards universal health coverage.

### **D. Priorities for policy dialogue and future programming**

1. A resilient health system should be ensured to respond to COVID-19 crisis, while maintaining the essential health care services including vaccination, mother and child health, mental health services, GBV services, regular drug supply for chronic non-communicable diseases, referrals, etc. to minimise disruptions in health service delivery in the West Bank, including East Jerusalem, and Gaza.
2. EDPs should consider adopting the nexus approach in the COVID-19 response and recovery to support MoH in mitigating the negative impact of COVID-19 on the health system and ensuring access to essential health care services including for vulnerable and marginalised groups.
3. Address chronic non-communicable diseases and the increase in demand for complex healthcare services and related costs, as investment in preventive health care continues to be limited.
4. Considering the complex and fragmented health insurance system that does not ensure equal access to quality health care services, neither supports the sustainability of health financing, a review and update of the system is a priority.
5. Improve efficiency of the health system, while addressing the major financial burden of referrals as medical referrals could be reduced with better service planning, better coordination among service providers and local capacity building.
6. Family practice approach in Palestine is considered key to strengthening primary health care as a mechanism to ensure integration of service delivery between primary and secondary healthcare levels,

and would allow progress towards universal health coverage.

7. The community mental health system requires integration of Mental Health & Psychosocial support (MHPSS) into health facilities; develop MHPSS rehabilitation services and raising the awareness of the community.
8. It would be important to increase the percentage of hospitals and health facilities adopting medical waste management, improve monitoring and reporting data, in compliance with the 2013 bylaw protocol application and address the collection and treatment of hazardous medical waste originating from COVID -19.
9. The health information system is inadequate; data quality, analysis and reporting are undermined by limited availability of disaggregated and stratified data by users' socioeconomic position. Such data and analysis are needed to assess and monitor health inequalities and guide evidence-based policy making and programming focusing on disadvantaged groups.
10. Monitor/evaluate the status of the implementation of the National Referral System Services for women and children GBV survivors, increase awareness-raising and educational actions and increase number of public and private health facilities, which have a special triage for women survivors of GBV and support the full implementation of a similar system for children.
11. Monitor diseases and/or mortality due to environmental health issues, pollution, food and water safety, hazardous waste, antibiotic resistant bacteria, etc..
12. Address challenges in maternal and new-born health in terms of primary and secondary health services.

## SECTOR 3.3. SOCIAL PROTECTION

**Lead: EUREP/Ministry of Social Development**

### **A. Main progress and challenges at impact and outcome level in 2019-2020**

At **impact** level, reducing poverty (SDG 1) is one of the main objectives of the sector under the responsibility of the MoSD. The annual milestones for poverty reduction to reach 0 poverty in 2030 should be determined by the National Team for Combating Poverty, chaired by the MoSD, and in coordination with PCBS and other Ministries as poverty reduction is a cross-sectoral issue, depending on other SDGs. For 2019, there are no updated statistical poverty data as PCBS will carry out the next Palestinian Expenditure and Consumption Survey (PECS) in 2022. However, in 2020, the COVID-19 crisis had a direct visible impact on poverty that will affect attainment of 0 poverty in 2030. The MoSD registered 100,000 new families affected by the COVID-19 lockdown in the West Bank, using a fast-track procedure of self-online registration (no application of Proxy-Means-Testing Formula) and cross-checking of applicants by MoSD with various Ministries (MoF, MoLG and MoI), among which 53,000 workers from the informal sector were handed over to MoL database. In Gaza, the MoSD estimated that 70,000 families have been affected by the consequences of the COVID-19 pandemic.

In 2019, the MoSD continued technical work on adapting the concept and methodology for multi-dimensional poverty to be introduced in 2020 for planning and targeting of social programmes, including the CTP. The main objective of the multi-dimensional poverty is to address better the complexity of vulnerabilities and extend it to non-monetary issues in order to be able to reduce poverty more efficiently. This would reduce the current exclusion rate of potentially eligible families from the CTP to which EDPs contribute through PEGASE. It would also direct some families to some other types of social protection programmes or to economic empowerment programmes managed by other Ministries.

The sector's second main objective of eliminating all forms of marginalisation, violence and social exclusion (SDG 10) is still difficult to measure. For indicator II1.2 Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions, the PCBS is still working on the data.

For indicator **II2.1** on proportion of population covered by social protection floors/systems, there is no Palestinian definition of social protection floors and no data available. The main social protection system is provided through CTP with cash assistance to 105,373 poor and vulnerable families as well as free health insurance, food assistance and school fee waivers.

Indicator **II2.2** on proportion of people living below 50% of the median consumption by sex and age is provided by

PCBS at household level as data at individual level is not collected. In 2017, the baseline year, 17.3% households were living below 50% of the median consumption, including 41.9% in Gaza and 3.7% in the West Bank. Discussion should be held with MoSD and PCBS to see if data at individual level could be collected in the future.

At **outcome** level, the **OC1** 'living standards of poorest and most vulnerable Palestinian are maintained' is measured by the number of deep poor families receiving social allowances. Some 105,373 families<sup>7</sup>, out of which 90,000 with deep poverty scores corresponding to 70.8% of the total deep poor identified by the PCBS census<sup>8</sup>, received cash transfer from MoSD in 2019. This is a slight decline of coverage compared to 72% in 2018. The families entitled to social allowances included 45,017 female-headed households, 18,109 households headed by People with Disabilities and 37,432 elderly-headed households. Geographically, an average of 69,908 households live in Gaza and 35,124 in the West Bank. In 2019, for the second consecutive year, MoSD managed to carry out only three payments out of the four annual CTP payments due to the fiscal crisis and budget restrictions imposed by the MoF. The total annual allowances, representing 75% of the entitlements, amounted to ILS 370,752,136 with EDPs covering 53.6%, through PEGASE, the World Bank 2.6% and the PA's budget 43.8%.

For **OC2** on increased access to specialised social services for vulnerable Palestinians, a case management system was introduced in 4 new regional directorates (Tubas, Ramallah, Yatta, Jerusalem/Abu Dis) and training of social workers in case management methodology was carried out in the 12 directorates of the West Bank (OC2.1), therefore achieving the target set for 2020. The training of 135 social workers in Nablus, Tulkarem, Hebron, Tubas, Ramallah, Yatta, Jerusalem and 65 in Salfit, Jenin, Qalqilya, Jericho, Bethlehem was carried out. However, the case management is not yet implemented as the Ministry is still putting in place the unified Social Registry Information System and adapting the targeting to the new multi-dimensional poverty formula.

For OC2.2, three Joint Planning Groups (JPGs) were institutionalised in Salfit, Jericho, and Bethlehem. and JPGs of Jerusalem, Ramallah and Nablus were being re-activated. No information was received on the actual existence and implementation of action plans. IOC2.3 No financial allocation was disbursed from the Ministry's budget.

For IOC2.5, in 2019, 47 women and 12 children were sheltered in the Mehwar centre (compared to 57 women and 19 children in 2018) and 3,027 social and legal services related to GBV were provided by the centre (compared to 2,923 in 2018). In addition, MoSD social workers provided support to 396 vulnerable women and provided 1,048 services. This increase of GBV related services could indicate that the centre and MoSD are better equipped to provide assistance to the GBV survivors and/or that GBV survivors are more aware about the facility and about their right to seek assistance. In 2019, 31 women and 2 children (accompanied their mothers) were hosted at the emergency protection shelter in Jericho due to family related violence. Professional interventions were facilitated in partnership with the Women Coalition for the Implementation of CEDAW WCLAC the Police Family Protection Unit, the Governorate of Jericho and MoSD for some 50 cases.

Finally, there was no progress in **OC3** - Private sector workers and family are protected by a social security system. However, the crisis highlighted the need for a contributory social security system to protect workers against loss of income due to shocks of varying kinds. In the absence of such a system, vulnerable workers are forced to rely upon limited basic social protection. The MoL should coordinate better with MoSD on data collection and analysis and access to vulnerable workers from the informal sector. The International Labour Organisation (ILO) was asked by the PA to support the social dialogue and propose some scenarios to increase the attractiveness and flexibility of the social security roll-out in Palestine scheme.

## **B. Results of policy dialogue and reform process in 2019-2020**

The Social Protection SWG met only twice in 2019 with a first meeting with the new Minister Dr. Ahmad Majdalani, in May. Main discussions were around how to maintain the social sectors funding considering the recurrent PA fiscal crisis. In this context, better coordination of DPs funding and stronger nexus approach, in particular for Gaza, would allow efficiency. The main constraints for MoSD to roll out its reforms is annual budget allocations, which are always lower than planned, including in 2019. The MoSD is however committed to better align to International treaties endorsed by Palestine, mainly the CEDAW, the Convention on the Rights of the Child (CRC), and the Convention on the Rights of Persons with Disabilities (CRPD). In line with the Rights Based Approach, policy dialogue under the EJS should focus on these issues. Priorities and challenges are regularly discussed with other DPs such as, ILO, UNICEF, the World Bank, WFP and FAO (link with SDG2). Policy dialogue in 2019 was

<sup>7</sup> In 2019, the MoSD recertified some 23,296 families from CTP database (review of the family situation and poverty criteria to confirm their poverty rates using the Proxy-Means testing methodology).

<sup>8</sup> PECS 2017: 127,048 households are deep poor while CTP provided social allowances to 92,570 deep poor families in 2018

mainly around the draft Law on People with Disability, which was submitted to Cabinet in 2019 and the Family Protection Bill, in particular for the national interventions and services related to GBV, which was revised under the leadership of MoSD and re-submitted to Cabinet.

### **C. Theory of Change in 2020**

The MoSD is committed to the 2030 Agenda for Sustainable Development and was appointed by the PMO as focal Ministry for the achievement of SDG1. In the Theory of Change of the Social Development Sector Strategy, while SDG 1 and 'leave no-one behind' is the main goal, it is intrinsically linked to other SDGs. It is still not clear how the PA plans to achieve SDG1 targets by 2030 and the COVID-19 crisis brought additional challenges. DPs should assist the MoSD to identify priorities for investment to progress towards reducing poverty. As regards poverty data, so far PCBS has data at household level: discussion should be held with MoSD and PCBS to see if data at individual level could be collected in the future.

Mid-2020, the MoSD revised the Social Development Sector Strategy for the period 2021-2023 to take into account the COVID-19 crisis lessons, and to better link strategic objectives with planning and budgeting, including at Regional Directorates level. A new Strategic Result Framework was also prepared. The MoSD also initiated the restructuring of the ministry, with more decentralisation for social services, improved targeting with the multi-dimensional poverty methodology and increased local partnership (public-private). The revised strategy was submitted to Cabinet in September 2020 and an English translation to share with DPs is still awaited.

Indicators to assess adequacy, coordination and improvement of EDP support to MoSD are missing in the ROF and should be included in the follow up ROF. It could also include indicators on how EDPs provide their support taking into account the nexus flexibility, like scaling up assistance when needed, by using existing systems (COVID-19 experience).

### **D. Priorities for policy dialogue and future programming**

1. EDPs should assist MoSD in identifying cross-sectoral priority investments to progress towards SDG1, in coordination with other SDGs that are key to achieve this goal.
2. MoSD needs to take COVID-19 crisis lessons into account for a more shock responsive sector strategy in coordination with the other social sectors.
3. EDPs need to support MoSD to progress along the social protection floors with a focus on implementation of the Law for the protection of People with Disability.
4. EDPs should support MoSD in developing programme-based budgeting in line with PFM Reforms, mainly aiming at securing four CTP payment every year.
5. The Cabinet has to approve the Family Protection Law, although the latest draft is not fully aligned to international standards, and EDPs to advocate for concrete planning and budgeting for its implementation, specifying role of civil society in assisting and overlooking the duty bearer in its responsibility (linkage with SDG 5).
6. MoSD needs to continue rolling out the multi-dimensional poverty methodology to improve its targeting and launch its unified on-line Social Registry Information System.
7. MoSD will have to improve its analysis capacity on different forms of vulnerability and multi-dimensional poverty affecting individuals within the households benefitting from the CTP in order to adapt the support provided; Discuss with PCBS the possibility to collect data at individual level to measure the 'proportion of people living below 50% of the median consumption by sex and age'.
8. EDPs need to operationalise the humanitarian-development nexus approach, including through enhanced coordination and financing of adapted tools, for better social protection coverage.

# PILLAR 4: SELF-SUFFICIENT WATER AND ENERGY SERVICES

## PILLAR HIGHLIGHTS

The development of self-sufficient, efficient and sustainable water and energy services are fundamental for life and all aspects of socio-economic development. Both sectors reported some positive traction, but were heavily impacted by the deterioration of the – already dire – political and economic situation. Interruptions in clearance revenues, the Trump Peace Plan, COVID-19, threat of annexation and no contact policy, all pose serious obstacles. Entry of materials required for water and energy infrastructure and negotiations on and/or signing the PPA and Water Purchase Agreement are further delayed as a result. Meanwhile, the demand-supply gap continues to exist and the financial sustainability of both sectors continues to be a concern, especially now that the impact of COVID-19 is starting to take its toll on the ability of households to pay for their water and energy bills. The situation in Gaza continues to be alarming.

While the political and economic challenges are immense, the environmental challenges cannot be overlooked. Climate change and environmental degradation exacerbate existing vulnerabilities and threaten resilience-building efforts. The endorsed EGD in December 2019 underscores the need for a global response, by integrating climate action in EDPs diplomacy, trade and development cooperation. Thus, to address the aforementioned growing concerns and advance climate action, EDPs should consider to play a more prominent role in holding the duty bearers to account (both the PA and Israel) for their obstructive roles to enhance the operational and financial sustainability of a green water and energy sector in Palestine, by setting clear parameters to both sides.

## SECTOR 4.1. WATER

**Lead: The Netherlands/Palestinian Water Authority**

### A. Main progress and challenges at outcome level in 2019-2020

**Impact:** Improved access and sustainable management of water and sanitation services: Water is fundamental for life and all aspects of socio-economic development and thus achieving water security is considered a cornerstone for the PA. The targets for 2019 regarding the percentage of households connected to a public water network (III.1) and a wastewater system or suitable on-site sanitation system (III.2) were both met. The PWA priority currently lies on connecting six underserved communities, north of Jenin, by the end of 2020. EDPs and PWA echo last year's comments by civil society that the indicators of the EJS's ROF do not help to determine the amount of litre per capita, per day and whether distribution of water resources is fair. The planned revision of the SRF and ROF provides an opportunity to address civil society's remarks.

**Outcomes: Improved quality and reliability of water supply services as ensuring fair water distribution (OC1)**

Lack of access to land to develop/repair infrastructure and address illegal connections to Mekorot lines, lack of financial means and lack of accountability lines continue to make it difficult to reduce the percentage of non-revenue water (IOC1.1). While it is true that the milestone (changed and aligned since 2019 to the SRF) for the year 2019 is met, there has virtually been no progress compared to 2018. In Gaza, the non-revenue water has even increased as a (assumed) result of illegal tapping. The percentage of water samples that are passing national quality standards (IOC1.2) are below the ambitions set for 2019 (91% instead of the envisaged 96.5%). Concerns about the reliability of this data continue to exist realising the conditions in Gaza. Additionally, for the data to be effective, there should be an agreement/common understanding of the levels of contamination that are being measured.

For 'Ensured financial sustainability of water and wastewater utilities and service providers' (OC2), efforts were undertaken by the PA to increase the percentage of collection rates at household level (IOC2.1). By installing prepaid water meters, in cooperation with LGUs, and launching awareness campaigns, the collection rate now

stands at 79%. COVID-19 is however expected to have a major impact on the local economy and collection rates are expected to drop at household level. This, in addition to the fact that LGUs continue to use water revenues to cover their deficits on the provision of other local governmental services, rather than operating and maintaining water infrastructure and paying the water bill, will put the financial and operational sustainability of water and wastewater services under even more pressure.

For **'Improved wastewater services and structure management, collection treatment and reuse' (OC3)**, progress was made with respect to the wastewater treatment plants in Tubas (capacity of 4,400MCM/day) and in Aneen (capacity of 600MCM/day), but community opposition against the Hebron regional wastewater treatment plant has caused significant delays. PWA has started to incorporate lessons learned from this experience into existing and newly developed tools and plans that allow PWA (together with other stakeholders, including local authorities) to effectively engage and communicate with communities when designing projects to raise awareness, engage and, if possible, address communities' concerns. In return, projects will be implemented without major delays, which is vital considering that increased domestic water use (and therefore wastewater) currently outruns infrastructural development. As a result, the percentage of wastewater treated in wastewater treatment plants (IOC3.1) dropped 5% compared to last year in the West Bank, not meeting the 2019 target. Untreated wastewater that flows into Israel costs the PA tens of millions per year and reduces the potential of irrigating agricultural lands with treated wastewater (IOC3.2), although the target was met. Realising that 2019 witnessed the launch of the project Water Banking and Adaptation of Agriculture to Climate Change in Northern Gaza, it is expected that the amount of dunums irrigated with treated water in Gaza will become significantly higher over the course of the next few years.

On the induced **output**, 'Developed water and wastewater institutions to reinforce good governance bases within an integrated legal and institutional framework' (IO1): The Water Law 2014 was amended in 2019 to clarify roles and mandates regarding the licensing and setting of water and wastewater tariffs. As a result, the Water Sector Regulatory Council (WSRC) no longer sets tariffs and/or licence service providers itself, but rather proposes to the Council of Ministers (CoM), who is the ultimate decision maker, a sustainable tariff at bulk and retail level and a recommendation regarding which service provider should be licenced.

Although PWA underperformed in 2019, during which only one (the unified Tariff bylaw) of the envisaged two bylaws was submitted (IO1.1), there has been positive traction over the course of 2020. Apart from the Drilling and Abstraction Regulation being endorsed by the CoM, the -long awaited- Establishment and Licensing of Regional Water Utilities bylaw is about to be submitted to the CoM. It is worth mentioning that this bylaw was drafted in an inclusive manner and several consultation rounds were held with, amongst other, the MoLG and the WSRC.

## **B. Results of policy dialogue and reform process in 2019-2020**

The two identified priorities for policy dialogue and programming in 2019 related – to a large extent – to enabling an institutional framework in line with the Water Law 2014, by accelerating the submission, endorsement and enforcement of key bylaws and developing an exit strategy regarding how the Bulk Supply Unit in Gaza would eventually transition into the Gazan branch of the National Water Company (NWC). In spite of multiple discussions with the PWA and PMO, little progress was made on the legal framework in 2019. The Netherlands and the EU started linking support to result based programming (WSRC & PEGASE) and simultaneously witnessed notable progress on PWA's efforts to advance on the legal framework, in an inclusive manner, despite the COVID-19 crisis. The development of the aforementioned exit strategy, as part of the associated works programme was significantly delayed, but for reasons outside PWA's scope of influence. PWA is continuing their work on developing such a strategy, which is of key importance to enact the Water Law.

The majority of policy discussions in 2019 happened on a bilateral basis, at a technical level. The LACS Water SWG Meeting (September 2019) announced the establishment of two thematic working groups. One on Gaza, which has been functioning well under PWA's leadership and one on reform that was convened only once (October 2019). It is evident that the thematic working group on reform should be relaunched to support PWA in their efforts to advance reform in alignment with the Water Law 2014.

## **C. Theory of Change in 2020**

While the theory of change and the intervention logic remain relevant considering the alignment between the ROF, the Water Sector Strategic Plan 2017-2022 and the sector SRF, additional work is required. Ambitions to

further improve the EJS ROF indicators to enable better tracking of overall progress in the sector, including an explanatory note to develop a common understanding regarding the aim and relevance of agreed indicators, will be merged with the Palestinian process of reviewing the sector strategies and SRF. The revised EJS ROF aims to include indicators that fall under the sole responsibility of EDPs to underscore the mutual accountability in advancing the water sector. EDPs and PWA agree that data disaggregated by geographical location is required to have better informed policy discussions and that the EJS ROF should also include targets for EDPs. It is envisaged that Palestinian civil society is represented in this exercise, which will be initiated by the PWA and EDP sector lead. The revised framework will set ambitious yet realistic targets and take into account the COVID-19 challenges.

#### **D. Priorities for policy dialogue and programming**

1. PWA responded well to the recent COVID-19 outbreak by developing the required emergency plans. EDPs would however welcome additional steps to work more collaboratively with all stakeholders, in a coordinated manner, by sharing accurate information about the sector, in a timely manner. Capitalising (even) more on the capacity of the Water Sector Regulatory Council and coordinating (even) better with the Humanitarian Cluster and Development Partners will help improve the resilience of the water sector amidst this crisis and beyond and help advance the Humanitarian-Development-Peace Nexus. Hence, EDPs should urge PWA to organise Water SWG Meetings on a quarterly basis, in line with PMO guidelines, and institutionalise thematic working groups (Gaza, reform and wastewater). At these meetings the PWA, the WASH cluster and EDPs can jointly define and follow up on concrete action points in alignment with the EJS ROF (OC 1; OC 2; OC 3), based on sound data.
2. Data that is reliable, understood, accessible and disaggregated by geographical location, gender and age is a prerequisite for any state to make better-informed policy decisions and helps develop plans to improve water and wastewater services. During this reporting cycle, it became evident that PWA and the WSRC need to pay close attention to this and EDPs should underscore the need for reliable data in their policy dialogue with the PA. Moreover, sound data will also help surface challenges that cannot be tackled solely with financial and technical support, but rather require EDPs' political support (i.e. transboundary wastewater, access to water resources and Area C for infrastructural development and repairs etc...).
3. Promote cross sector coordination and complementarity to enhance the viability of the water sector. Completing the legal framework (Regional Water Utilities Bylaw and Tariff Bylaw) would enable an environment towards the full implementation of the Water Law 2014, but - for it to be effectively implemented - roles and responsibilities of all relevant stakeholders (both at ministerial and service delivery level) and decision-making procedures within the transitional process have to be agreed upon and implemented. Cross sectoral coordination is required to, amongst others, reduce the net lending bill in a collective manner through discussions on bulk and retail tariff, subsidies, reconciliation of outstanding debts, collection rates, ring fencing of water accounts, operation and maintenance, non-revenue water and access to data (OC 2; IO 1).

## **SECTOR 4.2. ENERGY**

### **Lead: France/Palestinian Energy and Natural Resources Authority**

#### **A. Main progress and challenges at impact and outcome level in 2019-2020**

Despite national efforts to increase energy independence, the Palestinian energy sector still faced major obstacles in 2019. The deterioration of the political and economic context in 2019 also left its mark on the energy sector: the absence of progress in the sector reform with the stall of the PPA, and the negotiations with Israel raised growing concerns as regards the development of an independent, efficient and sustainable Palestinian electricity market. In light of the ever more complicated geopolitical settings, the momentum started in 2018 could not be fully sustained in 2019 and several targets that had been set for 2019 could not be met. Nevertheless, some notable progress in diversifying sources of energy should be noted down: the Palestinian Energy and Natural Resources Authority (PENRA) further explored its plan to utilise conventional and renewable sources away from the Israeli Electrical Company (IEC) with pursued negotiations with Jordan and Egypt and intensified dialogue with the private sector.

At **impact** level, 'Ensure access to affordable, reliable, sustainable and modern energy for all in Palestine' (I1) even though performance indicators did not fully reach the objectives set for 2019, especially with regards to the II.1.2 indicator, the trend is more positive than in 2018. Although not decreasing, the average price per kWh sold to the final consumer remained the same as in 2018. However, the indicator (II.1.2) may need to be put into perspective, in relation to the Jordanian-Palestinian interconnection plan, which bore its fruits. As part of the long-term strategy to establish a high voltage connection with Jordan, 36 MW were imported through two connection points in 2019 while existing points are expected to be upgraded to 80 MW. Although such development is undoubtedly a positive step in diversifying electricity supply, the increased share of Jordanian electricity may have contributed to the stability of the indicator, which in turn means that Israel's pricing may have remained more or less constant, if not increased. In the absence of information on the costs of the imported Jordanian electricity, it thus seems difficult to draw conclusions on the II.1.2 indicator, whether positive or negative. The Gaza Power Plant (GPP) – the only existing power plant in Gaza, which runs on heavy fuel – has been benefitting from additional fuel since October 2018 which has helped improve the electricity supply and overall living conditions in Gaza. Despite the improvement, Gaza's power demands could not be met, with the GPP only operating on a 70-80 MW capacity for most of 2019. More significantly, the percentage of electricity imported or purchased from non-Palestinian sources fell by almost 5 percentage points between 2018 and 2019, thus going beyond the 2019 expectations (89.86% instead of the targeted 91% for II.1.1).

At **outcome** level, **"Increased RE capacity to meet Palestinian energy needs" (OC1)**, some tangible achievements were made in 2019, which contributed to moving toward cleaner, safer and self-sufficient energy. In particular, substantial progress was made in developing RE as an alternative source of electricity production, with 40 MW expected to be generated from solar systems projects – these installations were connected to the grid early 2020. PENRA pursued its efforts in mainstreaming RE, including through taking advantage of private investments. The EDPs remained also instrumental in helping strengthen the RE market. As a consequence, the IOC1.2 indicator more than doubled compared to 2018: it outperformed the 2019 target with RE accounting for 2.3% of the total electricity consumed. PENRA is expecting to reach a total of 130 MW coming from RE sources by end of 2020, thus meeting their strategic goal. As regards energy efficiency, the picture for 2019 is a mixed one as the targets for 2019 were not quite reached. However, looking into the consumption level, the trend remained somehow positive. Based on latest reports, the amount of energy savings is close to the agreed milestone: 220 GWh instead of the expected 250 GWh while it was 150 GWh in 2018 (IOC1.1).

For outcome, **"Reliable electricity grid with functioning interconnection points" (OC2)**, at distribution level, Palestinian efforts to address electricity losses remain dependent on Israeli restrictions on access to Area C. In that context, the disconnection measures taken by the IEC in 2019 severely affected the distribution system. Nonetheless, the target rate was reached: the indicator remained stable, with 20% of losses in the distribution system for two consecutive years (IOC2.1).

For **"Effective and efficient institutions and operators active in the energy sector" (OC3)**, negotiations on the PPA stalled, thus seriously hindering the consolidation of the electricity market and the reinforcement of sustainable institutions at sector level. As a side output, the restructuring of the Palestinian energy operators suffered further delays and the regulatory milestones could not be achieved (IO1.1) One of the main obstacles to finalising the PPA relates to the net lending constraints. In 2019, Palestine was requested by Israel to pay the electricity debts accumulated since 2016, which swept away the efforts initiated between 2017 and 2018 to reduce the net-lending. As a consequence, the net lending in the electricity sector reached NIS 616 million in 2019 (IOC3.3). In view of the political deadlock in finalising the PPA, the number of connection points with the Israeli grid could not be decreased and regressed (IOC 3.2). In parallel, further delays were encountered in connecting local communities to distribution companies: the situation remained unchanged as in 2018 (IOC3.1) due in part to discrepancies with local communities for whom electricity has become a source of local revenue and restricted access to certain areas (Area C).

Overall, the Palestinian energy sector remains largely dependent on political configurations, making it difficult to confirm any trend, whether positive or negative. In light of the political vagaries and in the context of the economic crisis, compounded by the sanitarian crisis outbreak in 2020, it is uncertain whether set milestones can be met in 2020, especially with respect to OC3 and the reform of the sector. Nevertheless, it can be expected that the momentum in favour of developing alternative, renewable sources of electricity will sustain. In that sense, the related 2020 targets may prove relevant.

## B. Results of policy dialogue and reform process in 2019/2020

The EDP working group for the energy sector held three meetings in 2019, in Q1, Q2 and Q4 respectively. In parallel, two LACS Energy SWG meetings took place, with the purpose of identifying urgent funding gaps.

The first EDP working group meeting was co-chaired by PENRA (Ayman Ismail – Palestinian Energy & Environment Research centre, and Abdul Hadi Barakat – Project Management Unit) and focused on PENRA's strategy and reporting framework, with a view to better understanding the key performance indicators monitored by PENRA. A joint meeting was later organised with the water sector working group, which enabled them to gather CSOs and collect their input and feedback on the ROF matrix. A third meeting was held in November in order to appraise the year's achievements and set future goals and assignments. These policy dialogue sessions provided an opportunity to address strategic issues, most of which related to the consolidation of an independent, efficient and sustainable Palestinian energy sector. The discussions reflected various concerns from the international community, especially with respect to the slow progress in the sector's reform and the dialogue with Israeli authorities, namely the delays in the PPA negotiations and the signature of the 161 kv commercial agreement between Palestinian Electricity Transmission company Limited (PETL) and IEC. The various energy blackouts that occurred in 2019 and its multi-sector impacts were brought on the table. These meetings also placed the development of renewable energies at the top of the policy agenda.

## C. Theory of Change in 2020

The theory of change and the intervention logic remain valid for 2020 as the ROF and the PENRA Strategy Results Framework (2017-2022) are still well aligned. However, in light of the 2020 socio-economic settings, largely influenced by the anticipated impacts of the sanitarian crisis, some of the expected outcomes would need to be reviewed or adjusted. More importantly, it should be noted down that the matrix does not introduce a distinction between the energy situation in the West Bank and in Gaza, which may result in an under-representation of Gaza in the analysis that can be made of set indicators. In light of the specific energy situation in Gaza, the validity and relevance of certain indicators and targets may be questioned. As an example, the full operability of the gas-fired power plant may be considered more important in Gaza than the absolute share of RE capacities, although such a development would have a negative impact on the IOC1.2 indicator. Consequently, disaggregating data between Gaza and the West Bank – and sometimes within different geographies in the West Bank as well (Area C, Jerusalem)– could help draw up a more comprehensive and nuanced picture of the energy sector in Palestine. Furthermore, as per the recommendations of the EGD, the matrix could benefit from including some further indicators, especially with regards to cross-cutting issues.

### Mainstreaming of cross-cutting themes (in coordination with relevant Leads)

The energy sector is environment-related as the proper handling of energy and energy production can have a huge environmental impact. In that respect, assessing the penetration of RE on the electricity market remains highly relevant. For better monitoring, it may prove interesting to qualify the nature of imported electricity (hydrocarbon origin vs renewable sources), in addition to quantifying it: if Palestine were to import only RE, it would become 100% green on its electricity consumption. To evaluate the margin of progress, it could also be worthwhile introducing disaggregated data to differentiate between on grid solar electricity production (e.g. the large-scale solar plants and on grid household solar cells) and more decentralised off grid solar electricity production (e.g. off grid small household ad hoc solar cells). Additionally, assessing the number of households – disaggregated by the sex of the head of household – who benefited from loan schemes could help facilitate the instalment of RE units.

Riddled by high unemployment, youth is driven by two forces, which make it a key actor to be included in the development of an independent, efficient and sustainable Palestinian electricity market: it is both a consumer particularly vulnerable to energy prices fluctuation and a potential agent of change and innovation. In that context, enhancing the role of youth in the energy sector has been one of PENRA's priorities in 2019. Some further steps took place in favour of raising young people's awareness and opening them up the job market. In that respect, disaggregating data based on gender and age – in addition to geographical disaggregation – is instrumental to sharpen the sector analysis, to raise better awareness on energy efficiency and to rationalise consumption among targeted groups. In order to ensure that children and youth in Palestine enjoy inclusive and equitable quality education and lifelong learning opportunities, it would also be worth looking into the percentage of age school children who have full day access to predictable uninterrupted electricity supply.

If tangible efforts are being placed in involving youth both at decision-making and management level, it is much more difficult to identify visible achievements in gender mainstreaming. Indeed, it proves particularly challenging to identify relevant, gender-related cross-cutting indicators, which makes it all the more complicated to monitor change in the gender and energy nexus.

#### **D. Priorities for policy dialogue and future programming**

1. In line with the SDGs, and in particular with SDG 7, maintaining momentum for cleaner energy in Palestine by engaging a dialogue with the PA on the environmental impacts to be assessed on every energy project that is being conducted and on the different RE options, while laying emphasis on energy efficiency measures, represent major contributors to preserving the environment. In parallel, in order to scale up the RE market, the PA should be supported in its strategy to adopt a competitive bidding approach while trying to expand RE projects to Area C.
2. As innovation-oriented agents of change but also as end beneficiaries, women and youth, particularly coming from vulnerable groups, have a key role to play in strengthening equitable, affordable and sustainable energy and in rationalising consumption. Including them as key stakeholders in the decision-making process as well as in the policy dialogue is therefore critical to moving forward energy transition.
3. It is important to engage in a dialogue on the water-food-energy nexus, which would include EDP sector-related working groups, the PA as well as the private sector and CSOs in order to better assess needs and provide cross-cutting, comprehensive answers. As highlighted in Gaza with the supply of additional fuel to the GPP in 2019, better access to electricity supply can help improve the delivery of water and sanitation services, which in turn can have a positive impact on food production and consumption.
4. In the absence of coordination with Israel, and in order to accompany the PA in its institutional reforms, it is required supporting efforts aiming at ensuring the implementation of viable and sustainable institutions and operators active in the energy sector through initiatives such as the EU Gaza Electricity Distribution Company audit and follow up actions.
5. As part of its strategy to increase local conventional sources of energy, one should support the PA in leading the Gas to Gaza project. Their ongoing leadership is needed to ensure that the project meets the upcoming deadlines and to secure the financing required for the construction of the pipeline in Gaza.

# PILLAR 5: SUSTAINABLE ECONOMIC DEVELOPMENT

## PILLAR HIGHLIGHTS

Pillar 5 suffered in 2019 from an un conducive environment severely impacted by multiple economic and political crisis, worsened by the sanitary crisis in 2020. Yet, this allowed for a reinforcement of the dialogue between partners and with the PA. Joint work among EDPs under Pillar 5 gained momentum through more structured and regular dialogue and coordination. All partners recognise the relevance of the framework provided by the EJS and the associated ROF reporting process, as an opportunity for joint exercises of needs' assessment and identification, reporting, data collection, analysis and coordination, with respective line ministry and EDPs, and most remarkably with local partners. Partners recognise the importance of having quality data for evidence-based policies and strategies and result-oriented action plans.

Reporting against a common ROF in the agricultural sector brought into light essential components previously left out, such as women's contribution to agricultural and rural development, or the importance of measuring technological innovation as an essential factor in investment. These new aspects improved the sector's macro-economic perspectives.

In 2020, the labour market suffered numerous structural challenges, including absence of social security for workers outside the public sector or in the informal sector, poor work conditions, low female labour force participation, weak social partners' involvement. The crisis highlighted the importance of the informal economy in providing livelihoods to many families and the vulnerability of informal workers. Finally, while the PCBS provides reliable data that can be used for strategic labour market related policies, the Ministry of Labour (MoL) has to strengthen the social dialogue structures, in particular with regard to the private sector, in order to transfer the data into targeted labour market interventions, which lead to employment.

The socio-economic crisis triggered by the COVID-19 pandemic exacerbated the causes of the fragility of the Palestinian economy. Reforms of both the legal and regulatory environment need to be at the core of the PA efforts. In agreement with the PA, EDPs will support the implementation of the newly adopted National Economic Strategy, pursuing its focus on clusters, ensuring that industry proceeds towards new technologies, digitalisation, and green economy.

A priority for 2021 will be to reinforce synergies between the 3 sub-sectors: private sector development, labour and agriculture; aiming at developing synergies to improve participation of women and youth in the economy and build the path towards a green economy.

# SECTOR 5.1. PRIVATE SECTOR

**Lead: EUREP/Ministry of National Economy**

## **A. Main progress and challenges at the impact and outcome level in 2019-2020**

At **impact** level, 'Promote inclusive, sustainable, and private sector-led development' (I1 - SDG 8), in 2019, the annual GDP increased by 0.9% at constant price; this is far from the ambitious target set at 5% but represents an achievement considering the difficult context. The growth of GDP in the West Bank is 1.2%, compared to 2.3% in 2018 while it is 0% in the Gaza Strip, following a decrease of 7% in 2018. The slowdown was mainly attributable to the decline in public consumption given the PA's fiscal crisis caused by the withholding of clearance revenues for more than six consecutive months. Other contributing factors include the continuing decline in external grants and development cooperation, especially the suspension of the American assistance, the continuing settlement expansion as well as the continuing confiscation of lands in the West Bank, restrictions in the exploitation of natural resources in Area C.<sup>9</sup>

The indicator II.1.2 GDP per capita declined by 1.6% in 2019 compared with 2018 (-1.3%) due to the natural population growth (2.5%), with a pace higher than the growth in GDP (0.9%).

**At outcome level, for the 'Improvement of micro, small and medium enterprises' competitiveness at the local and international levels' (OC1):**

**IOC1.1:** Annual increase of exports share to countries other than Israel per year. In 2019, the exports to countries other than Israel increased by 15.37% from \$177.5 million in 2018 to \$204.5 million in 2019, while there was no change in annual share in 2019 compared to 2018. Re-exports (imported products that are re-exported without undergoing any manufacturing process) are not included in this figure. Overall Palestinian exports (national exports and re-exports) in 2019 represented \$1,103.8 million, while re-exports constituted 27% of total exports (\$297.4 million out of \$1,03.8 million). The share of national exports, compared to the share of re-exports, is a challenge, as the growth in national exports between 2016 and 2019 was only 16.6 %, compared to an increase of 27% in re-exports.

**IOC1.2:** Improve Palestine's annual distance to the frontier in the business environment. In 2019 The Doing Business report 2020 (covering 2019) assigned Palestine a distance to the frontier of 60; a very slight improvement from the 2019 distance to the frontier of 59.11 (covering 2018). The 2019 slight improvement was linked to improvements in: Starting a Business (+0.3%), Dealing with Construction Permits (+ 2.2%), Getting Electricity(+0.7%), Registering Property (+0.4%), and Paying Taxes (+0.2%). Meanwhile, there was no change in 2019 in Getting Credit, Protecting Minority Investors, Trading across Borders, and Enforcing Contracts. The Resolving Insolvency indicator is recorded as no practice since the Palestinian Resolving Insolvency Law is not ready yet.<sup>10</sup>

**IOC1.3:** Annual increase in private sector investments (excluding real estate investments) and Sub-indicator: Annual increase in investments approved by the Palestinian Investment Promotion Agency (PIPA). In 2019, the private sector investment increased by 0.7%; this is far from the ambitious target set at 10% and represent a slight slowdown compared to 2018 (3.5%). In 2019, the investments approved by PIPA increased by 10.8% (51 projects compared to 46 projects in 2018). The main investment projects approved by PIPA were 43 projects in energy (\$50.4 million), 8 projects in the tourism sector (\$10.2 million), 1 project in the agricultural sector (\$1.3 million), and 2 projects in the services sector (\$2.9 million).

**IOC1.4:** Share of local production in internal market of two sectors: Agribusiness and Energy<sup>11</sup> For agribusiness, the data for 2019 is not available as it depends on foreign trade statistics and the Economic Survey conducted annually (2019 Economic Survey to be published end of 2020). Accordingly, the data used for this indicator is the 2018 data. In 2018, the share of the agribusiness local production in the internal market declined from 55.6% in 2017 to 47% in 2018. In 2019, the share of imported electricity in the local market decreased from 94.73% in 2018 to 88.5% in 2019, which means an increase of the local production share in the local market.

**IOC1.5:** Increase in the share of local industrial production in terms of % of GDP. In 2019, the share of the local industrial production in terms of % of GDP decreased by 1.5% in 2019. This decrease resulted from the fiscal crises caused by the withholding of clearance revenue.

**For outcome 'Contribute to professional skills development, sustainable job creation, and decent work' (OC2):**

**IOC2.1:** Annual increase in the number of enterprises registered including microenterprises. In 2019, the total number of enterprises registered including microenterprises (number of individuals registered in the Commercial Register) decreased by 34% compared to 2018 (10,606) as 2018 was considered an exceptional year<sup>12</sup>. Out of the 1,797 enterprises registered in 2019, 682 were registered as women-owned businesses/or women shareholders, representing 16.4% of the total, a decrease by 40.1% compared to the value achieved in 2018 (1,139). The number of females authorised signatory in companies increased by 8.2% reaching 278 women in 2019 compared with 2018 (257 women). This constitutes 10% of the total number of authorised signatories in companies registered in 2019.<sup>13</sup>

**IOC2.2:** Number of inspection cases of compliance raised with the Attorney General. In 2019, the total number of inspection cases of compliance raised with the Attorney General increased by 4.3% in 2019 compared with 2018, which is beyond the target set at 4%.

**For outcome 'Improve participation of women and youth in the economy and build the path towards a green economy' (OC3):**

**IOC3.1:** Women and youth participation in the labour force. In 2019, the total number of women participations in the labour force decreased by 12.6% compared to 2018, while there is no significant changes in the total number of youth participation in the labour force between 2019 and 2018 "39.7%". There was an increase in the labour force in the industrial sector by 21% in 2019 compared with 2018, as a result of the government's policies of incentives for new investments and ease of doing business. This also contributed to lowering the unemployment rate. It is worth mentioning that the MoNE registered 1,779 new companies with a registered capital amounting to 282.6 million USD in 2019, out of which 43 industrial projects with a registered capital amounting to \$50.4 million were provided incentive packages by PIPA as per the Investment promotion law.

**IOC3.2:** Unemployment amongst women and youth. In 2019, the unemployment rate amongst women decreased by 1.7% compared to 2018 "from 41.2% to 41.9%". This decrease in female unemployment happened alongside a decline in female labour force participation, meaning that there were even fewer women available in the labour market. This is a particularly worrisome trend marking that it is becoming increasingly difficult for women to find employment opportunities in the Palestinian economy. Yet, the women participation rate in the labour force to be enhanced once the Women Entrepreneurship Strategy "which is prepared by the MoNE and all relevant institutions" is adopted.

At the same time, unemployment rate amongst youth in 2019 decreased by 4.1% in 2019 (37.9%) compared to 39.5% in 2018. This decrease in the unemployment rate occurred without a major change in the youth labour force participation rate (as highlighted above), which means that young people in the labour force face more and more difficulties in finding job opportunities. The overall unemployment reached 21.3% in 2019 compared to 30.8% in 2018. It is also important to note that youth unemployment and general unemployment do not follow the same trend, meaning that finding employment is particularly challenging for young people.<sup>14</sup>

**IOC3.3:** Share of RE in the energy mix. In 2019, the share of RE in the energy mix increased by 160 % reaching 2.3% compared to 0.88% in 2018.

<sup>12</sup> The huge increase in 2018 was due to the Chambers of Commerce election that was conducted in the same year. The large increase came as a result of the Cabinet decision, which stipulated that all companies should register in the MoNE to be eligible for voting in chambers' election. Comparing 2019 with the normal situation of 2017 (3,423 registrations) means that 2019 witnessed a significant increase by 104%.

<sup>13</sup> Annual statistical report based on administrative records- MoNE. Percentage of female registered in the Commercial Register in main sectors - West Bank, 2019: Various trade activities (17,3%), Cosmetics and gifts trade (9,6%), Handcrafts (5,8%), Beauty and skin care salons (4,3%), Clothing Trade (15,9%), Furniture and used goods Trade (6,3%), Restaurants, cafes , home food , sweet , etc. (4,8%), Cloths tailoring (3,4%).

<sup>14</sup> The MoNE is an active member in the following inter-ministerial committees; labour's policies committee, wages national committee, TVET, decent work committee.

## B. Results of the Policy Dialogue and the Reform Process in 2019-2020

On a bilateral basis, EDPs conducted different forms of policy dialogue with varying degrees of engagement amongst themselves, while also referring to different forums (directly with the MoNE, at inter-ministerial level, through the PMO, and within the Office of the Quartet) and following different patterns of continuity. While coordination amongst the EDPs and direct interactions between the EDPs and the MoNE are often reported as being mostly on a programmatic rather than on a policy level, the following initiatives have marked the landscape: 1) GIZ assessed the quality and efficiency of the services provided by the MoNE to the private sector, providing useful inputs for future support aiming at more coordinated and streamlined procedures for trade. Coordination took place also with the World Bank on business environment and with the Netherlands on trade programming; 2) The Netherlands facilitated and supported trilateral meetings (Gol-PA-NL) on the issue of crossings (Movement & Trade), with meetings led by the PMO and with both direct and indirect involvement of the MoNE. Additional ad hoc engagement with the PMO, the MoNE, and the MoA took place on issues related to the economic disengagement strategy and the calve import crisis; 3) Spain engaged at the inter-ministerial level with the MoNE, the PSI, the MoH, and the MoA within the framework of the Sanitary and Phytosanitary National Programme; and 4) EUREP started engaging, in coordination with the World Bank, on common messaging to the MoNE on the lengthy process of the finalisation of the Companies Law.

Throughout 2019, structured dialogue on Private Sector Development was limited, as well as engagement from EDPs and MoNE to discuss policy priorities identified the year before. This situation calls for improvement in the identification and prioritisation of reforms; reinforcement of capacities and resources for dialogues and reform implementation. The experience suggests avenues of potential further cooperation, such as supporting processes of inter-ministerial coordination, enhancing donors' engagement with the MoNE; capacity development in data collection, analysis; improvement of communication lines.

Throughout 2020, EUREP renewed the EDPs' sector coordination. The process offered the EDPs the opportunity to confirm their respective engagement; update the EJS beyond 2020; introduce concepts and instruments available under the European Investment Plan; discuss future strategic support to the MoNE; map respective interventions; and produce internal policy briefs. It is worth noting that enhanced internal coordination ultimately led to a consolidated Team Europe response to the COVID-19 crisis and enhanced dialogue on policy response between the MoNE, the EUREP, and the World Bank within the umbrella of the LACS sector-working group.

Greater EDPs' engagement within the sector is desirable, as expected to bring benefits in terms of joint programming and enhanced engagement with the MoNE in a constructive policy dialogue, enabling a shift towards a more strategic development cooperation. Furthermore, it is important to ensure that the identified priorities of the MoNE are in line with those identified through dialogue with the private sector.

It also seems that without programmes supporting institutional/organisational reforms, the Ministry lacks the capacities required to implement effectively business environment reforms, even if these are part of its SRF.

## C. Theory of Change in 2020

The absence of a clear identification of induced outputs in the sector intervention logic (policies and legal and regulatory frameworks acting as preconditions for delivering an outcome) questions the capacity of the EDPs and the MoNE to not only be mutually accountable but also to infer any meaningful positive effect on outcomes. The ensuing dialogue on values achieved by indicators at the outcome and impact level becomes therefore loosely linked to a result-chain logic. Within this framework, the role played by inter-ministerial coordination may be considered as an important transversal institutional mechanism to be looked at, and addressed by specific policy dialogue requirements.

It seems that some milestones and targets might be too ambitious given the fact that some programmes sustain resilience and not necessarily growth. Some outcomes might have to change, such as the trade indicator, which might rather need to focus on transaction costs. It is worth mentioning that experience shows that even large sums of money are insufficient to bring about any viable outcome unless they are combined with concrete changes in the political landscape.

The role played by a correct identification of risks and assumptions cannot be underestimated, given the tight interdependence between the economic, political, and security spheres of Palestine and Israel, and the challenge of holding accountable the correct duty bearer, for issues where the direct sphere of influence of the PA is

challenged either by Israel as occupying power or by the political division between the West Bank and Gaza.

The role of the public private dialogue should also be captured, since it is not only an essential tool allowing the private sector to be heard by the public sector, but also plays an important transformative role in shaping changes in the business environment

The absent Medium-Term Budgetary Frameworks, Sectoral Planning, Public Investment Management and Spending Reviews, supported by strong and transparent Public Financial Management, are critical for not only improving expenditure efficiency and effectiveness, but also for achieving the SDGs. The adoption by the MoNE of the above should be reflected in the intervention logic through stronger anchoring to the SDGs, a greater focus on reforms and specific sectors, and investment and budget targets.

Finally, the updated MoNE Sector Strategy 2020-2022 will have to be reflected in the Theory of Change, taking into account important recent events such as the COVID-19 pandemic and the Annexation threat.

## D. Priorities for policy dialogue and future programming

Priorities gathered from the Public and Private Sector organisations including the twelve Private Sector Coordination Council (PSCC) organisations confirm many of the unaddressed priorities identified in 2018 and 2019 adding the additional concern brought about by the COVID-19 pandemic.

- 1. Impact of the COVID-19 pandemic:** Ensure deployment of the Economic recovery Plan and Build Back Better thanks to green focus
  - Ensure regular monitoring of implementation and impact of the Estidama Fund for SMEs operated by the PMA to address liquidity challenges amid the COVID19 crisis.
  - Establish benchmarking and ensure regular monitoring of implementation and impact of the Economic Recovery Plan.
  - Streamline rapid response interventions for Micro, Small and Medium Enterprises (MSMEs) recovery (maintain business, repurpose, and transform/digitalise) through new emergency funding in addition to channelling of existing funds.
- 2. Business environment:** Improve the legal framework and give visibility on the reform plan  
Set a clear reform action plan with dates, priorities and defined key performance indicators; this includes: company law and competition law among other related laws, bylaws and regulation
  - Implement the updated National Economic Strategy.
  - Promote digitalisation of government services, and e-government, including the One Stop Shop concept where applicable.
  - Enabling policies and procedures for improved and systematic development of defined and new National Clusters.
- 3. Trade:** Develop internal (notably with Gaza) and external trade through an improved legal and strategic framework and enhanced quality infrastructures
  - Engage in a structured trilateral dialogue with defined priorities, notably regarding the revision of the Palestinian trade regime governed by the Paris Protocol.
  - Restructure and upgrade the National Export Strategy and solidify action plans to implement it including new priority sectors with a connected national economic development strategy.
  - Update the laws and regulations related to Quality Infrastructure and execute the Quality Infrastructure implementation plan to achieve international accreditation and internationally recognised standards certification.
- 4. Public-private dialogue:** Enhance dialogue with donors and private sector and develop mutual accountability
  - Quarterly convene the Private Sector and Trade SWG and consistently report against shared priorities agreed upon, within the ROF framework.
  - Set-up and regularly convene the EIP Platform.

- Develop further public-private dialogues (notably involving the Private Sector Coordination Council and with Gaza private sector), share outcomes and enhance mutual accountability via monitoring of proceedings.
  - 5. MSMEs and Entrepreneurship: Better focus support to MSMEs, by unifying definition, and support to formalisation and provision of dedicated development schemes.
  - Adopt a national unified definition of MSMEs, including outlining related support services.
  - Develop a strategy for MSMEs integrated within the overall industrial strategy and with inclusion into national clusters.
  - Foster and upgrade the start-up economy in Palestine through assessment of entrepreneurial ecosystem to adopt and implement the identified priority reforms and actions in support of entrepreneurship – led by the Ministry of National Economy (MoNE) and in coordination with key stakeholders from private and public institutions as relevant.
  - Encourage and support MSMEs to certify their products and services according to the quality requirements.
6. **Industry:** Promote competitiveness through inclusive and sustainable industrial development
- Development of a robust national industrial strategy, adopting the national industry clusters' approach, encouraging industrial transformation, including green economy practices, digitalisation, and bracing the new 4th industrial revolution. This will include support to the implementation of related actions plans.
  - Adopt a supporting legal and regulatory framework (Industrial bylaws, and Developmental Free Zone law, encouragement of investment among other relevant laws and regulations).
7. **Digitalisation:** Promote digital economy
- Contribute to set through inter-ministerial coordination, the needed foundations in terms of legal and regulatory framework, infrastructure, platforms, financial services, entrepreneurship and skills.
  - Encouraging private sector investments for transformation and adoption of business digitisation (regulations, processes, and tools).
8. **Green economy:** Encourage investment in green technology production to enhance competitive positioning in the global supply chain
- Take measures including relevant policies and regulations to promote sustainable energy investments in industrial enterprises, including energy efficiency, RE and clean technology while promoting among many, a low-carbon, energy-efficient economy.
  - Promote integration exports of green value-added production from Palestine into regional and global value chains through providing related incentive packages.
  - Promote implementation of green economy related standards.
9. **Investments:** Promote domestic and foreign direct investment, offering adequate financial and non-financial incentives, including the encouragement of digitalisation and greening of economic activities)
- Upgrade the Investment (PIPA) Law through updated and new incentive packages with focus on priority areas; import-substitution, energy efficiency and RE investment, agribusiness and agriculture, innovative technologies and public private partnerships (PPP).
  - Revamping the One Stop Shop (OSS) function to serve potential investors.
10. **Access to finance:** Boost access to finance opportunities for MSMEs and vulnerable groups
- Develop policies to bridge the mismatch between availability/affordability of financial products and the demand from the private sector.
  - Develop new, creative, and innovative access to finance and risk mitigating mechanisms, and tools that address the needs of MSMEs, start-ups, entrepreneurs, youth and women, notably in Gaza. Focus areas include IT, clean tech and fin-tech services.
  - Promote and encourage utilisation of available financial instruments (i.e. Movable Assets Registry (at MoNE) and Credit Scoring System (at PMA)).
  - Develop and scale up mechanisms such as subsidising interest rates for specific industries and relevant industrial development initiatives, and credit guarantee schemes.

11. **Financial Sector Development:** Expand financial services for the private sector beyond traditional banking
  - Define a vision and develop a national / state-owned bank serving needy Palestinian communities, and development priorities.
  - Work on policies to develop the non-banking sectors, including micro-finance, leasing, insurance and private equity investments.
  - Review different lines of taxation for banking and non-banking sectors.
  - Assess the development of a two-tier regulatory system for the micro-finance sector differentiating between small and large institutions involving key stakeholders.

## SECTOR 5.2. LABOUR

**Lead: Germany/Ministry of Labour**

### A. Main progress and challenges at impact and outcome level in 2019-2020

At **impact** level, 'Increased number of people of working age with a decent and sustainable employment': The labour market conditions in the West Bank, Gaza and East-Jerusalem are weak. The lack of economic prospects with its imposed limits by the occupation, worsened by the global pandemic, as well as political and security tensions, have constrained the livelihoods of hundreds of thousands of Palestinians and affected their access to employment and work. The Labour Force Survey conducted by the PCBS showed a severe increase of the unemployment rate. Unemployment peaked at about 30% in 2018—the highest rate since 2010, to then drop to about 25 % in the last quarter of 2019 (PCBS, 2020)<sup>15</sup>. In 2019, the unemployment rate among male workers was about 21% (in the age group 15 to 24 years: about 35%) and among female workers about 41% (in the age group 15 to 24 years: about 67%). The economic consequences of COVID-19 to an already-fragile employment environment are likely to be high. At household level, the lockdowns and quarantines have deteriorated the economic situation and reduced family income affecting poor and vulnerable households. Informal workers, who account for about 57 % of the workforce in the Palestinian territories (PCBS, 2020) - out of which 61% are males and 38% are females - are more likely to lose their jobs as a result of the lockdown measures and have no form of protection against such losses.

There is a big gap of labour force participation between women and men. Women's participation is still very low compared to men's participation. Women's participation rate in the labour force remained at about 18% (age group 15 to 24 years: about 10%) out of all working age women during 2019. Meanwhile, the percentage of men's participation in the labour force reached 70% (age group 15 to 24 years: about 49%) in 2019 (PCBS, 2020). The labour participation of Palestinians in the West Bank and Gaza was about 46,4% in 2018 (PCBS, 2019) which is low in comparison to other countries. The reasons for this are manifold and have to be considered when analysing the data.

At **outcome** level, "**Palestinian men, women and youth have better access to a more inclusive and equitable labour market**" (OC1): The employment services have an important role in bridging the gap between jobseekers and employers in particular in times of crisis. There is a 25% increase of people that became employed through the national employment services in 2019 (IOC1.1) thanks to MoL efforts to further improve coordination between labour market actors, and employment services connecting skilled graduates to the relevant labour market's needs.

For "**Skilled labour is available to satisfy the needs of the labour market**" (OC2): The number of young Palestinians graduating from technical trainings has increased continuously. In 2016 there were 6,652 young people who graduated from Vocational Training centres of the MoL (IOC 2.2), a number which outperformed 10,722 in 2018, but stagnated in 2019 with 10,442 graduates. 74% of last year graduates have made a successful transition into the labour market and outperformed the 2018 target of 73% (IOC 2.1). According to the graduates follow up study launched in 2019 (for graduates of the 2017/2018 training year), 38 % of graduates are females, 62% are males. 52% of the females and 84% of the males have made the transition to the labour market. Success factors for this

<sup>15</sup> Following ILO technical assessment mission in 2018, the PCBS implemented revisions to the concepts and definitions underpinning labour underutilisation statistics, which the PCBS released as of the first quarter of 2019. These methodological changes were carried out in order to bring PCBS statistics fully in line with the latest international standards pertaining to labour underutilisation statistics, established by the 19th International Conference of Labour Statisticians (ICLS, 2013). This led to a change in the collection of data for the labour statistic with regard to the unemployment rate in 2019.

promising development were the strong orientation to the needs of the labour market, close collaboration with companies and promoting the attractiveness of TVET.

For **“Increased involvement of the cooperative sector in employment and sustainable development” (OC3)**: For the cooperative sector, it is understood that only a functioning governance framework will lead to increased access to employment. Therefore, major efforts were geared to the establishment of the Cooperative Works Agency (CWA) in 2019. Still, the adoption of the Cooperative Law and further framework conditions have to follow. The number of cooperatives have increased in the West Bank from 2016 to 2018 from 403 to 530, but then stagnated with 536 in 2019. The number of employees in cooperatives increased from 500 (2018) to 536 (2019). The target of 600 has not been achieved in 2019.

The **induced output**, ‘The principles of decent work are promoted/implemented’ (IO1): Occupational Health and Safety (OSH) became a high priority for the MoL. However, the only data available from the MoL is about the West Bank. And increasing socio-economic fragmentation between the West Bank and Gaza also affects access to decent work. A total of 10,601 enterprises were inspected in comparison with the 6,595 targeted milestones (IO1.1). There is an increase of occupational injuries (880 (target: 798) recorded incidents, 522 were young people aged 15 to 29 years) which might be due to a better recording of incidents (IO1.2).

The ‘TVET-LM governance structure is efficient and effective’ (IO2): Some governance reforms were initiated in 2019 (see section B). Its efficiency and effectiveness remain to be seen.

The ‘Tripartite partnership institutions are efficient and effective’ (IO3): The tripartite social dialogue is still lacking an institutionalisation, whereby the role of the MoL is a key requirement. This is also reflected in the low number (2!) of collective bargaining agreements in 2018 and in particular in 2019 where the target has not been achieved at all (IO3.1). There is a need to continue strengthening the capacities of constituents with a view to promoting an understanding of mutual interests and building confidence amongst social partners.

## **B. Results of policy dialogue and reform process in 2019-2020**

The labour sector depends on different governmental partners, namely the MoL, MoSD, MoNE, Ministry of Women Affairs and MoE and the MoEHE.

Several policy dialogue formats were introduced and took place in 2019 and 2020. An important dialogue format is the Local Aid Coordination (LAC) Labour SWG chaired by the MoL, with Germany as deputy chair. Exchanges between MoL and international partners were enhanced in 2019 but this forum could be used in a more strategic way. It would require a specific agenda setting on the MoL side and coordination with other Ministries. Gaza should also be better included in the Labour SWG.

In 2019, there were some new developments regarding the TVET sector: The Prime Minister described TVET as a priority and provided some impetus to the sector although he did not interfere technically. The Higher Council of TVET put in place in 2018 was re-designed but was not given budget responsibility nor was reflected in any formal organisational chart of the PA. The Prime Minister’s Office also nominated an internal technical working group to prepare a future TVET Commission or National Agency for TVET, and to draft the new TVET and strategy TVET law. In mid-2020, the legal framework for such a new structure has been discussed by the Cabinet and a decision can be expected before December 2020. There are still some general governance challenges, e.g. pending general elections, absence of legislative body (TVET Agency) and non-participatory/non-public process of drafting of laws, by-laws and other elements for a legal framework.

In addition, the following TVET related main interventions areas were achieved:

1. The Curriculum Development Standard Process is applied to the development of new and revised curricula. The design of Assessment Tasks is the pending element, but the Ministries are working to addressing this as well.
2. The Apprenticeship Track within the MoE’s Vocational Schools is still in its pilot phase (3 schools), but the relevant stakeholders are working on motivating the more active participation of the private sector to host apprentices.
3. More TVET Units in Academic Schools have started to offer TVET programmes in 2019. The MoE has not yet addressed the specific challenges of getting applicants and teaching/training staff for certain TVET

Units but is monitoring this.

4. The TVET exposure in 7th-9th Grade schools has been strengthened in 2019. More teachers were hired and trained. Since most of them have an academic pedagogical background, the MoE has a special focus on harmonising the resources with the learning content.
5. The successful work-based-learning approach will continue: all stakeholders (policy makers, private sector organisations, and other social partners) have been capacitated for supervising and implementing the different work-based-learning schemes.

In 2020, COVID-19 and its impact on the economic situation and the labour market is a main challenge. The PA has taken actions to contain and mitigate the effects of the pandemic. In response to the emerging crisis, the MoL and representatives of the private sector and labour unions have initiated a collective labour agreement that guarantees the wages for March and April for workers in the local private sector market. The Emergency Response Plan of the MoL was presented and validated with all partners of the labour sector in April 2020. This document aims to focus the government's efforts towards a concrete set of policy interventions that help mitigate the adverse impact of COVID-19 to the Palestinian economy and labour market. This also includes improving attractiveness and responsibility of the private sector (endorsing health and occupational safety standards for ensuring a safe business environment). The plan will be integrated into the labour sector strategy and reflected in the strategic objectives.

### C. Theory of Change in 2020

The Theory of Change is generally applicable for 2020. However, the Intervention Logic of the Labour Sector needs to be revised taking the economic outcomes and labour market situation under COVID-19 into consideration. Especially the logic of interventions will be amended according to the priorities of the sector. The consequences of COVID-19 and the situation of women in the labour market will be given particular attention.

The ToC, the EJS ROF indicators and the targets for 2020 will have to be reviewed in consultations with stakeholders to ensure that they reflect the COVID-19 pandemic's implications and the response measures taken by the MoL and EDPs to mitigate the impact of the pandemic. This also includes the continued dialogue with the MoL on the ToC, the indicators and targets for future interventions.

In particular, the MoL should give more importance to the role and importance of social dialogue and tripartism by including the private sector as it is crucial for addressing the challenges of COVID-19 and its consequences for the economy and the labour market.

### D. Priorities for policy dialogue and future programming

1. EDPs should support the MoL in mitigating the short- and longer-term impact of COVID-19 on the Palestinian labour market. There has already been an extensive dialogue between the MoL as lead ministry and other ministries to engage and support the national priorities within the sector of sustainable economic development specifically in the sectors of labour market & employment promotion and TVET.
2. EDPs should increase their efforts to address unemployment in the West Bank, Gaza and East-Jerusalem, in particular with a focus on women and youth. Unemployment rates among Palestinians were already high before the COVID-19 crises. The negative economic impact of the pandemic has made it even more critical to prioritise efforts to create job opportunities. This should also include the effects of labour migration of Palestinian skilled labour into the Israeli labour market, by supporting initiatives to improve attractiveness and responsibility of the private sector in Palestine (minimum wage, occupational health and safety standards, etc.).
3. As already highlighted in the Labour sector report for the ROF 2018, a priority should be also given to the close work relationship between the Government institutions, private sector and trade unions, in order to develop gender-sensitive responsive strategies in this sector. Here the social dialogue format should be given a high priority. The Tripartite Committee for Labour Affairs should be further strengthened and streamlined to ensure relevance and coherence of socio-economic policies and fostering comprehensive and sustainable development.

4. The MoL should be supported more with regard to the priorities of securing jobs, supporting the job matching in the labour market (demand and supply side) and at the same time creating the conditions for sustainable employment in working directly with the private sector. Introducing 21 century life skills for work and life targeting vulnerable youth and 'Not in Education, Employment or Training', so called NEETs, for example through establishment of innovation hubs in Palestine, supporting the local, existing innovation ecosystem and its players are part of this approach as well as the systematising and synergising of contributions and efforts in the area of entrepreneurship and self-employment.

In addition, the following working areas, which were already mentioned in the ROF 2018 report, still will be continued to work with:

1. Enabling permeable career and educational pathways through finalising the National Qualification Framework (NQF).
2. Focusing on data and information towards Quality and Relevance in TVET provision.
3. Introducing dialogue and exchange platforms on national and local levels of various stakeholders for coordinated efforts aiming at improving the employment situation and defining common strategies;
4. Enforcing cooperation models between private sector, training institutions and employment service providers by strengthening the decentralised level (Work-Based-Learning, cooperative TVET, LET councils).
5. Supporting the set-up of a conducive and gender-sensitive framework (structure, roles, responsibilities, and legal conditions) for tri-partite (private sector, government, and social partners) funding mechanism for TVET. This mechanism will be piloted as a regional skills development fund in the 3 areas in Palestine.
6. Invest in setting up a conducive and gender-sensitive environment for e-learning in TVET and in building capacity of the private sector and TVET providers in developing e-learning content for TVET.

## SECTOR 5.3. AGRICULTURE

**Lead: Spain/Ministry of Agriculture**

### A. Main progress and challenges at impact and outcome level in 2019-2020

**Impact** remains consistently difficult to assess and can only be approached indirectly (I1: Enhanced farmers resilience and steadfastness on their lands) through food security measurements and macroeconomic magnitudes. Food insecurity levels continue on the rise<sup>16</sup>. With 33% of the population as severely or moderately insecure in 2019, we are even further away from the milestone (23%). It is a sign of the obvious overall socioeconomic decline in 2019.

At **outcome** level, **"Farmers and producers who have sustained damages as a direct result of natural disasters and market crises, are supported to adapt and continue production and development"** (OC 1): MoA and the Palestinian Agricultural Disaster Risk Reduction and Insurance Fund (PADRRIF) have been able to produce a number, which is in itself good. The number (8%) is low but given the lack of financial resources for PADRRIF and the inexperience of the Fund, it can be considered as positive.

For **"Increase in land areas harvested in crops and trees"** (OC 2): It is estimated at 1,599 km<sup>2</sup> in 2019, which is 0.25% more than in 2018 and higher than the milestone which was set at status quo. It can be considered as a national achievement given the context of urban expansion in area A and B and the expansion of Israeli confiscations in 2019.

For **"Increase in investments in fixed productive assets by enterprises and cooperatives"** (OC 3): The indicator's performance shows unexpected resilience (the number in absolute value is significant) but does not suggest that technological modernisation is an investment priority, as its value continues to decrease since 2014.

For **"Improved business environment of agricultural production, processing and marketing"** (OC4): IOC4.1: Evolution of the agricultural production value at constant prices and value-added: shows a worrying macroeconomic trend. While the milestone of agricultural production value was set at + 2%, it decreased by 9,7% between 2017 and 2018 (data for 2019 not available). In particular, the loss of added value might indicate a need to reassess the level of real assumption of the value chain approach as a strategy. However, these numbers are

easily attributable to a pre-EJS period.

IOC4.2: % of women-led enterprises and cooperatives: It should be noted that this indicator had no baseline in the previous report or strict profiling, so the percentage is based on numbers of registered cooperatives as women cooperatives only since 2017 (nor composite). The milestones were not based on evidence information, as data was not available at that time. According to data available in 2019, the trend is downward from 3% in 2017, down to 1% in 2018 and 2019, which might be because the total number of cooperatives increased, while the number of women-led enterprises remained the same. The net increase in the total number of cooperatives was much more than the number of women's cooperatives. Interventions have been focused more on women and youth participation in the sector labour force. Specially oriented trainings have taken place in entrepreneurship and life skills in Hebron and Bethlehem, and income generating support in Gaza. We must check progress in 2020 in terms of feasibility of business initiatives. It would be welcomed to have the number of cooperatives' members disaggregated by age as well, in order to assess the presence of young people and sectors where their participation could be emphasised.

For **"Farmers and producers whose rights are violated by Israeli army or settlers have access to legal recourse" (OC 5)**: Absence of formal data could be corrected by a proper survey in the framework of the statistical reform.

For **"Cost of agricultural production (plant and livestock) is more competitive" (OC6)**: Absence of measurable data for IOC6.1 and IOC 6.3 render those indicators not efficient. IOC6.2 Percentage increase of farmers that receive a tax recovery rate has had a particular behaviour in 2018 and 2019. Low percentage of farmers that received VAT returns in 2019 compared to 2018 can be explained by the fact that all farmers who claimed tax recovery in 2019 are accounted for, but the actual refunds are still in the administrative process, and delayed by the MoF due to the fiscal crisis. The decline in claims is also a clear sign of economic slowdown or reduction in activity. If the numbers reflect real trends, the key question would be to know how many farmers do not even apply for rebates knowing that the MoF will not prioritise these payments in the context of the fiscal crisis.

For **"Plant and animal diseases are controlled" (OC7)**: The national system is in place and the establishment of the multi-actor and stakeholder cooperation structures and practices have been both fundamental and conditional for the identification, establishment and future operationalisation of a Palestinian National Strategy for Food Safety (NSFS). However, the next phase for food safety impact must be the result of the effective Sanitary and Phytosanitary Standards (SPS) services 'on the ground', such as primary production in agriculture, food processing in Small and Medium Enterprises in the food industry, food (fresh and processed) export, in interaction with the specific inspectors, laboratories and administrations concerned. There would be the need for an additional external push.

#### **Induced outputs:**

**IO1**: Plant Health Law in place and Pesticide by-law reviewed. Not achieved.

**IO2**: Israeli occupation policies which undermine agriculture development, particularly the control of water resources, land and markets, are denounced. The indicator should be reviewed in favour of a more accountable criteria.

#### **Mainstreaming: (gender and youth are included in the outcomes review):**

"Green" adjustment required by climate change has been more of a priority. Agriculture will have to be responsive to innovation in energy efficiency, water saving and reduction of chemicals, among other measures that are already included in the NDC plan. It could be a necessary addition to establish a direct link to the NDC via joint indicators and "green" targets. The EGD prioritises in its action plan two lines which could emphasise agriculture development: investing in environmentally friendly technologies and supporting industry to innovate.

The ROF needs to be improved with indicators on crosscutting environment and climate change adaptation. A proposal could be to develop an indicator on organic/ecological farming (access to the "organic/ecological" high segment niche market) and environment friendly agricultural practices.

## B. Results of policy dialogue and reform process in 2019/2020

A certain loss of tension in inter-ministerial coordination has been detected: the MoNE, the Standards Institution, MoH and MoA had a solid basis for coordination in the Sanitary and Phytosanitary National Programme prior to 2019, which was not consolidated. This has a direct negative impact on the quality of exports and removal of technical obstacles to trade.

The Plant Health Law was still not endorsed by the Cabinet in 2019. Neither the revised Pesticides by-law. The efforts to ensure a proper legislative path and efficient enforcement of essential regulations have failed. The sector is affected negatively.

## C. Theory of Change in 2020

The MoA and agricultural sector could benefit from the use of the Monitoring and Evaluation system effectively set up by the National Investment Plan for Food and Nutrition Security and Sustainable Agriculture (NIP FNSSA 2020-2022). Decisions about prioritisation of investments are taken on the basis of weak evidence and assumed or expected trends which are always partial and very much influenced by the source.

A review of a number of parameters could make the EJS and related ROF more connected to reality. For instance, on the impact outcome I2: More competitive and independent economy depends on multi-sectoral parameters and should be analysed beyond the agricultural sector only. Moreover, dependence on external markets could be a sign of a more competitive economy, and is not a necessarily negative trend.

The importance of the modalities of investment support became even clearer. 2019 has seen an increase in grant-based processes (with variable levels of self-financing according to the degrees of vulnerability, not always fully evidence-based), while the need for access to commercial loans and guarantees has been identified by the private sector community and the banking institutions. It would be essential to monitor results in terms of economic sustainability for the two modalities to assess their efficiency and effectiveness.

Upgrading marketing channels in the agribusiness value chains, including reform of the wholesale central markets is likely to have a bigger impact in the lives of producers, agents, distribution chains businesses, retailers and consumers. Transformations in the targeted value chains in 2018-2019 might indicate the need for adaptations.

A strong element of building public capacities ought to be preserved. We have seen important gaps in basic planning and organisational responses. A need for a visible leading role in times of rapidly evolving contexts has been identified. The EU funded FIRST programme could provide guidance.

## D. Priorities for policy dialogue and future programming

1. Prioritising job creation in the agriculture value-chain as a specific target in economic development has showcased a dual approach: Short-time cash-for-work externally supported initiatives; and long-term jobs as a result of economic support to private sector-led initiatives. It is a priority to find the right balance. A particular focus should be on creating job opportunities for women and youth, who are disproportionately affected by unemployment. Promotion of environmental/climate friendly agriculture activities could also stimulate job creation.
2. Sector financing cannot rely on development cooperation funding or national public funding and should connect with the private banking system (or even Micro Finance Institutions if the dimensions of the investment initiative are more modest and better suited) and with existing initiatives of guarantee funds and concessional loans, sponsored by donors.
3. The priorities identified in the relevant policy Actions Plans determined under the NIP FNSSA 2020-2022 should be included in the EJS agriculture sector and identified indicators and targets included in the ROF. EDPs supporting the agriculture sector should consider using the NIP FNSSA for decision-making.
4. An additional effort must be made in youth and gender mainstreaming: a) Investments in data collection should include better data on women and youth participation in the agricultural sector and proper analysis of their specific requirements; b) Support youth-led agricultural initiatives, in particular in the areas of agricultural research, innovative and competitive solutions for production and marketing challenges; c) The MoA could be supported to develop a communication strategy to attract youth to the agricultural sector and rural areas.

