

The European Joint Strategy in Support of Palestine 2021-2024

**IMPLEMENTATION
REPORT 2022-2023**

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Introduction

This Implementation Report 2022–2023 is the second progress report for the ‘European Joint Strategy (EJS) in Support of Palestine 2021–2024’. The EJS, endorsed by European Development Partners (EDPs), provides a framework for the development cooperation partnership between the Europeans and the Palestinian Authority (PA). The European Union (EU) is the biggest provider of external assistance to Palestine, totalling approximately EUR 1.177 billion for 2021–2024.¹

The EJS is designed around five interrelated strategic pillars (comprising 13 sectors) and **three cross-cutting/mainstreaming issues** (environment, gender and youth). In line with development cooperation effectiveness principles, it aims to increase the effectiveness, accountability and transparency of European development cooperation to Palestine in the achievement of its objective to protect the viability of the two-state solution with an independent, democratic, contiguous and viable Palestinian State, existing side by side, in peace and security, with the State of Israel.

The EJS implementation is monitored by a results framework at sector level, with impact and outcome indicators, milestones and targets. Its main objectives are to i) support **policy dialogue** between EDPs and the PA on progress towards the common objectives expressed in the EJS, while serving as a mutual accountability mechanism; ii) improve evidence-based **decision-making**; and iii) provide a more robust **monitoring and reporting** process.

What sets this year’s report apart is that it is written during a time of acute humanitarian crisis resulting from the war in Gaza since October 2023. Despite the decision that there can be ‘no business as usual’ in relation to EU donor payments to Palestine, it was agreed that a report would be produced, covering two years with a different focus and reviewing the impact of the war at sector level. It is quite uncertain what ‘the day after’ will look like, and policy dialogue priorities are difficult to agree on.

This EJS Implementation Report contains input from all EJS sectors and is structured according to the EJS pillars, starting with the cross-cutting/mainstreaming sectors.

European Joint Strategy 2021–2024 pillars, sectors and leads (as of April 2024)

EJS pillars	Sectors	EDP lead
Cross-cutting/mainstreaming	Environment	Sweden
	Gender	Italy
	Youth	Denmark
1. Democracy, rule of law and human rights	Democracy and electoral support	EUREP
	Rule of Law and Human Rights	EUREP
2. Governance reform, fiscal consolidation and policy	Public financial management and macroeconomic support	EUREP
	Public administration reform – central government	EUREP
	Public administration reform – local government	Denmark
3. Sustainable service delivery	Education	Ireland
	Health	Italy
	Social protection	EUREP
4. Climate change, access to self-sufficient water and energy	Water	The Netherlands
	Energy	Norway
5. Sustainable economic development	Private sector development	EUREP
	Agriculture	Spain
	Labour/technical vocational and education and training (TVET)	Germany

Implications of the war on Palestinian development

Palestine has, for decades, been a highly fragile and conflict-affected environment. In 2022, it was rated as the world's 37th most fragile context, scoring negatively on external intervention, security, state legitimacy and economic decline.² **This state of fragility has increased since the deadly attacks carried out by Hamas against Israel on 7 October 2023 and the subsequent war declared by Israel.** The latest Human Development Index 2023 indicates a sharp decline that is poised to set Palestine back between 11 and 16 years, depending on the intensity of the war.

The war has devastated Gaza and triggered an acute humanitarian crisis. By 19 June 2024, at least **37,396 Palestinians had been killed; 85,523 had been injured in Gaza; and an estimated 1.7 million (85% of the population) were internally displaced.**³ The overwhelming majority of Gazans are now estimated to be living in multidimensional poverty. In March 2024, **famine was declared imminent** in the northern Gaza governorates, with 70% of the population (around 210,000 people) facing catastrophic famine.⁴

Over 76% of Gaza has been impacted,⁵ with the cost of damage to critical infrastructure estimated at USD 18.5 billion – or 97% of the 2022 national gross domestic product (GDP). This includes damage to over 65% of water and electric utility networks, sewage pumping stations and wastewater treatment plants; 92% of primary roads; 60% of public buildings including schools; 86% of local commerce; and 34% of agricultural land.⁶ Economic activity across all productive sectors in Gaza has halted, except for minimal health and food services, provided under conditions of severe water, fuel and electricity shortages. By January 2024, Gaza was operating at 14% productive capacity.

The year 2023 was already one of the deadliest years in the West Bank since the Second Intifada,⁷ even before the war in Gaza. Since 7 October, over **450 Palestinians have been killed and over 4,890 injured** in the West Bank.⁸ The West Bank is also impacted by closures (including that of 735 checkpoints), increasing settler violence, and military incursions – particularly in the northern governorates. The effective closure of the West Bank has affected over 100,000 workers travelling to Israel and Jerusalem to work, leading to major economic impact. Additionally, since the onset of the war, the Government of Israel (GoI) has revoked a total of 200,000 work permits for Israel and the settlements, and government employee salaries have been significantly reduced,⁹ leading to heightened poverty.

Early estimates (in November 2023) showed an economic loss of more than 8% of GDP, equivalent to USD 1.7 billion.¹⁰ The war in Gaza has shrunk employment across Palestine, with a 66% drop in employment in Gaza itself and a further 32% in the West Bank. In Gaza, GDP plummeted by more than 80% in Q4-2023 (decreasing by 24% for the whole year of 2023). The West Bank's GDP contracted by 22% during Q4-2023 (declining by 2.5% for the entire year of 2023).¹¹ According to the Palestinian Central Bureau of Statistics (PCBS), the economy is projected to decline by 10% in 2024, resulting in a 12% decline in per capita income.¹²

The PA's legitimacy, stability and fiscal situation have been further weakened by this shock and by the increased reduction of clearance revenue by the GoI.¹³ This has led the PA to develop an emergency plan and budget for 2024, effective from February. On 26 February 2024, the PA Prime Minister Mohammad Shtayyeh announced the resignation of his government. In his resignation announcement, Shtayyeh called for new governmental and political arrangements to take into account the new reality in Gaza and the need for a Palestinian–Palestinian consensus based on Palestinian unity. **On 14 March 2024, President Mahmoud Abbas appointed Dr Mohammed Mustafa to**

form a new government.¹⁴ However, the change in government has resulted in delays in endorsing crucial laws, regulations and strategies. Additionally, the landscape has been further complicated by judicial strikes and civil servant absenteeism (informal strikes), including within key service delivery ministries, such as the Ministry of Health (MoH).

Implications of the war on EDP sector response

Every sector has been impacted by the war, with development programmes on hold in Gaza and affected (in differing ways) in the West Bank. Overall, in addition to the unprecedented loss of life and community, the ongoing war has eroded the accomplishments jointly achieved over the past years by EU member states and the PA, particularly in Gaza.

The full scope of the war's impact is not yet known, beyond the death toll and images of catastrophic damage. An initial damage assessment has been done,¹⁵ but this focused only on infrastructural damage and was limited to satellite imagery analysis. A rapid damage and needs assessment will be done as soon as there is a ceasefire and it is safe to enter all areas in Gaza.

While the implications of the war for EDPs' support to the PA varies by sector, **all sectors are affected by the postponement of the PA's 2025–2030 National Development Plan (NDP)** and its 2024 emergency plan and emergency budget. The war also delayed the planned release of the new sector strategies and the PA's national development plan, which EDPs and other stakeholders were waiting for in order to understand the new priorities of the sector.

Immediate humanitarian needs are currently taking precedence over development goals. Most EDPs have put their activities in Gaza on hold. EDPs and partners are now in the process of reprogramming and adjusting activities to respond to the new challenges as much as possible. For many sectors, this will also require a **re-examination of their results frameworks**, which are either no longer relevant due to the war or cannot be meaningful without changes in core assumptions.

Several sectors pointed out that the effectiveness and sustainability of **EDP support will continue to be compromised** in the absence of a **clearly defined political horizon and the cessation of Israeli occupation.**

Joint programming under the EJS (2022–2023)

EDPs and like-minded development partners have embraced joint programming (JP) as part of their broader commitment to improving the effectiveness of development cooperation and capitalising on the strength of 'speaking with one voice'. This common vision has been expressed through the EJS and its implementation monitored through an annual reporting cycle. All the foundational aspects of JP in Palestine have been significantly affected by the war, including:

- **The development of the new EJS.**
- **The annual monitoring architecture** (formerly the ROF), which had been revised and updated in mid 2023 and was to be further refined in late 2024, has now been put on hold.
- **Sector-level efforts towards JP:** Several EJS sectors had improved their JP processes during 2022–2023, notably through the launch of two Team Europe Initiatives: one in the water sector and the other in the private sector development sector. Other sectors, including energy, labour, and rule of law, had (prior to October 2023) gone through a process of developing new sector response theories of change (ToCs) and results frameworks based on joint analysis, which have now been impacted or superseded by the conflict.

The present context in Palestine necessitates a review both of the JP architecture in Palestine and of EDPs’ commitment to it. The situation provides an opportunity for acting coherently in the current immediate-relief-focused stage, and at the same time is a barrier to investing the required time and resources into this type of coordination. It will also require a review of the overarching and sector-specific JP approaches and tools in light of the new context (an effort which is currently underway via a technical assistance project commissioned by EUREP). Nevertheless, well-coordinated donor support underpinned by joint analysis will be central to a ‘joint response’: effective programming and policy recommendations concerning future reconstruction and development efforts. A concrete action in this regard will be to assess and adapt the sector response theories of change to the new context.

Policy dialogue under the EJS (2022–2023)

The PA and EDPs continued to conduct regular policy dialogue. The meetings were co-chaired by Secretary General of the Council of Ministers (CoM) Amjed Ghanem, responsible for monitoring and evaluation of the NDP and sectors strategies, and Office of the EU Representative (EUREP) Head of Cooperation Ibrahim Laafia, entrusted with the overall coordination of the EJS. Participants included representatives from the Prime Minister’s Office (PMO), the General Secretariat (GS) and officials from Palestinian ministries and institutions, as well as 13 EDPs.

During the reporting period, an annual sector policy dialogue meeting was held in January 2023 and a mid-year meeting took place in June 2023, in order to review a set of identified sector priority actions that EDPs and PA institutions had been assigned to address. In December 2023, replacing the initially envisaged Annual Sector Policy Dialogue Meeting (ASPD), an exceptional meeting was convened to discuss the implications of the war for the EDP-PA partnership and programming.

Presentation of EJS Implementation Report

While the crisis inevitably has implications for the PA and EDPs alike, it remains essential to reflect on the effectiveness of the PA-EDP partnership and how to strengthen it for the purpose of achieving a common vision. In that spirit, the sector input to this report intends to:

Sector input	Provided in section
i) describe the context and paint a picture of the implications of the war for sector-level progress and EDPs' support to the sector	A. Implications of the war from a sector perspective <ul style="list-style-type: none"> • Implications for Palestinian development • Implications for sector response
ii) inform on progress towards the sector outcomes and impact, as expressed in the sector results chain, and how EDPs are contributing to that progress	B. Main sector progress and challenges during 2022–2023
iii) from this analysis, derive issues for meaningful discussion in the next annual sector policy dialogue meeting	C. Sector priorities for policy dialogue and future programming

In recognition of the extraordinary context created by the war, **this EJS Implementation Report utilises an adaptive approach to reporting on the sectors' results framework.** While sectors were encouraged to exemplify and substantiate the narrative with evidence, it was assumed that, in the current situation, it would be extremely difficult for all sectors to consistently obtain data to do indicator reporting to inform policy and programming going forward. As a result, although provided within the aforementioned structure, **the scope and analysis of data and the presentation of policy and future programming within this report does vary by sector.**

Cross-cutting Issues

These three issues – environment, gender and youth – are to be addressed within each of the sectors of the EJS, hence the designation ‘cross-cutting’.

The war in Gaza has taken a heavy toll on all three cross-cutting issues. It has caused extensive environmental destruction and impacted negatively on people’s ability to sustain healthy living conditions in Gaza. Gender equality has suffered, with women and girls expected to suffer more gender-based violence (GBV), including sexual violence, as a consequence of the war. Youth are facing **increased violence** across Palestine and **diminished economic opportunities**, leading to greater feelings of **hopelessness**.

In the turmoil from the war and the change of government, **reforms and development programmes have lost momentum or been paused**, including important gender equality reforms and sustainability and environment-related efforts. These are expected to be moving forward again in the coming year.

Environment and Climate Change

Lead: Sweden/Environment Quality Authority (EQA)

A. Implications of the war from a sector perspective

Implications for Palestinian development: In Gaza, the ongoing war has caused catastrophic destruction and damages to the environment, negatively impacting people's ability to sustain healthy living conditions amid excessive volumes of debris, leakage of hazardous materials, air pollution from constant shelling, and a build-up of decomposing organic material.

The war has also affected the physical environmental assets like coastal areas, water and soil and wetlands like Wadi Gaza, and the vital services that ecosystems provide for people. Six months of bombardment have caused: **soil and (ground)water contamination** from the systemic breakdown of water, sanitation and hygiene (WASH) services and the impact of hazardous materials, including untreated chemical waste, medical waste, and war-related debris and pollutants (particularly heavy metals);¹⁶ **increased carbon emissions** and air pollution (including toxic gas) from munitions and other conflict-related factors,¹⁷ burning buildings, and solid waste burning in open fires; **potential destruction of ecosystems, biodiversity and natural habitats** from military actions and citizen foraging; and **damage to the marine environment** and the fishery industry, due to the discharge of untreated sewage and destruction of fishing and value chain assets.

In the West Bank, many of the sustainability and environment-related efforts of EDPs have lost momentum, been paused or been damaged by military action since the start of the war. Examples of the latter in the West Bank include the **destruction of WASH systems** by the Israeli military, particularly in northern West Bank refugee camps and Bedouin communities east of Hebron. In addition, the widespread **discharge of settlement wastewater** and its associated harm threatens to further erode the already limited capacity of Palestinians to adapt to the intensifying effects of climate change.

Implications for sector response: In Gaza, much of the focus for the sector will be on **safeguarding environmental aspects** in the rebuilding of Gaza: environmental issues need to be integrated into response, recovery and reconstruction, starting from the earliest stage.¹⁸ Additionally, priority areas for the environment sector are sustainable debris management and removal, soil and (ground)water remediation measures, the removal of explosive remnants of war; and the reconstruction/repair of waste management sites, sanitation services and water treatment facilities. EDPs will have to prioritise these efforts and work in close cooperation with public entities with mandates in the respective sectors.¹⁹

B. Main sector progress and challenges during 2022–2023

EDP support of the environment sector within the EJS aims to support the **development of a green economy, supply of a clean, affordable and secure energy and development of a growth model for a more sustainable, inclusive, and resilient economy** (Ensuring Sustainable Environment [NDP 2021–2023, National Policy 31]). This impact-level goal is tackled through mainstreamed interventions in the local government, education, health, water, energy, private sector development and agriculture sectors. However, due to the extraordinary circumstances, an analysis of other EJS sectors' alignment with environmental and climate change goals was not possible; hence, there is little opportunity to assess the overall EDP results in environmental mainstreaming. For this reason, sector progress is not provided against the results framework.

There are several notable examples of EDP contributions to achieving environmental goals, particularly in collaboration with the EQA. During the reporting period, the EQA's role and capacity was strengthened with the development of an internal Environmental Information System, which can integrate with other institutional information systems for the national environmental data tracking and processing. EDPs and the EQA also increased awareness of environmental perspectives with the first national State of the Environment Report (to be released in spring 2024) – which implies that information and data is anchored by a broad range of national stakeholders – and the training of health officers on climate change, solid waste management (SWM) and plastics. In collaboration with the Ministry of Education (MoE), over 100 schools have an integrated curriculum and are connected to a digital platform. Finally, after EQA-organised training on environmental inspection and the establishment of basic inspection laboratories, 13 inspectors are operative and permanently employed.

Efforts to mainstream environment and climate change: Mainstreaming of environment and climate change in all policy sectors is a politically articulated ambition and an ongoing process. Major obstacles standing in the way of an efficient monitoring process relate to questions both of a practical nature (how to measure) and of relevance (what to measure).

The Environment and Climate Change EJS cross-cutting theme monitors the effective implementation of the nationally determined contributions (NDCs) as part of its results framework. There are currently 14 implementation plans agreed with six sector ministries through memoranda of understanding (MOUs), and MOUs with another five ministries/authorities are under preparation. Through a twinning programme on environmental mainstreaming launched in late 2023, expert institutions from Lithuania and Austria will assist the EQA in preparing and testing guidelines for the mainstreaming of three prioritised sectors.

The MOUs and the twinning programme interlink with the process of the Environment Cross Sector Strategy 2025–2029 that was prepared by the EQA during 2022–2023. Covering all environmental perspectives, including NDC targets, the strategy will provide baseline measurements on the status of mainstreaming efforts in all policy sectors and make tracking of progress and shortcomings more visible. The Environment Sector

Working Group (SWG) suggests that future EJS monitoring and evaluation be connected to the Cross Sector Strategy for reasons of relevance, accuracy and ownership.

In 2023, the Environment SWG conducted a mapping of ongoing EDP contributions in relation to the seven ‘policy intervention’ areas included in the revised 2021–2023 NDP under Priority 10: ‘Resilient Communities’/National Policy 31: ‘Ensuring a Sustainable Environment’. The mapping indicated that there had been an (on-paper) improvement in terms of the EDPs’ coverage of the policy areas. However, three policy areas continued to lag behind (in terms of both number of programmes and absolute funding figures) and thus still have potential for enhanced partnerships with EDPs. These are: *Reduce and effectively control pollution; Conserve biodiversity, establish nature reserves, and expand green spaces; and Adapt to climate change and mitigate greenhouse gas emissions*. All three aspects are now better covered within individual EDP initiatives, but are still inadequately integrated at sector level – such as climate change implications within the transport, health and infrastructure sectors.

C. Sector priorities for policy dialogue and future programming

The previously suggested (EJS Results-Oriented Framework [ROF] 2021) dialogue areas still stand:

1. The EQA’s role and capacity in its mandate to safeguard that mainstreaming of environment and climate change takes place within all national policies and strategies.
2. Environmental governance and enforcement: Support to further develop, follow-up and push for the adoption of legislation and resources for its implementation, including awareness raising and education.
3. Climate-change aspects integrated: At programme design stage, EDPs should ensure that climate adaptation and mitigation are addressed.

In the next reporting period, the environment sector will monitor the following ongoing policy and legislative reforms:

- A holistic **National Environmental Legislation Framework**, including Natural Protection Law. This framework has been drafted and covers all relevant areas, including air quality and climate change.
- Revision of the **Environmental Assessment Policy**. The revision of this policy, first developed in 2000, concentrates on the classification of the development projects and on clear procedures to grant the environmental approvals.
- **Master Plan for Health Waste Management**. This master plan is an updated version of the 2006 plan and covers the national procedure for identification of healthcare waste, separation, collection and treatment.
- **Hazardous Waste Bylaw and Hazardous Material List**. This bylaw was developed and endorsed by the CoM to comply with the Basel Convention.
- Starting the process of developing **producer responsibility for plastics** as well as a strategy for a gradual ban of single-use plastic products.
- **National Strategy for Biodiversity** and its action plan based on COP 15 outcomes.

Gender Equality

Lead: Italy/Ministry of Women Affairs (MoWA)

A. Implications of the war from a sector perspective

Implications for Palestinian development: The war is having a disproportionate impact on **women and girls in Gaza** and is expected to result in higher levels of **gender-based violence** (GBV). The combination of threats faced by women and girls represents distinct and targeted attacks on their rights, identity and dignity – with exacerbated risks of exploitation and abuse due to a lack of essential items. Internally displaced women are being disproportionately affected, with elevated risks of sexual exploitation and forced marriages. There are also thousands of older people of both sexes experiencing the war isolated and alone, with elderly women, particularly those with disabilities, facing the most negligence and violence.

There are an estimated 540,000 **women of reproductive age** in Gaza. Most of these women will be cut off from safe delivery services, with medical facilities either non-functional or overwhelmed.²⁰ As pregnant and lactating women also have higher daily water and caloric intake requirements, the lack of food and water across Gaza adversely impacts their health and well-being. Additionally, limited access to menstrual hygiene products and worsening sanitary conditions puts over 690,000 menstruating women and girls at health and protection risk.

Implications for sector support: The implications of the war for EDP support to the sector differ between Gaza and the West Bank. In **the West Bank**, despite some restrictions, development projects have continued to be implemented.

By contrast, in **Gaza**, the majority of EDPs have put development projects on hold to focus on humanitarian aid (emergency channel). EDPs are also supporting gender issues in Gaza by contributing to the Flash Appeal of UN agencies.²¹

B. Main sector progress and challenges during 2022–2023

EDP support of the gender equality sector within the EJS aims to **improve gender equality and the empowerment of women and girls in Palestine**. This impact-level goal is supported through improvements in three outcome areas: i) the PA's gender-transformative agenda; ii) gender-based violence against women, girls, and boys in the public and private spheres, in the workplace, and online; and iii) economic, labour, and social rights and equal participation and leadership for women.

At the impact level, despite advancements in certain areas, there are ongoing challenges in achieving comprehensive gender equality for women and girls within the public and private sectors. There has been very marginal improvement in the country's progress in fostering gender equality and empowerment: in 2022, Palestine scored 0.88 on the Gender Development Index (GDI), compared to the 2019 baseline of 0.87. The GDI report shows mixed results: while women have a higher life expectancy (75.9 years compared to men's 71.0 years) and longer expected and mean years of schooling (14.0 and 9.9 years respectively, compared to men's 12.4 and 10.0 years), disparities exist in other areas. For instance, significant gaps persist in gross national income per capita, with women earning substantially less than men (USD 2,134 compared to men's USD 11,759 in 2017 purchasing power parity).²²

In the current context of war, comprehensive data is not available at the outcome level.²³ In addition, the gender equality results chain and its related indicators is no longer perceived as the most relevant, as it does not align with the shift in priorities, resulting from the war, towards security concerns, humanitarian assistance and aid provision, as well as towards resilience and economic security for females in the West Bank and East Jerusalem. For the next reporting period, the results framework should be reviewed to better reflect these shifts in sector priorities.

There are delays in putting needed legal frameworks in place to promote, enforce and monitor equality and non-discrimination. Both the Family Protection Bill (FPB) and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) are currently frozen, despite expectations of full implementation for both in 2024. It is anticipated that implementation will be resumed by the new government. Significant challenges and limitations in the legal and regulatory frameworks also continue to affect women's participation in the economy and their ability to engage in business activities. This is demonstrated by Palestine's score on the Women, Business and the Law Index, in which it scored the lowest of all 190 countries assessed from 2021 to 2024.²⁴ Addressing these issues is crucial for promoting gender equality and empowering women in the economic sphere in both the West Bank and Gaza.

C. Sector priorities for policy dialogue and future programming

Moving forward with the FPB and CEDAW: In early November 2022, the CEDAW Committee²⁵ published the list of issues and questions prior to the submission of the second periodic report of the State of Palestine. The status of the FPB and the Convention are one of the key issues that the Committee asked about. The CEDAW has still not been published.

Additionally, the FPB has not yet been signed, despite a multi-year process of drafting and redrafting. Therefore:

- EDPs would welcome the signature of President Abbas on the FPB and fully support efforts to take the final steps to adopting the FPB. Doing so would be proof of

true commitment to protecting and promoting women's and children's rights in particular, including the right to a domestic life free from violence.

- EDPs acknowledge the costs of enacting such a bill and stand ready to support financially and technically with appropriate investments to make it possible.
- EDPs ask for transparency from the PA when entering in a dialogue with EDPs about the FPB, its status and its obstacles.

Support to awareness-raising campaigns on gender equality at the national level: Anti-women's-rights campaigns have gained momentum in the past two years, especially on social media. This should be seen as a worrying signal of the rise and increasing influence of extremist parties and not used as an excuse for not advancing the gender equality agenda. Indeed, this further highlights the importance of accelerating work to protect women's rights in Palestine and the urgent need for the PA's strong and public advocacy for women's rights and protection. In summary:

- It is the PA's responsibility to ensure the full protection, safety and well-being of women activists, and the accountability of perpetrators.
- EDPs are concerned by the fact that currently women's activists and civil society organisations (CSOs) are left at the forefront facing conservative groups and their threats alone.
- EDPs strongly encourage the PA to intensify their efforts in raising awareness on human rights – particularly women's rights – in order to counteract intimidation campaigns, and continue to stand ready to support with relevant investments. Awareness campaigns have been discussed many times with the MoWA, but they have yet to materialise.

Youth

Lead: Denmark/Higher Council for Youth and Sports (HCYS)

A. Implications of the war from a sector perspective

Youth in Palestine have long faced a multitude of challenges, which have been exacerbated during the war in Gaza. The current results chain focuses on the particularly relevant areas of **participation, economic opportunities** and **access to health** for Palestinian youth in Gaza and the West Bank.

Youth participation in civic and political life has changed significantly as a result of the war in Gaza. Youth have played a notable role in public advocacy and campaigns on issues related to the war, such as the importance of respecting human rights. The EDP-supported Youth Advisory Panel and Youth Municipal Councils have been active in this regard and play a key part in advocating for youth priorities in the current climate. Youth are also increasingly playing a role in civil society, both in organisations and as self-organising groups, including in volunteering in, managing, and delivering humanitarian and emergency assistance.

However, youth also face increasing challenges in participation, including a lack of safety in the online civic space and of engagement in planning processes in the current emergency climate. They are also coping with universal loss, leading to an increased need for youth responders to have access to mental health and psychosocial support.

Economic opportunities for youth have become increasingly difficult, due to the economic shock of the war. In Gaza, markets are barely functioning, inflation is rising, economic life has largely stopped, and the vast majority of people are displaced. In the West Bank, increased movement and access restrictions and the revocation of permits for Palestinian workers in Israel and Israeli settlements has led to a decline in economic activity. The consequences of this for Palestinian youth are grim. Youth suffer disproportionately from the economic hit, due to a comparative lack of experience compared to others in the labour force and lower levels of economic resilience. Anecdotal evidence suggests youth are finding it difficult to secure work in the current circumstances and are being encouraged to take days off or getting laid off altogether. This hypothesis is supported by International Labour Organization (ILO) reports of a 32% decline in employment in the West Bank and a 66% decline in Gaza.²⁶

Access to health for Palestinian youth is also a key concern and is currently constrained across the West Bank and Gaza. There have been increasing attacks on healthcare facilities since October 2023; healthcare capacity in Gaza has been severely depleted and movement restrictions across the West Bank have created physical barriers to accessing healthcare. At the same time, there is more need among youth for health services, particularly relating to mental health and sexual and reproductive health. The UNFPA reports that the war has

disrupted young people's transition to adulthood and resulted in high rates of anxiety, depression and stress disorders among this cohort. As a consequence, violence, drug-use and suicide are reported.²⁷ Services for female youth are particularly necessary, as their needs – including health services, protection, psychosocial support, and education – are often overlooked. Notably, GBV risks are currently heightened in Gaza, given the conditions that girls, female youth and women face.

B. Main sector progress and challenges during 2022–2023

The aim of EDP support for the youth sector within the EJS is that **young Palestinians feel increasingly empowered to become agents of positive change within their communities**. This impact-level goal is supported through improvements in three outcome areas: i) participation of Palestinian youth in civil and political life; ii) access to economic opportunities and decent work; and iii) access to local health services, in particular in the area of mental health and sexual and reproductive health and rights.

At the impact level, there is greater need than ever to empower Palestinian youth within their communities. Even before the war, youth were more likely to consider emigration. In 2022, 39% of youth in Palestine considered emigrating (versus 20% of over 30s), according to the Arab Barometer.²⁸ Although 2023 data is not yet available, interest in emigration is likely to increase in Gaza due to the war and in the West Bank due to a lack of economic opportunities and increased violence.

The first outcome on participation of Palestinian youth in civil and political life cannot be reported on due to unavailability of data at the time of reporting.

There are mixed results on Palestinian youth's access to economic opportunities and decent work, under the second outcome. There are more youth engaged in the labour force (29% in 2021 compared to 31% in 2022) and fewer unemployed, both overall (39% compared to 35%) and among both males and females. However, more youth in the private sector are receiving less than the minimum wage (31% in 2021 compared to 44% in 2022). Notably, early indications of the war's impact suggest this data may no longer be accurate. The dire economic situation has undoubtedly severely impacted the economic opportunities of youth and the extent to which they are in the labour force, employed or earning a good wage.

There is limited data available for the third outcome on youth's access to health services.²⁹ What is available suggests a pre-war drop in youth with mental health disorders (91.1 per 100,000 youth incidence rate in 2021 compared to 81 per 100,000 overall incidence rate in 2022).³⁰ However, given the catastrophic impact of the war in Gaza and further deterioration in the West Bank, it is inevitable that the incidence rate of mental health disorders has increased since the start of the war.

While the current EJS sector results framework for youth remains relevant, there are other areas that also warrant attention and analysis. The most recent escalation has highlighted the need to review the assumption in the results chain that EDP/PA activities

will lead to youth being empowered. However, as the war has shown, a large part of this is outside the control or influence of EDPs, the PA or Palestinian youth. Exogenous factors, such as the actions of Israel or armed groups, can create huge changes in all dimensions of life for Palestinian youth. In particular, settler attacks and further Israeli military raids in the West Bank have compounded pre-existing dynamics. **Therefore, it is likely that the 2023 results and indicators, when available, will show significant regression.**

There are also a number of gaps in the results framework, in terms of sector challenges not being captured. One gap is that of **education** and how youth have been detrimentally impacted by the war. Secondary and further education of all youth in Gaza has stopped, while education in the West Bank and East Jerusalem has been temporarily closed or paused. This has led to a loss of teaching time, and thus, a loss in skills development for youth. This has negative mental health impacts on youth, contributing to a sense that they are ‘losing time’.

Two other gaps are not ‘sectoral’ as such, but more intangible. The first gap is the **hopelessness that Palestinian youth feel**. While undoubtedly linked to mental health and empowerment, this still warrants highlighting in its own right. This feeling among youth is long-standing and has now been compounded by the war. Youth-focused organisations report that some youths have pivoted from ‘dreams and ambitions’ to ‘survival mode’. The second gap is the **feeling of having been abandoned** by international actors, and in particular the interplay with human rights. Anecdotal reports suggest that youth’s perception of international actors and organisations may be changing, with the feeling that the ideals or concepts being promoted to them – such as human rights or international humanitarian laws – have not been adhered to by the international community. This is leaving youth with a strong sense of abandonment and a feeling of emptiness towards such concepts and values, which are promulgated to them but not backed by concrete actions.

C. Sector priorities for policy dialogue and future programming

Youth participation: Given the increasing role of youth-focused organisations and groups of self-organising youth, EDPs and relevant ministries should acknowledge the role of these key actors and engage with them across the humanitarian-development-peace (HDP) nexus. There is also a need to focus on youth participation and ensure that youth are included and listened to as part of planning and programming. It is increasingly important to ensure that youth understand they have not been abandoned and that they are the drivers of change. There should also be a recommitment to work on youth policy development (e.g. a policy on youth engagement in political life, or a policy on youth civic engagement), as well as a commitment to work with youth as key stakeholders in conflict resolution and peace building.

Youth and health: EDPs and the PA should redouble efforts around the mental health needs of Palestinian youth, as well as sexual and reproductive health. The current crisis has driven these needs, which are acutely experienced and felt by youth, and their scale is

unprecedented. Programmes that support these particular areas of health among young people, as well as those for wounded or disabled youth, should be prioritised by EDPs, the PA, and other actors.

Youth employment: Addressing youth employment will require different strategies across the West Bank and Gaza. In the West Bank, EDPs and PA institutions should strengthen efforts and coordination around youth upskilling (such as the TVET sector) and focus on measures to ensure youth are not left behind. In Gaza, specific consideration should be given to youth employment in recovery/reconstruction efforts, again to ensure that a generation is not left behind.

Youth data and mainstreaming: It is important that actors in the youth sector continue efforts to collect reliable age- and gender-disaggregated data. There is a lack of data regarding youth outcomes and youth needs, and EDPs and partners should continue to engage with the relevant ministries and agencies to elevate youth-focused metrics. This should also be integrated into the humanitarian system to ensure youth needs are understood and that youth are integral to the planning and implementation of both development and humanitarian projects.

Youth specific services and education: Services that are targeted at youth, such as youth clubs and sports facilities, should not be left behind in EDP and PA planning. Rebuilding or better utilising the infrastructure that supports youth can support other objectives noted above (such as participation, health and employment). Schools and universities also form part of the key infrastructure that supports youth through education, protection, and skills development, and EDPs and the PA should seek to ensure a rapid return of youth into education, where possible.



Pillar 1: Democracy, Rule of Law and Human Rights

The war in Gaza has affected political dynamics and brought political divisions to a head, which may have repercussions for efforts towards democracy and the viability of the two-state solution. For the rule-of-law sector in particular, the war has further challenged justice institutions to provide the public services within their mandates.

In the reporting period, governance systems in both the democracy and justice sectors were **falling behind international standards**, which undermines the credibility of the relevant institutions. While some gaps are due to capacity and resource shortages – which can be addressed through effective support enabling PA institutions to provide essential public services – **there are also important governance gaps that are political** in nature, and these are challenging for development partners (DPs) to address. These include the postponement of national elections – with the consequent missed opportunities for gaining democratic legitimacy – and the weak separation of powers resulting in unannounced presidential decrees.

Sector 1.1:

Democracy and Electoral Support

Lead: EUREP/Central Elections Commission (CEC)

A. Implications of the war from a sector perspective

Implications for Palestinian development: The situation in Gaza, the West Bank and East Jerusalem has reached a critical juncture since the outbreak of the war. The **divide between political parties and public opinion** in the West Bank and Gaza has reached its zenith. The standing of the Fatah-dominated PA leadership saw a notable decline in support,³¹ while Hamas witnessed a surge in popularity and support for armed struggle in the West Bank. Further exacerbating the situation is the deepening polarisation of society and the absence of political dialogue across the divide, hindering any potential progress in terms of elections.

Prospects for **reconciliation and elections** seem increasingly remote, amid the ongoing war in Gaza and protracted division within the Palestinian political landscape. Deep-seated suspicions and traumas stemming from Israeli actions, coupled with disillusionment towards their own leadership and regional/international partners, have fostered a prevailing sense of abandonment among Palestinians.

And yet, Palestinians remain committed to **democracy**, with a majority (67%) preferring to live in a democratic, secular state that respects religious and civic rights for all.³² As Palestinians look ahead to post-war governance, the PA is seen with more positive eyes by Palestinians in Gaza (with 79%³³ wanting the PA or a unity government to manage a transition period)³⁴ and almost as many Palestinians in the West Bank (69%) prefer to reform the existing political system rather than dissolve the PA/PLO.³⁵

Additionally, polls indicate that support for the **two-state solution** remains steady, with 73% willing to accept this outcome, particularly in Gaza (where 88% support it).³⁶ Soberingly, however, many believe that the two-state solution is no longer practical due to settlement expansion (65%) and that the establishment of an independent Palestinian state alongside Israel in the next five years is unlikely (66%).³⁷

Implications for sector support: While the war has prompted a reassessment of priorities and strategies among international DPs operating in the region, preserving the viability of the two-state solution remains a strategic priority for EDPs' cooperation with Palestine. Immediate humanitarian needs may take precedence over longer-term development goals, and security concerns may increase support for security and stability initiatives

aimed at preventing future conflicts. In particular, political dynamics have been heavily impacted, affecting the prospects for democracy and electoral support initiatives. **EDPs will have to adjust their strategies** to engage with emerging political realities and support efforts to strengthen democratic institutions in the aftermath of the war.

The effectiveness and sustainability of EDP support will continue to be compromised in the **absence of a clearly defined political horizon and the cessation of Israeli occupation**. While EDPs' decades long support for the CEC underscores the critical role of championing electoral institutions, the quickly evolving and complex political context, both during and after the war, means that there are many other factors influencing the democracy and elections sector.

On an operational level, the war in Gaza inflicted severe damage on CEC district offices and completely destroyed its regional warehouse.

B. Main sector progress and challenges during 2022–2023

EDP support of the elections and democracy sector within the EJS aims to **foster a functioning pluralistic, participatory and representative democracy**. This impact-level goal is supported through improvements in two outcome areas: i) electoral operational efficiency, integrity and accuracy of electoral processes, and ii) inclusiveness of democratic process.

The relevancy of this results framework depends upon the resolution of the ongoing conflict. The analysis below can only be speculative within the current context, given the high uncertainty around progress and vulnerability of key assumptions, such as security levels and the viability of the two-state solution.

At impact level, democratic institutions continued to weaken in 2022, with the postponement of national elections representing a missed opportunity for democratic legitimacy renewal from the government's side. As a result, Palestine dropped in the Global Democracy Ranking in 2023 (from 117 in 2019 to 115 in 2023).³⁸ In addition, support for the PA was at a historic low by the end of 2023, according to the Palestinian Center for Policy and Survey Research (PSR), and demand for its dissolution rose to nearly 60%, the highest percentage ever recorded by the PSR. Demand for Abbas's resignation is around 90%, and even higher in the West Bank.³⁹ (There was no data available on the change in percentage of registered voters from the voting-age population.)

There was progress on electoral operational efficiency, integrity and accuracy of electoral processes, under the first outcome. EDPs continued to invest in strengthening the CEC's organisational and operational capacity by enhancing its capabilities and fostering collaboration with regional and international electoral management bodies.⁴⁰ Operating within a challenging environment, the CEC grapples with significant hurdles, notably exacerbated by the deepening political divide between the West Bank and Gaza since 2007. Despite these challenges, the CEC is recognised as a robust institutional partner possessing advanced capabilities in election administration. However, as

mentioned above, the war in Gaza has inflicted considerable damage upon CEC district offices and completely destroyed its regional warehouse.

No new data is available for other outcome indicators,⁴¹ because the most recent elections were the local elections held in 2021–2022 in the West Bank. In 2023, ongoing political discussions and negotiation endeavours were underway to assess the feasibility of conducting local elections in Gaza; however, the war in Gaza resulted in an indefinite cessation of this prospect. Notably, a December 2023 poll showed that the vast majority (81%) of Palestinians in the West Bank and East Jerusalem would prefer immediate elections after the war in the West Bank and East Jerusalem.⁴²

CEC-led initiatives for electoral law reform were reinitiated in August 2023, prompted by persisting legislative shortcomings posing challenges in election organisation.⁴³ Regrettably, progress came to a halt as of October 2023, due to the absence of political opportunities amid the prevailing war. Additionally, the absence of legislation concerning political parties and their financing underscores significant impediments to conducting elections in accordance with international norms.

C. Sector priorities for policy dialogue and future programming

The coordination between EDPs and the PA persisted throughout the reporting period, operating via bilateral and joint channels within the framework of the parties' respective operational and financial support mechanisms. In terms of policy dialogue, the **Elections Ad Hoc Working Group**, led by the CEC and co-chaired by the EUREP, under the Local Aid Coordination Secretariat (LACS) structure, continued to serve as a platform for the exchange of information regarding electoral processes, encompassing both political and operational aspects.⁴⁴

The war could spur increased diplomatic efforts by EDPs to facilitate dialogue and reconciliation among Palestinian factions and between Palestine and other regional actors. This could influence the focus and scope of development assistance in the region.

Sector 1.2: Rule of Law and Human Rights

Lead: EUREP/Ministry of Justice (MoJ)

A. Implications of the war from a sector perspective

Implications for Palestinian development: The increased settler attacks, Israeli military incursions and multiplication of checkpoints have impacted **access to justice and the functioning of courts** in the West Bank, adding to the existing large backlog of cases. Travelling between cities has become dangerous, thus further limiting access to courts for citizens, judges, prosecutors and all legal staff. The MoJ and the High Judicial Council have both highlighted that this is a major impediment to the justice institutions' ability to work normally and that courts are functioning as well as possible with limited human resources. In addition, the long lawyers' strike that started in October 2023 in protest of the war in Gaza has contributed to stalling the judicial system. In spite of the situation, courts have managed to hold some hearings – albeit having to prioritise between cases and proceed without all stakeholders present, which raises questions about fair trials and due process.

Implications for sector support: The war also delayed the release of the new sector strategies, which EDPs and other stakeholders were waiting for in order to understand the sector's new priorities.⁴⁵ The **new sectoral strategies** are expected to cover 2025–2030.

B. Main sector progress and challenges during 2022–2023

The aim of EDP support in the rule-of-law and human rights sector within the EJS is that **the rule of law in Palestine is promoted and human rights are increasingly enjoyed by Palestinian rights-holders**. This impact-level goal is supported through improvements in six outcome areas: i) legal compliance of national legislation and institutions with international rule-of-law obligations and standards; ii) public institution transparency and accountability; iii) anti-corruption processes in the justice sector; iv) independence, impartiality, transparency and accountability of the justice system; v) access and administration in line with fair trial standards; and vi) access for women, children and vulnerable groups to justice and the benefits of integrated services.

The justice system in Palestine continued to face numerous challenges that hindered its overall functioning. The main challenges include the lack of qualified justice personnel, backlog of court cases, lack of specialised services (especially for gender-based violence cases), lack of fair trial guarantees and effective remedies, limited

independence of the judiciary and overall separation of powers (as also evidenced by the amount of unannounced presidential decrees in 2022 specifically), lack of access to courts for vulnerable litigants, absence of an institutionalised legal aid system, and slow alignment of the judicial system with international standards.

All of this contributed to undermining the credibility of justice institutions and had significant consequences for Palestinian citizens – particularly women and children, who experienced discrimination and gaps in protection, due to the failure to harmonise core international human rights treaties. With regards to the right to fair trial specifically, there remained serious concerns about the Palestinian legal system’s capacity to process cases effectively and in a timely manner, as well as about the independence of the judiciary.

EDPs continued to support the PA in the rule-of-law sector and with gender and youth mainstreaming. This includes through the Sawasya: Promoting the Law in the State of Palestine programme,⁴⁶ which is the main rule-of-law reference in Palestine.⁴⁷ The fact that Sawasya is jointly implemented by the UNDP, UN Women and UNICEF ensured the continuous mainstreaming of gender and youth in all activities in relation to the rule of law. In 2022, the project achieved the milestones of establishing the Middle East and North Africa (MENA)’s first legal incubator in Gaza to support legal aid services, and establishing Palestine’s first specialised court for violence against women cases in Nablus. In 2023, a one-stop centre was opened in Hebron to enable women victims of gender violence to access basic support services all in one place. This was one of the action points established in the annual policy dialogue meeting between EDPs and the GS held in 2023. In addition, youth in conflict with the law continued to be supported in both the West Bank and Gaza in vocational centres, through which they are offered alternatives to detention.

In addition to Sawasya, the EU continued to fund a project implemented by the OECD to improve policy and law-making. One project milestone was the 2022 launch of the OECD Review on Rule of Law and Governance in Palestine, which provides recommendations on making the process more consultative and open, such as the establishment of an online consultation platform.

During the reporting period, judges and prosecutors continued to receive support in terms of initial and continuous training at the Palestinian Judicial Institute thanks to an EU grant, with the objective of raising the capacity of the judiciary to align with international standards.

During 2023, EDPs engaged in a review of the joint response ToC for the sector, with a new impact statement and new outcomes. The objective was to simplify the sector results framework (including fewer indicators) and thereby to improve the quality of reporting and the accuracy of numbers cited. The new impact statement is: ‘The Palestinian justice sector functions in coherence with democratic values, rule of law, human rights and international best practices for the benefit of all Palestinian right-

holders.’ The ToC encompasses the following five outcomes: i) access to justice is improved, especially for women, children and youth; ii) right to protection and fair trial is increasingly ensured; iii) the judicial system is effective and efficient; iv) the judiciary is increasingly impartial and independent; and v) quality⁴⁸ legislation is in place.

This exercise was concluded before the outbreak of the war. Since then, EDPs have decided that, while these priorities remain pertinent in the long run for the justice sector in Palestine and for the pathway to a two-state solution, **the dire situation of the West Bank requires a focus on immediate and realistic objectives that the PA can achieve in the short term.** Setting these objectives was part of the agreed actions following the annual policy dialogue, and has been completed. These new, more realistic objectives are related to the delivery of justice services to Palestinians; notably, improved access to justice and a more efficient court system (encompassed in Outcomes 1 and 3). These are also linked to necessary reforms, such as the institutionalisation of a legal aid mechanism to help the most vulnerable litigants, and the digitalisation of the justice system for wider access and training of judicial staff. The advancement of discussions between the MoJ and the Bar Association towards the establishment of a legal aid strategy was part of the priorities established at the annual policy dialogue meeting. No major developments took place; however, it remains a topic widely discussed, and it is a positive sign that it was mentioned as a necessary reform in the PA reform package document published in January 2024.

C. Sector priorities for policy dialogue and future programming

PA: The MoJ should focus its efforts on (1) establishing the legal aid mechanism, (2) ensuring the functioning of the courts with regular courts sessions, (3) adopting the new criminal code and criminal procedure code, and (4) opening the one-stop centre in Jenin.

EDPs: EDPs should confirm and emphasise that the five outcomes described above reflect what they think the rule-of-law sector should work towards.

Future programming for EDPs will focus on renewing funding to Sawasya (third phase), centred on people and their justice needs. The EU will also continue supporting the Palestinian Judicial Institute to institutionalise the diploma programme and training for the judges and prosecutors of tomorrow. Further support will also be brought to policy and law-making to make processes more consultative and transparent, in line with the recommendations from the OECD-led project.

Finally, **the current acute crisis situation in Palestine calls for the establishment of flexible mechanisms to adapt quickly to fast-evolving contexts and emerging, unanticipated needs.** The EU will aim to set up a rule-of-law facility to support the needs of the Ministries of the Interior and Justice (in terms of equipment, refurbishment of facilities, training, and more).

Pillar 2: Governance Reform, Fiscal Consolidation and Policy

The war in Gaza has left the PA in a detrimental fiscal position, which will have negative ramifications for years to come. The severe drop in government revenues has raised government borrowing, which will add to the already substantial debt burden, and increased payment arrears, which is extremely damaging to the private sector and reduces its ability to be the engine of growth. Finally, decreased government revenues not only affect the PA's ability to provide public services, but also starve the local government of resources and hinder its ability to provide services.

Within the reporting period, **advances have been made in several areas within the sectors in Pillar 2**, including within the area of government procurement and around participatory processes at the local-government level.

While some policy reforms have been put on hold due to the war and resulting focus on immediate needs, other reforms, including the unification of the West Bank and Gaza administrations, and reform of the public financial management, have regained momentum. These reforms call for **effective coordination among PA actors as well as effective, efficient and coordinated EDP support and EDP-PA policy dialogue**.

Sector 2.1:

Public Financial Management and Macroeconomic Support

Lead: EUREP/Ministry of Finance (MoF)

A. Implications of the war in Gaza from a sector perspective

Implications for Palestinian development: From a sector perspective, according to the World Bank, the current risk related to macroeconomic conditions is high, and **the PA's fiscal position** is vulnerable. It estimates that the financing gap is now five-fold at USD 516 million (3% of GDP) compared with pre-war projections (USD 106 million), with considerable strain on budget expenditure management as planned expenditures cannot be paid. The resultant payment arrears are extremely damaging for the private sector, creating high liquidity costs and disadvantaging those companies not able to manage this extreme situation. The **clearance revenue** deductions in Israel have exacerbated this issue, and the PA is managing the crisis by taking on more debt. Even beyond the 'planned' financing gap, the unpredictable nature of revenue flow collected on behalf of the PA (but not always passed on to the PA) by the GoI and the decline of donor aid, particularly from Gulf countries, create additional constraints.⁴⁹ The fiscal crisis is also evidenced by the disruption of **PA civil servants' salary payments**. The PA salary payments for October and November 2023 were delayed until the end of the year (and then paid at a reduced level of 50% and 64% respectively) and the December salary payment was paid (at 60%) at the beginning of February 2024. At the end of 2023, salary arrears amounted to 41% of GDP, up by 7% since the war, and to pay partial salaries, the PA raised its domestic borrowing by USD 400 million.

Implications for sector support: In January 2024, the PA announced an acceleration of the government's public finance management (PFM) reforms, including: the introduction of new legislation for income tax, in order to expand the tax base, and VAT; Economic Competition Law; and the periodic publication of government expenditure.

B. Main sector progress and challenges during 2022–2023

EDP support of the PFM sector within the EJS aims for: **i) improved effectiveness, accountability and transparency of institutions at all levels (SDG 16); and ii) strengthened domestic resource mobilisation (SDG 17.1)**. These impact-level goals are supported through improvements in five outcome areas: i) transparency of public finances, ii) management of assets & liabilities, iii) policy-based fiscal strategy and budgeting, iv) predictability and control in budget execution, and v) accounting and reportings.

The EU is one of the few donors/DPs supporting the PFM sector.⁵⁰ The EUREP is closely associated with the World Bank on PFM work and has contributed, in particular, to policy dialogue and direct financial support (DFS) conditionality. The EUREP has allocated EUR 2 million to the Bank's trust fund supporting the PA's PFM reforms during 2018–2023, and a similar contribution is being prepared for 2024–2028.

The PA's actions were driven by the need to ensure fiscal discipline and contain the deficit during this reporting period. Therefore, **for the first impact goal for effectiveness, accountability and transparency of institutions at all levels (SDG 16)**, there was no improvement to the primary government expenditure as a proportion of the original approved. Both the current context and pre-war contexts (marked by the COVID-19 pandemic and clearance revenue arbitrary deductions and standoff) led to underspending: of 16% (actual compared to approved) in 2022 and 14% in 2023. While the budget's predictability and reliability suffered, this was the only viable option from a macro-fiscal governance viewpoint (resulting in cuts to investments and procurement and arrears accumulation).

There has been a positive incremental trend for the second impact result towards strengthened domestic resource mobilisation (SDG 17.1), with domestically generated taxes increasing in total net revenue by 0.1% every year (36.3% in 2021; 36.4% in 2022; 36.5% January–September 2023). The year-on-year increase in domestically collected revenue was more impressive (6% increase 2021–2022 and 6% in January–September 2023, compared to the same period in 2022).

Mixed progress was achieved in the first outcome on transparency of public finances: improvements were made to the quality of budget documentation and public access to fiscal information, but civil consultation remains limited. The PA has repeatedly committed to increasing transparency,⁵¹ which is of particular importance considering the lack of a legislative and independent scrutiny function in Palestine. An improved Citizen Budget (CB) was produced by the MoF and published on its website in June 2023, although it did not fully meet international standards in terms of prior consultation with civil society. Although the budget has been presented to the media, there has not been any engagement with CSOs: two local CSOs that previously supported the MoF to develop CBs – AMAN and MIFTAH – were unaware of any pre- or post-budget consultation meetings held between the government and civil society in preparation/response to the draft/approved 2023 budget.⁵² Future assessment of budget transparency will be available through the Open Budget Survey, produced by the Open Budget Partnership.⁵³ While Palestine was not included in the previous (2021) survey, it joined the 125 countries featured in the 2023 survey, following a country assessment conducted with the support of the EU.

There were also mixed results on the second outcome, on assets and liabilities management, due to escalating government debt as a result of the pandemic, clearance revenue deductions and the Gaza war. This is an increasing impediment to the PA's fiscal stability. Since expenditure needs exceed budget plans, this has led to unsustainable

levels of debts and arrears. However, a review of the current Debt Law was undertaken with the support of the World Bank to identify improvements required for alignment with international good practice. Additionally, the New Debt Law draft was approved by the CoM, and a new debt management IT system (DMFAS), purchased from UNCTAD, is operational, although not yet incorporated into the integrated financial management information system (IFMIS).

Capability was improved for periodic assessment of in-year resource allocation, in support of the fourth outcome on predictability and control in budget executions.⁵⁴

The MoF is committed to budget commitment control,⁵⁵ and mandates the use of the commitment recording system (CRS) within the IFMIS 'Bisan' to prevent the use of manual transactions and the consequent further accumulation of arrears.⁵⁶ Despite substantial resistance to this reform initiative from line ministries, the CRS was rolled out to 18 out of 23 line ministries by November 2023,⁵⁷ for both capital and non-capital items (including salaries).⁵⁸

Key advancements were achieved in procurement and financial control, which also improves predictability and control in budget executions, under the fourth outcome.

Public procurement management was strengthened with the establishment of the independent Dispute Review Unit (DRU) in 2021. It is now carrying out administrative reviews of appeals from aggrieved bidders and has received 17 appeals so far; all appeals were resolved within the period stipulated in the Public Procurement Law and decisions published via the Single Procurement Portal (SPP). The High Council Public Procurement Policy (HCPPP) is developing a guidance note on the debarment of contractors/suppliers/consultants based on poor performance. The SPP is increasingly being used by procuring entities for publishing procurement plans, procurement notices, and contract award notices.⁵⁹ An initial set of key performance indicators for procurement performance have been integrated into the SPP, and these will form the basis for the generation of reports, including annual reports, for the CoM to better inform national procurement decisions and policies.

The approval of the e-government procurement (e-GP) implementation strategy by the CoM on 4 April 2022 was another key advancement for public procurement. The development of an interoperability framework between the e-GP and other existing government information systems (budget/IFMIS, e-payment gateway, company registration, etc.) and commercial banks (e-securities) was also completed. The first phase of the e-GP system will be implemented by the HCPPP under the World Bank-financed Digital West Bank and Gaza Project.

MoF capability in financial control grew, with a financial control manual prepared in 2021 and implemented in 2022, and initial work conducted by the MoF's Financial Control department (to classify the PA's budget/cost centres into high, medium or low risk). However, training and capacity building is needed for the department, and the full adoption of new control modalities in line with the new commitment control system is still ongoing.

The PA is enhancing the quality and completeness of annual financial reporting, under the fifth outcome on improvement to accounting and reporting. During the reporting period, the PA has caught up with the backlog in financial reporting and is now focusing on enhancing quality. Specifically, the MoF is concentrating on improving the quality of the Annual Financial Statements by reducing the frequent issues identified during both the State Audit and Administrative Control Bureau Audit, including administrative errors, as well as complex challenges including accounting for arrears and clearance revenues.

C. Sector priorities for policy dialogue and future programming

- **New reforms:** More clarity is sought regarding the reforms announced at the end of January 2024 in relation to the implementation of the government's PFM reforms.
- **PFM outcomes:** Further improvements should be sought on fiscal discipline, allocative efficiency, and service delivery, but also on the PFM tools and instruments that are at hand to make that happen, including commitment and financial controls, public procurement adapted to the crisis situation, and continued commitment to transparency, even during crisis times.
- **PFM priority reforms:** Specific issues to move forward on also include the wage bill, health referrals, net lending (from central to local government), and an arrears reduction plan as part of the debt management strategy.
- **Partnership:** To enhance continuity and coordination, the development partners request that meetings of the LACS Macroeconomic and Fiscal Working Group be held biannually.
- **Future monitoring:** The current EJS sector results framework will continue to be updated on a periodic basis. For the next reporting period (2024–2025), the planned assessments and reviews will have taken place.⁶⁰ Aside from this, efforts should also be made to assess the implementation of the PFM strategy through a performance report. In addition, the development and implementation of bylaws relevant to the Debt Law should be tracked, as well as the effective implementation of the e-government procurement implementation strategy.

Sector 2.2:

Public Administration Reform – Central Government

Lead: EUREP/PMO/GS/General Personnel Council (GPC)

A. Implications of the war from a sector perspective

The war in Gaza has not directly affected EDPs' support to public administration reform (PAR) at the central government, since this support has been limited to the PA institutions in the West Bank. However, recent government statements on West Bank–Gaza unification indicate that the reintegration (and sequenced reforms) of the West Bank and Gaza administrations has been reconfirmed as a priority, although progress largely depends on movement at the political level.⁶¹

There are multiple institutions involved in PAR, namely: the GS, the PMO, the GPC, the MoF, and the Office of the President. However, in the absence of holistic and strategic steering and coordination of PAR efforts in Palestine, **public administration is marked with fragmentation and overlapping mandates**, leading to inefficiencies and an overall resistance to change. Moreover, the **expanding role of the PA's executive branch** over the legislative and judiciary branches continues to shape the governance structure of the PA, in violation of the Palestinian Basic Law.

In addition, in the absence of the Palestinian Legislative Council (PLC), the **institutional environment for legislative initiatives on PAR is also lacking**; given that parliamentary debates on reform priorities are unable to take place, there is limited space to hold the PA accountable on its reform policies and overall governmental action. Citizens are unable to express reform priorities through democratic representation. This situation is exacerbated by a shrinking space for CSOs, which have traditionally played a significant role in service delivery and articulating reform priorities.

Moreover, the **unstable and unpredictable budget** situation on the revenue and expenditure side, in combination with the humanitarian urgencies created by the war, generates significant obstacles to medium- and long-term planning and PAR efforts.

B. Main sector progress and challenges during 2022–2023

EDP support of the PAR sector within the EJS aims towards **improved democratic governance and government effectiveness that respond to citizens' needs (SDG 16)**. This impact-level goal is supported through improvements in three outcome areas: i) modernised public administration systems, ii) a modernised human resources management (HRM) system, and iii) unification of the administrative systems in the West Bank and Gaza.

Moderate progress has been achieved for the desired reform and transformation of the governance system and overall performance of the public administration. The EU supports the PA reform efforts through a project implemented by the OECD,⁶² using an inclusive and coherent whole-of-government approach, with the PMO as the main interlocutor, and in coordination and complementarity with another EU-funded OECD project supporting the PA to 'Enhance Governance and the Rule of Law'. The OECD assisted the PA in producing a good practices manual, including specific practices, as well as cases and lessons learned from OECD member and non-member countries on the institutional and decision-making arrangements for policy- and law-making.

To contribute to strengthening public integrity and corruption prevention, a twinning project between the Palestinian and the Italian anti-corruption commissions was signed in March 2023. The project puts particular emphasis on the involvement of civil society and the business community in the fight against corruption to foster inclusive participation and enhance democratic governance.

A PAR review was produced at the end of 2023, in consultation with public institutions and CSO stakeholders. The review confirms that there is no uniform understanding of the responsibilities at the centre of government (CoG), with limited inter-institutional coordination. It explains that the lack of formal process, clear institutional mandates and responsibilities for policy formulation are among the key issues affecting the design and implementation of administrative reforms. While the PMO and the GS are two separate entities, they seem to have competing responsibilities and would benefit from improved coordination and communication. The review highlights that lack of systematic involvement of both the civil society and the private sector has resulted in issues with transparency.

There were mixed results in improving the Palestinian public administration and government effectiveness that responds to citizens' needs (SDG 16). Public institutional effectiveness has sharply declined, with a low percentile rank of 17% in 2022 (down from 22% in 2021 and 29% in 2020) in the World Governance Indicator (WGI). On the other hand, the WGI reported improved public institution transparency and accountability: in 2022, the WGI score was 21%, which is back to the 2019 percentile rank following a decline in 2020–2021.

Performance was good for the first outcome, on modernised public administration systems, with milestones largely met. The PA published an annual performance report on the National Policy Agenda (NPA) 2022 in April 2023; a good practices manual for policy and regulatory planning has been drafted, although not yet approved as expected for 2023; and the CoG continues to have limited engagement with citizens for the national plan development, implementation and monitoring.

Performance was even better for the second outcome, on modernised human resources management (HRM). HRM data at the GPC was fully migrated to the MoF's new payroll management information system. There were proportionally more high-ranking women

in the government sector, with 33% of women holding positions at the rank of director C and above in 2022, up from 27% in 2021.

However, the lack of serious and genuine political will for intra-Palestinian reconciliation continues to hamper progress on the third outcome, the unification of the administrative systems in the West Bank and Gaza. There is still no government-owned roadmap for unification or for the reintegration of PA employees in Gaza onto the payroll. Consequently, no progress was made on the HR Management Information System territorial coverage unification.

There was little to slow progress on policy developments. No progress is reported on the drafting of a PAR strategy, which should provide for inclusive and evidence-based guidance by identifying a set of clear, prioritised and widely understood reform objectives to be credible and guarantee real change. Despite serious efforts to finalise the draft Civil Service Law (CSL) supported by international partners, it is still pending final endorsement at the CoM. It is worth noting that the process of reviewing and finalising the CSL has included consultations with CSOs and international partners.

C. Sector priorities for policy dialogue and future programming

The PA should consider widening the scope of the existing PAR strategic framework by addressing important reform areas in line with the NDP and identifying clear leadership for each. As suggested by the 2023 PAR review, specific attention should be paid to the **development of roadmaps** that outline specific steps and tools to:

- allow for more expenditure efficiency, notably by reducing costs while maintaining the desired level of administrative capacities;
- enhance engagement with the civil society at large throughout the whole policy cycle, from problem analysis to evaluation of impacts; and
- progressively improve policy development, coordination and monitoring in view of increasing expenditure effectiveness.

In addition, EDPs could support the **consolidation, reorganisation and restructuring of public institutions** in line with the civil service reform, to ensure it is modern, efficient, result-orientated and merit-based. This includes supporting enhanced, non-bureaucratic e-governance and transparency through the simplification of administrative procedures and digitalisation of services, including online services and information sharing/communication.

The wide scope of administrative reforms calls for the development of a **coherent, inclusive and evidence-based strategy** to identify a set of clear, prioritised, and widely understood reform objectives to be credible and guarantee real change. To ensure effective, efficient and coordinated EDP support to these reforms, it is essential to establish a **PAR working group** to serve as a platform for EDPs and PA policy dialogue. This will replace the existing, less-organised and more-fragmented support and dialogue process.

Sector 2.3:

Public Administration Reform – Local Government

Lead: Denmark/Ministry of Local Government (MoLG)

A. Implications of the war from a sector perspective

Implication for Palestinian development: The war has presented new challenges to local governance, previously unseen in the Palestinian context, with **an immense financial burden on the local government sector**. This has impeded the ability of local government units (LGUs) to deliver services, and slowed the implementation of national policy reform initiatives. There has been a sharp and dramatic **reduction in the three key financial streams** that heavily contribute to local government revenues – civil servant salaries, Palestinians working in Israel and settlements, and local commerce – which have plummeted by more than 70%. On the other hand, the **non-remittance of VAT-clearance revenues** has further placed the PA in a difficult position, hampering its ability to maintain the basic needs of the public sector and necessitating a reduction of civil servants' monthly wages. This is exacerbated by the more stringent and prolonged closures, restricted access and movement throughout the West Bank, and continued suspension of permits for Palestinians to work in Israel. Widespread incursions into the West Bank have resulted in significant damage to municipal assets, while in Gaza, damage to municipal assets has been estimated to be more than 80%. Although the future governance of Gaza is still uncertain, Palestinians firmly maintain that it must remain an integral part of a future Palestinian state. How the PA aims to govern effectively in the West Bank – and possibly extend its civilian control to Gaza in the future – remains to be seen.

The war has amplified two key constraints that will have long-term negative effects on the local government sector. The first is **intergovernmental transfers**: in 2023 (prior to the war), the PA CoG fiscal transfers to LGUs dropped by 23% (ILS 69 million, down from ILS 85 million in 2022). The PA CoG is likely to continue to reduce these fiscal transfers due to the financial crisis, resulting in less stability and leading to heavy reliance on external financial donor support. The second is municipal **own-source revenues**: the Palestinian local economy has been hit during the war due to reduced expenditure by civil servants, Palestinians working in Israel and settlements, and private-sector workers.

Implications for sector support: With the war's impact on the Palestinian local economy, LGUs will face an uphill battle in the coming years to maintain operational balance, reduce net lending, provide adequate services, and plan for the future. This also prompts a need to rely much more on donor support for relief in the short to medium term. In light of the situation, and despite the current outcomes of the EJS strategic framework remaining valid, **future programming will nonetheless need to be re-adapted to remain strategically coherent.**

B. Main sector progress and challenges during 2022–2023

EDP support of the Palestinian local government sector within the EJS aims for **Palestinian citizens to benefit from more responsive and effective local government.** This impact-level goal is supported through improvements in four outcome areas: i) framework planning for growth sustainability and resilience, ii) LGU institutional and financial capacity, iii) service quality and coverage, and iv) institutional capacity for local economic development (LED).

Palestinian citizens have expressed satisfaction in terms of a more responsive and effective local government. More than 84% of urban residents in the West Bank and Gaza benefited from a more responsive local government, in particular after the establishment of citizen service centres (CSCs)⁶³ and the digitisation of public services and complaints systems, which has enabled a broader coverage of more communities, including rural areas. However, the war makes it difficult for LGUs to maintain the same level of service provision. Additionally, the lack of revenue, along with budgetary needs, movement restrictions, and civil servant salary cuts, has had a direct bearing on citizen satisfaction and led to non-payment for services.

Inclusive municipal planning continued to improve under the first outcome on the planning framework, but faced significant exogenous threats. All 159 LGUs (134 in the West Bank and 25 in Gaza) disclosed their strategic development investment plans (SDIPs), which were updated in early 2023 to further improve the citizen participation and better cater to the needs of youth, women, and people with disabilities as part of improving social accountability. (The PA now requires at least 10% of identified interventions to benefit youth.) The SDIP update also included the integration of climate change criteria relevant to the investment and planning process, in response to NDC efforts. However, the lack of control over the land and natural resources of Area C remains a significant challenge to the context of planning, expansion needs, and adapting to future growth. As a result, and due to the impact of the war on LGU and PA revenues, planning in the short to medium term is rendered infeasible.

Progress was achieved on the second outcome, on LGU institutional and financial capacity. Almost all (96%) LGUs improved in performance and increased their ranking in the Municipal Development and Lending Fund (MDLF) municipal development index. Additionally, over a third (57) of LGUs achieved operational surplus and no increase in net lending. While this is lower than the 2019 baseline (61), it still helps to reduce the financial burden on the PA. However, as noted above, the decrease in intergovernmental transfers and drop in own-source revenues for West Bank LGUs will have long-term negative effects on the LGU sector.

Service quality and coverage for citizens continued to improve under the third outcome. Prior to the war, 90 CSCs (or one-stop shops) were established in the West Bank and Gaza, offering an efficient gateway for receiving citizen requests and complaints, while 134 LGUs achieved digital functionality and complaint systems. Almost

all (93%) of CSC users were satisfied, according to national-level citizen satisfaction and beneficiary impact assessments carried out in late 2022. More citizens living in Area C rural communities were provided with municipal services, with an additional 28 LGUs (4 in Gaza and 24 in the West Bank) widening coverage capacity. Additionally, 57 infrastructure projects in 45 localities have been successfully implemented in Area C, with 13 additional projects slated for implementation. However, the sharp increase in extremist settler violence (including a series of fatal instances), road blockades, and harassment, coupled with increased stop-work and demolition orders, has significantly impeded the provision of basic social infrastructure. LGUs are also unable to respond to citizens' requests or complaints systematically due to the heightened movement and access restrictions, with some areas in the West Bank even deemed dangerous for Palestinian citizens and civil servants to enter. Communities in Area C have been coerced to displace into Areas A and B, creating another myriad of challenges for communities and LGUs alike.

There was progress on the fourth outcome, on institutional LED capacity, with municipalities capacitated and active. After the public-private partnership (PPP) bylaw passed in 2021, the PA established LED units within capable LGUs. For this reporting period, the institutional capacity of 23 municipalities to implement PPPs successfully has been augmented, while 33 LGUs successfully applied PPP project concepts with the MoLG/PA, focused on investments in solar and renewable energy, climate change, and SWM projects, such as the Zahret Al-Finjan landfill in Jenin. However, it has become increasingly challenging for the PA CoG to support these initiatives, given that emergency transitory plans are now in effect as a result of the war, in lieu of sectoral strategic plans.

C. Priorities for policy dialogue and future programming

The PA has disseminated a local government sector emergency transition plan and released a key set of priorities for the local government sector, spanning 2024 and the first half of 2025. The emergency transition plan was initially approved by the MoLG for discussion with donor partners. These key sector priorities largely look to address **damaged infrastructure, utility networks, transport and SWM** through ongoing national-level programming and assessment mapping underscored by the following four areas of need: i) urgent rehabilitation of damaged utility networks and basic infrastructure in the West Bank; ii) emergency support to LGUs in the West Bank to maintain basic service delivery; iii) emergency interventions in highly vulnerable and marginalised communities (Area C), threatened by violence and displacement; and iv) LGUs (including Joint Service Councils [JSCs]) supported for urgent SWM through recurrent expenditures. These priority areas address **the transition and recovery process** and the need for the continued sustainability of the local government sector to provide basic services within existing and emerging constraints.

Looking ahead, beyond the short- to medium-term key priorities, the core long-term priorities will be the new PA government's comprehensive reform programme to

strengthen Palestinian institutions and lay the foundations for statehood – including the implementation of a comprehensive recovery and reconstruction plan for Gaza. EDPs look to the new PA government’s 100-day plan to inform policy dialogues, and anticipate implementing reform actions and approaches to improve services to citizens, enhance transparency and combat corruption, streamline public sector institutions, and create an enabling environment for inclusive social and economic development, with the perspective of a more decentralised approach in both Gaza and the West Bank.

There also needs to be stronger **coordination mechanisms between humanitarian actors and PA institutions**, including the MoLG as lead, the Palestinian Energy and Natural Resources Authority (PENRA), the Palestinian Water Authority (PWA), and the EQA. Ultimately, the agreed-upon decisions will aim to substantiate, with clarity, the medium- to long-term action plans for additional contributions and reallocations from new and existing national-level programmes/projects, to accommodate the short- to medium-term support required for the local government sector.



Pillar 3: Sustainable Service Delivery

While the full scale of the effect of the war in Gaza has not yet been ascertained, it is already clear that the **delivery of public services has been dramatically affected** across the education, health, and social protection sectors, as a result of damages to infrastructure, loss of life, restriction of movements, controversy around the United Nations Relief and Work Agency for Palestine Refugees (UNRWA), and the PA's crippling fiscal situation that is itself a consequence of the war. **As long as the current situation prevails, both the level and scale of the PA's ability to provide public services in the future are uncertain.**

The sector analysis of progress during the reporting period is not fully clear, as data for many outcome indicators is not yet available or – since October 2023 – challenging to collect. Likely, **whatever progress on service delivery had been made during the reporting period will now have been erased due to the war.** Some progress related to policy, institutional and legal areas has been noted, although much of this is currently facing a standstill, awaiting an end to the war and a steer from the new government.

Sector 3.1:

Education

*Lead: Ireland/Ministry of Education (MoE)/
Ministry of Higher Education and Scientific Research (MoHESR)*

A. Implications of the war from a sector perspective

Implications for Palestinian development: The PA is in the process of collating information about damage to educational infrastructure (of EDP-funded schools) in Gaza from satellite imagery, but absent a comprehensive reconnaissance on the ground, **the full impact of the war on the destruction of educational facilities and institutions is not yet known.** Given the overall scale of damage and loss of life, however, it can be **presumed to be substantial.**

By March 2024, according to the MoE, more than 5,200 students and 264 teachers had been killed in Gaza, and more than 9,570 students and 960 teachers injured. In the West Bank, 55 students had been killed, 329 injured, and 103 arrested, while 6 teachers were injured and approximately 73 arrested.

Implications for sector support: The war has resulted in the postponement of the Education Sector Strategy for 2025–2030, which was being developed by UNESCO using funding from the Global Partnership for Education’s System Capacity Grant.⁶⁴ With all sectors in an ‘emergency planning year’ for 2024, the MoE is now developing an Emergency Response Plan for the education sector, led by UNICEF and the World Bank.

Several key assumptions must remain valid for the results chain for EDPs’ support to the education sector to be meaningful going forward. The first major assumption is that **the PA will continue to provide education** throughout the West Bank, East Jerusalem and Gaza. As a consequence of the war, there are significant obstacles to realising this, including the highly precarious state of the PA’s finances. Second, the UNRWA is the biggest provider of education in Gaza and also provides schooling for Palestinian refugee children in the West Bank and East Jerusalem. It is assumed that the **UNRWA will continue to provide these educational services** until such time as the issue of the Palestinian refugees is resolved and the mandate of the UNRWA as an agency is fulfilled. Finally, a further assumption is that the **current hostilities will cease** in the short term, leading to negotiations culminating in a peace agreement that will enable the resolution of the challenges detailed below.

B. Main sector progress and challenges during 2022–2023

EDP support of the education sector within the EJS aims for **children and youth in Palestine to enjoy inclusive and equitable quality education and lifelong learning opportunities (SDG 4)**. This impact-level goal is supported through improvements in four outcome areas: i) access to pre-school education, ii) safe, inclusive and equitable access to basic and secondary education, iii) development of student-centred teaching and learning pedagogy and environment, and iv) access to labour market with relevant TVET, especially for girls in non-traditional sectors. The sector progress is not provided against the results framework.

The overall situation in the education sector in Palestine during 2022–2023 was characterised by successive waves of challenges, culminating in the war. These challenges not only resulted in prolonged interruptions to schooling throughout Palestine, but also delayed the progression and implementation of MoE initiatives, some with EDP funding, as the prevailing work mode was crisis management.

Work to tackle **learning loss** as result of the COVID-19 pandemic continued in 2022 and 2023. While very detrimental to students' learning outcomes (as reflected in the low Programme for International Student Assessment [PISA] scores), this crisis also expedited the development of the MoE's **e-learning strategy**. Notably, e-learning has been used since October 2023 by students unable to access school, whether due to movement restrictions in the West Bank or displacement from Gaza to Egypt.

The **teachers' strike** (February–June 2023) compounded pre-existing learning loss. The strike was unofficial and therefore not observed by all teachers, with approximately 20% of PA-employed teachers continuing to carry out their teaching duties. The almost contemporaneous UNRWA strike in the West Bank for the first half of 2023 meant that, aside from some informal teaching in some PA schools and private schools, students were out of class for several months in 2023. The MoE focused on delivering the **Tawjihi** (school leaving exam) in 2023, but a full assessment of the impact of these repeated and prolonged interruptions to schooling has yet to be undertaken.

The **security situation** in the northern West Bank deteriorated throughout 2022 and 2023, with a pronounced further deterioration during the war in Gaza. In particular, significantly more day-time Israeli military incursions into Jenin and Nablus cities created a highly dangerous environment for children making their way to school. Israeli military operations tended to focus on refugee camps in these cities, particularly impacting UNRWA schools, with military operations (including the exchange of live fire, tear gas and sound bombs) taking place in the immediate vicinity of schools, trapping teachers and children inside for hours.

Access to education for Palestinian children in **East Jerusalem** was also marked by challenges throughout the reporting period. Crackdowns by the Jerusalem municipality and the Israeli MoE on PA schools in East Jerusalem choosing to teach the PA curriculum continued, with inspections of reportedly six East Jerusalem schools in September 2022

resulting in the schools being ordered to cease teaching the PA curriculum or risk losing their licences. Moreover, since many teachers in PA schools in East Jerusalem commute from the West Bank, the closure of the West Bank crossing points and the revocation of work permits during the war in Gaza greatly limited teacher attendance in some schools.

The PA has not been given **permits to construct new schools** for Palestinian students in East Jerusalem for a number of years (all new schools built by the Jerusalem municipality must teach the Israeli curriculum), so class sizes and other school amenities (science labs, sports facilities, etc.) have not kept pace with a growing population.

Demolitions of EDP-funded schools occurred in 2022 and 2023 in Area C. One school (at Isfey Al-Fouqa in Masafer Yatta) built by Italy was demolished in November 2022, and five schools built by the West Bank Protection Consortium (WBPC) were demolished in 2023.⁶⁵ These demolitions occurred as part of a trend of increased settler violence and displacement of pastoral communities in Area C, where alternative access to schools is often not available. The WBPC reports that demolitions in 2023 have displaced 1,152 persons in Area C, including 575 children. Approximately 60 schools serving Palestinian children in Area C of the West Bank and East Jerusalem are subject to demolition orders by the Israeli authorities, on the grounds that they do not have Israeli-issued permits for their construction.

Some institutional progress has been made during the reporting period, including the establishment of the **Curriculum Centre**, which will work to modernise and develop the Palestinian curriculum in line with international best practice. At the time of writing, the centre's bylaws have all been passed and the board has been established, but is yet to meet, and is awaiting the appointment of a CEO.

C. Sector priorities for policy dialogue and future programming

The entire sector has been upended by the outbreak of war in Gaza and the severe deterioration in the West Bank, including an extremely restrictive regime of closures between Israel/Jerusalem and the West Bank and also within the West Bank. The MoE is operating an emergency response plan for 2024 to cope with the immediate challenges. The new PA government may alter areas of focus, but **it is not anticipated that core priorities will change**. As such, the sector priorities identified in August 2023 remain current:

1. Continue coordination in the field of education (LACS Working Group).
2. Continue to develop the 2025–2030 Strategic Plan for the education sector, as 2024 has been declared an emergency year by the PA.
3. Develop a new teacher education strategy (to include qualification and training).
4. Increase Palestinian participation in international research and exchange programmes (Horizon, Erasmus+).

Sector 3.2: Health

Lead: Italy/Ministry of Health (MoH)

A. Implications of the war from a sector perspective

Implications for Palestinian development: The **health situation for Palestinians has severely deteriorated**, particularly in Gaza, where the **health system** has suffered for years from limited capacities and shortages in essential drugs and medical consumables. With the ongoing destruction, combined with lack of fuel and essential inputs, this system is almost dismantled, resulting in significant disruption to the delivery of health services. According to the Interim Damage Assessment exercise,⁶⁶ the health sector is the most damaged sector, with more than 80% of facilities damaged or destroyed. The population in Gaza is suffering from a lack of access to essential care, sufficient clean water and adequate food, resulting in outbreaks of infectious diseases. Injured patients and those with chronic disease suffer from lack of access to medical care, with no routine medical evacuation process in place.

In the West Bank and Gaza, **external support to the UNRWA** has been under threat due to Israeli allegations against UNRWA staff, which is hindering provision of essential health services. UNRWA services in the Gaza Strip are crucial, especially since the onset of the war.

Finally, due to the PA's exacerbated fiscal crisis, the **MoH is unable to meet its financial obligations** to suppliers, including pharmaceutical companies and non-public hospitals in the form of service purchasing, hindering the provision of healthcare.

B. Main sector progress and challenges during 2022-2023

EDPs' support of the Palestinian health sector within the EJS aims to **ensure healthy lives and promote well-being for people of all ages in Palestine, contributing to SDG3**. This impact-level goal is supported through improvements in three outcome areas: i) healthcare system efficiency, ii) coverage and effectiveness of primary healthcare (PHC) and secondary healthcare (SHC) services, and iii) environmental safeguards and tackling occupational health risk factors.

Reporting on progress in the health sector is sparse, due to data not being available yet for 2023. It has been recognised that the **overall sector results chain and many indicators should be revised** to reflect the actual contributions of EDPs to the health sector. The plan was to review the results framework during the last quarter of 2023, but due to the war in Gaza this has been postponed to 2024 and until there is clarity on MoH priorities and the recovery of the health system in Gaza. It is also recognised that the **targets of the current indicators are not achievable under the current circumstances**,

in particular due to the deteriorated health situation in Gaza in the aftermath of the war, and the continued fiscal crisis, which is also hindering service provision in the West Bank. **Most of the health indicators are expected to worsen considerably**, especially those related to healthcare access, mother and child health, morbidities, and mortality rates.

There were mixed results at the impact level, as maternal mortality improved but infant and under-five mortality worsened in 2022. Maternal mortality significantly dropped (SGD 3.1), from 47.7 deaths per 100,000 live births in 2021 to 21.9 in 2022 (25.1 in the West Bank and 17.4 in Gaza). However, viewed from a longer-term perspective, the 2022 ratio is close to where it was in 2019 (19.5). By contrast, infant mortality increased (from 9.6 deaths per 1,000 live births in 2021 to 10.4 in 2022), particularly from the 2020 levels (6.9); under-five mortality also slightly increased (from 11.8 deaths per 1,000 live births in 2021 to 12.7 in 2022).

Maternal, infant and under-five mortality rates are all expected to deteriorate significantly in Gaza. The destruction of the healthcare system and infrastructure and the catastrophic living conditions in Gaza are having a significant impact on pregnant women, children, and newborns. There are currently around 52,000 pregnant women, with 183 births taking place daily,⁶⁷ but very limited access to medical assistance and inadequate and unsafe environments are leading to miscarriages and stillbirths.

At the outcome level, EDPs contribute to improved efficiency of the healthcare system through supporting outside medical referrals to East Jerusalem hospitals, which received 36% of total MoH referrals in 2022.⁶⁸ To maintain the provision of essential healthcare, EDPs (the EU, Finland and Italy) made financial contributions through the EU PEGASE mechanism (EUR 15.678 million in 2022 and EUR 15 million in 2023) to the cost of medical referrals, benefiting about 18,000 patients receiving specialised care in the six East Jerusalem hospitals. The EDPs also continued to engage in policy dialogue on health financing reforms, including the above-mentioned referral system. In parallel, the EU is funding a technical assistance programme implemented by the World Health Organization to strengthen the referral system and health financing. However, **the cost of medical referrals continues to increase**, now accounting for 41% of government health expenditures. Total cost of referrals increased (from ILS 976 million in 2021 to 1,083 million in 2022), with oncology services being the main referral reason.⁶⁹ Referrals outside of Palestine (to Egypt, Jordan, Israel and Turkey) have dropped slightly to 9% in 2022, but costs increased (from ILS 162.5 million in 2021 to ILS 212 million in 2022). Referrals to private and NGO-owned hospitals in Palestine (West Bank, including East Jerusalem, and Gaza) constitute 91% of total referrals, again with increased costs (ILS 938 million in 2022) compared to 2021.

Since 7 October, **all Gaza patients who had previously been referred to East Jerusalem hospitals and to the West Bank are not allowed to continue seeking care outside Gaza.** This includes patients with critical chronic diseases, particularly cancer patients who need chemotherapy, radiation and specialised surgeries. Currently, referrals are only taking place through Rafah, and without a systematic and adequate referral mechanism.

As of 12 March 2024, 8,000 critical patients needed to be evacuated from Gaza, including injured patients and those with critical chronic conditions. However, the actual number of evacuations has been very low: since the start of the war, only 2,613 patients, including 1,698 wounded and 915 ill, have been evacuated from Rafah.⁷⁰

The PA still has no clear vision for breaking the cycle of accumulating debts in the health sector; these debts had reached ILS 2.5 billion as of November 2023, of which 68% was accrued for medical referrals and 30% for pharmaceuticals and supplies.⁷¹ Excessive reliance on the high-cost and inefficient system of medical referrals – linked to the inadequate services provided by the public hospitals – is one of the main causes contributing to the PA’s fiscal fragility. The MoH has implemented reforms according to an investment plan to rationalise the cost of medical referrals by strengthening secondary and specialised care at public facilities and standardising referral prices with the private sector, among other measures. The impact of these reforms is expected to be realised beyond 2023.

There are mostly positive results for the second outcome, on improved coverage and effectiveness of primary and secondary health services. During the reporting period there was no change in the number of **PHC** units implementing the electronic family medicine file, remaining at 60%, although the electronic file itself was reviewed and updated. The area of family medicine saw some improvements, with the MoH developing a National Strategy for Family Medicine in 2023. There has been an increase in participants in the MoH family medicine residency programme and an increase in the number of recognised family medicine training centres. A diploma programme in family medicine has also been initiated.

The effectiveness of **mental health services** increased during the reporting period, as shown by more new cases of severe mental illness being identified and more check-ups taking place. Significant efforts have been made to diminish the stigma surrounding mental illness. Numerous awareness campaigns have been conducted within Bethlehem’s psychiatric hospital and at the community level; these target families to help them understand that seeking help only from religious figures or isolating their loved ones are not solutions to the challenges of mental ill health. Instead, it is vital to understand that mental illness is treatable, akin to other medical conditions, and that families can seek assistance from specialised community mental health centres. Currently, Italy is funding a project at the psychiatric hospital of Bethlehem, aimed at training all mental health operators of the community mental health centres with the assistance of experts.

Similarly, there was improvement in **breast cancer screening** for women, with more governmental mammographic screening exams in the West Bank and a higher breast cancer detection rate. While there has been an increase in the number of women undergoing mammograms, there still exists a significant amount of stigma surrounding this illness. There is a common belief that breast cancer is hereditary, leading some women to fear that their daughters will inevitably develop the disease, impacting their chances of marriage. In addition, many women delay seeking treatment until the cancer

reaches an advanced stage, making recovery difficult. However, this delay is not solely attributed to stigma but also to a shortage of personnel and mammogram machines in some primary healthcare centres. Italy, in collaboration with Augusta Victoria, has provided free mammograms and specialist consultations to women in remote areas to emphasise the importance of prevention, and also remains committed to organising awareness campaigns aimed at reducing the stigma surrounding breast cancer. Additionally, Italy will continue to support the MoH in providing excellent services to women diagnosed with breast cancer, offering them comprehensive support throughout their journey. This includes strengthening the knowledge and expertise of healthcare personnel in managing and treating breast cancer effectively.

Finally, capacity has been maintained for **gender-based violence** (GBV) healthcare services (33 facilities offered these services in 2021 and 2022), and there are more GBV survivors receiving services. That said, many women are refusing to be recorded as GBV victims, which has led to a reduction in the numbers reported. The health sector has invested in measures to address GBV,⁷² including expanding the provision of healthcare services targeting GBV victims in all MoH hospitals and PHC directorates and widening these services to include the non-governmental sector. This involves training of MoH and private-sector staff and the maintenance of a surveillance system for GBV victims.

These results are expected to decline dramatically in Gaza, as a result of the war and its impact on the health system. Breast cancer outcome and survival rates are expected to deteriorate. Cancer services, including diagnostic and screening services, specialised surgeries, and treatment options (radiation and chemotherapy), were already limited in Gaza but will now be even less available. Mental health is also expected to worsen in Gaza, particularly among children. In addition, GBV incidences will increase, but support services are almost absent, including for GBV survivors.

Environmental safeguarding and reduction in occupational health risk factors declined under the third outcome. Fewer hospitals and health facilities adopted safe medical waste management in line with health protocols during the reporting period (reduced from 50% of facilities in 2021 to 45% in 2022).

Concerning progress on **tobacco and nutrition-related legislation**, the bylaw for sugar has seen recent progress, with the technical regulations now under development by a special technical national team. There has been no progress to date on the bylaw on tobacco.

C. Sector priorities for policy dialogue and future programming

The MoH initiated the development of the **Strategic Plan for 2024–2029** with the aim of universal health coverage set at the core. However, due to the ongoing war in Gaza and the critical situation in the West Bank, endorsement of the 2024–2029 strategy has been postponed to 2025 while the PA operates under an emergency plan for 2024. Nevertheless, the medical referrals and efficient use of public services reforms remain among the top PA priority actions in the Reform Agenda launched in January 2024.

A **national strategy for long-term recovery for Gaza** is not yet in place and it will probably take a substantial period of time to initiate recovery efforts in the health sector.

PA: The MoH should address the accumulated debts, and rationalise health spending through:

- Strengthening the governance of **medical referrals** for a more efficient and equitable system.
- Strengthening **procurement** methods and processes – particularly in pharmaceuticals – to be more open, transparent and competitive, drive better value for money, and reduce reliance on outside medical referrals.
- Clarify the **role of the private and public hospitals** and strengthen further contracting power that may lead to efficiency gains in the medium term.

PA with EDPs' support:

- The MoH should lead the development of a **health financing strategy**, in collaboration with the MoF. A strategy is essential for achieving progress towards universal health coverage. It could address efficiency gains in the health system, options for health taxes, medical referrals system reform, the health care benefit package and the health insurance system among other financing aspects.
- The MoH should strengthen **PHC quality and capacity** and adopt a **family health approach**, with a focus on promotion and prevention care to minimise unnecessary referrals to SHC service providers.

EDPs: Together with the MoH, humanitarian actors and DPs should support a **transition and early recovery of healthcare provision in Gaza** to ensure essential service delivery, avoid disease outbreak and set the foundations for rebuilding the health system.

Sector 3.3: Social Protection

Lead: EUREP/Ministry of Social Development (MoSD)

A. Implications of the war from a sector perspective

Implications for Palestinian development: A commitment to peace, a peace process, and the two-state solution is paramount for the establishment of a sustainable social protection system. **The PA cannot maintain the country's system of social protection, including the major Cash Transfer Programme (CTP) if it has no control** over its clearance revenue, border, trade and natural resource management.

The war has worsened the MoSD's capacity to work at both central and regional levels (regional directorates). In Gaza and the West Bank, the mobility of social workers is hampered (totally in Gaza and partially in West Bank), and access to social services is reduced or impossible (Gaza). At the same time, provision of social services is hampered in the West Bank (civil servants' salaries are being paid only partially) and destroyed in Gaza (ministry buildings and shelters are destroyed, staff have been killed or displaced).

Displacement in Gaza has entailed loss of identity cards and loss of rights; a census and re-certification process for the social registry will be necessary once the war is over (irrespective of who the duty bearer will be).

Implications for sector support: The national CTP and new social allowance system managed by the MoSD and funded by PEGASE cannot be resumed in Gaza until the registration and re-certification of people can be completed, including auditors' control and screening. Humanitarian cash assistance (in part funded by ECHO) has stepped in since October 2023, serving the social registry of the MoSD as a priority. Out of the 86,000 families that were registered on the MoSD's social registry in Gaza, UNICEF is providing emergency cash to some 43,000 and other actors are providing for another 5,000. Emergency cash assistance requires internet connectivity, as it is channelled through payment service providers and also depends on commodity availability in the market (formal and informal).

B. Main sector progress and challenges during 2022–2023

EDP support of the social protection sector within the EJS aims to contribute to **reduction of poverty (SDG 1) and elimination of marginalisation and violence and social exclusion (SDG 10)**. These impact-level goals are supported through improvements in two outcome areas: i) the universal implementation of national social protection systems and measures, and ii) the social protection system being rights-based and shock responsive.

There is no reliable systematic data for the impact-level goals. Due to the war, there are still no updated statistics on poverty, although the PCBS is exploring methodology and criteria to be able to analyse the data with pre-war and post-war estimates of poverty.⁷³ Pending a ceasefire in Gaza, poverty analysis could be available in the third quarter of 2024. There is also no data for assessing coverage by social protection floors/systems, either by sex or by age (SDG 1.3.1 and indicator of Strategic Result Framework of the Social Development Sector Strategy 2021–2023). This can be completed once the social registry and the MoSD's monitoring and evaluation system are functioning again. The PCBS should also work with the MoSD to ensure it has reliable statistics on this SDG indicator.

At the outcome level, EDPs focused their support on the implementation of national social protection systems and measures, mainly through PEGASE DFS and complementary institutional and policy reform programmes. Since 2016, the predictability and reliability of **CTP payments for households in deep poverty** have not been ensured, due to the worsening fiscal crisis of the PA. In 2022, only two quarterly payments were made: one partial payment (ILS 35,287,000) in July to 100,794 families, covered entirely by the PA budget,⁷⁴ and a second full payment made in October to 111,199 families.⁷⁵ Similarly, in 2023, only two quarterly payments were made: one in April to 106,596 families,⁷⁶ and a second in August to 108,936 families.⁷⁷

There was progress on the **specific social allowances for the elderly and people with disabilities**, which are new CTP windows. This is supported by an EU-funded UN joint programme (co-implemented by the ILO, UNICEF and Oxfam). The first payments of these allowances will start in 2024, in the West Bank only, due to inaccessibility in Gaza, and with 100% PEGASE funding. This was a result of reforms for a more rights-based social protection system (introducing social allowances for the elderly and people with disabilities) that were finalised by the MoSD in September 2023 and adopted by decree of the CoM. In addition to the family-poverty-targeted cash assistance, the ministry introduced – for beneficiaries registered on the social registry – an individual allowance for severe disability and a social pension for vulnerable persons aged 65 or above, without a formal pension.

However, for another year, **the PA and EU funding of the CTP was lower than planned.** In 2022, the PA budget execution of the CTP reached 34% (ILS 168.2 million disbursed, compared to ILS 500 million budgeted), while the PEGASE contribution was 56% of the annual total (EUR 28.5 million, to the second quarterly payment only). In 2023, the PA budget execution of the CTP reached 45% (ILS 233.8 million disbursed, compared to ILS 517 million budgeted), while the PEGASE contribution was 77% of the annual total (EUR 48.3 million).

There was mixed progress on the second outcome, on a rights-based and shock responsive social protection system. Work moved forward on the system for shock-responsive social protection planning, implementation and management, following the formation of the Social Protection and Cash and Voucher Assistance Thematic Working Group (TWG) in 2022.⁷⁸ The TWG (and stakeholder consultations) focused on three work streams: i) triple-strand social safety net (3SSN) targeting, coverage and referral

pathway; ii) adequacy of transfer design; and iii) shock-responsive social protection (SRSP). Following a readiness assessment in 2022, a **national SRSP protocol** was developed in 2023, with the MoSD and other social protection/humanitarian cash actors, to support the introduction of national SRSP measures and procedures. This will enhance the resilience and capacity of national social protection programmes to prepare, cope and adapt before, during and after shocks. The measures and procedures will also help define the response model and the roles and responsibilities of relevant key actors and promote linkages between local and national levels as essential pillars for future responses.

However, as with the health sector results, MoSD services for **GBV** appeared to shrink, and fewer GBV victims were reintegrated. The MoSD reported that 1,648 services (including psychological and social support, cash, health, educational, empowerment and legal aid) were provided by MoSD social workers in 2022 and 1,531 in 2023. These services were provided to 935 women in 2022 (with 69 reintegrated in their family) and 908 in 2023 (with 66 reintegrated). This data is too limited to allow adequate analysis and conclusion.

There was limited movement in terms of policymaking at the induced-output level.

Since October 2023, with the war in Gaza, most legislative processes have been suspended and the CoM has been focusing on the preparation of an emergency plan and emergency budget for 2024. Two laws (the Law for People with Disabilities and the Law on Protection of the Elderly) are still pending approval and the Family Protection Bill (FPB) is also yet to progress. A revised draft for the Social Security Law was sent for presidential adoption,⁷⁹ following significant efforts for consensus-building, awareness-raising and sensitisation among the Palestinian public and extensive national dialogue (through in-person consultations), including in Gaza. The war in Gaza has halted the approval process; however, the law is expected to be adopted as soon as the emergency situation is over.

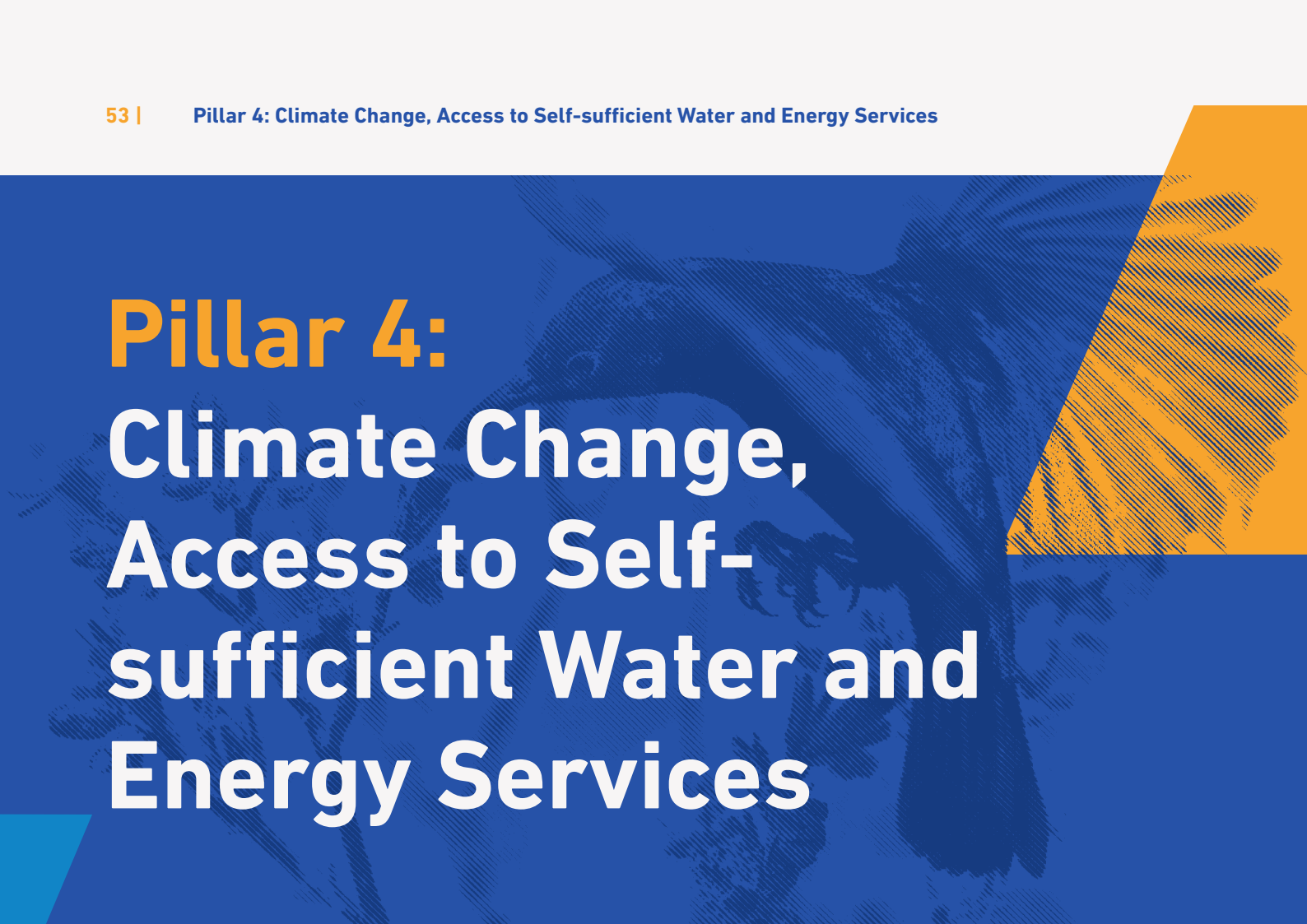
C. Sector priorities for policy dialogue and future programming

PA: MoSD social allowance reform to be rolled out and CTP payments adapted accordingly. This is happening for the West Bank but cannot be done in Gaza due to the war disruptions.

PA: MoSD to open the social registry for self-registration as soon as possible, as the last registration was carried out in 2021 and does not capture the families and individuals affected by the current crisis in the West Bank (not feasible in Gaza for now).

EDPs: Support country system through PEGASE funding and maintain the existing social allowance system (CTP) up to 100% if funding allows – and until the fiscal crisis ends – to provide a minimum income to the most vulnerable, including people with severe disabilities and people over 65 without a formal pension, and a poverty-based family allowance. Envisage adding single women without an income.

All: for ‘the day after’, envisage Gaza recovery allowance; registration, re-certification, payment modality according to banking system, and coordination and synergies among all actors along the humanitarian–development nexus. Major assumption (or rather, pre-condition): peace and reconciliation.



Pillar 4: Climate Change, Access to Self- sufficient Water and Energy Services

The war in Gaza has had major negative impacts on the Pillar 4 sectors. With widespread destruction of crucial infrastructure combined with restrictions imposed by the GoI, access to electricity and clean water, and respective public services, especially in Gaza, has been dramatically cut since the start of the war.

As the full picture of the situation emerges and plans are made for reconstruction, **EDPs will need to work adaptively** to ensure their support aligns with the PA's priorities. At the same time, it is also important to not lose sight of the progress made by the sectors' legal and institutional foundations before the war, which is now at risk of stagnating in a situation of continued emergency-style policymaking.

Sector 4.1:

Water

Lead: The Netherlands/Palestinian Water Authority (PWA)

A. Implications of the war from a sector perspective

Implications for Palestinian development: The war in Gaza has triggered unprecedented destruction and additional constraints on the water sector. Among the damaged water infrastructure is: i) the short-term low volume (STLV) desalination facilities; ii) water well infrastructure; iii) water reservoirs; iv) water and sewage pumping stations; v) water distribution networks, sewage pipes, and storm water pipelines; and vi) the wastewater treatment plants (WWTPs) in the north, Gaza and Khan Younis. The combined impact of the destruction of water and sanitation infrastructure, loss of energy supply, collapse of the market, and mass displacement has resulted in **acute public health risks** for the residents of Gaza. Provision of sufficient quantities and quality of water for consumption, cooking and hygiene purposes has become increasingly challenging.⁸⁰

Conditions in Gaza are more dire than ever. Entry of aid, including fuel, is heavily restricted. As a result, supply is rationed and limited to only critical WASH facilities, with the following consequences:

- **Potable water** production capacity is severely limited due to lack of availability of fuel and constrained access. There are additional concerns over inequitable distribution, especially for people in north Gaza and Gaza City.
- Many are resorting to **non-potable water** sources for drinking and domestic use, including saline or brackish water from agricultural wells.
- Main **sewage** pumping stations and four out of five **wastewater** treatment plants have stopped working. As a result, raw sewage is being discharged into the Mediterranean Sea, and wastewater is accumulating in streets across Gaza due to damages sustained to sewage lines.⁸¹ There are also huge challenges around solid waste and wastewater management inside overcrowded shelters, with limited water and infrastructure.

Lack of access to an adequate water supply, consumption of non-potable water and cross-contamination under unsanitary conditions increase the risk of **water-borne diseases**, including a potential surge of highly infectious diseases, such as cholera. Use of agricultural water sources increases exposure to **pesticides and other chemicals** that will impact the health of all in Gaza, but particularly the vulnerable, including unborn and newborn babies, children and women.

In the West Bank, which already suffers from a shortage of available water, Israeli incursions have led to the destruction of infrastructure in some regions, particularly in

the north. Additionally, the severe economic situation has affected the ability of certain service providers to ensure the continuous provision of water services at the same quality level, resulting in a decrease in the collection rate of water and wastewater bills, which cumulatively impacts the health and environmental situation.

Implications for sector support: The war has deterred progress, introduced new challenges, and dramatically set back the momentum witnessed over the course of the reporting period, as presented in the overview to follow. The results and achievements of the sector are consequently expected to be lower in the next reporting period.

B. Main sector progress and challenges during 2022–2023

EDP support of the water sector within the EJS aims for the **improvement of water security and sustainable management of water and wastewater services (SDG 6)**. These impact-level goals are supported through improvements in three outcome areas: i) quality, reliability and fair distribution of water supply services, ii) financial sustainability of water and wastewater utilities and service providers, and iii) wastewater services and infrastructure (management, collection, treatment and reuse).

Recent progress has laid a stable foundation for improving PA's cross-sectoral coordination and cooperation and restoring the financial equilibrium of the sector.

This includes the application of the tariff bylaw and regulations by some service providers – a significant step to achieve the operation and maintenance (O&M) cost (31 tariffs for service providers were endorsed). Additionally, some service providers resumed the installation of prepaid water metres after being hindered by Israeli obstacles for the past two years, with nine LGUs submitting requests to install prepaid water metres since January 2023. Scheduling was also improving for the repayment of outstanding debts to the West Bank Water Department (WBWD) and the commitment by water service providers was considered good until recently (the WBWD's collection rate was 70% in 2022 but dropped to 54% in November 2023, after the start of the war). Under the National Plan for Sector Reform, there were noticeable improvements achieved in the Water Sector Institutional Framework: two service providers now officially fall under the articles of the Water Law, while other service providers are interested in transforming into water utilities (in Jenin, Hebron, Nablus, and the North Hebron Joint Service Council).

The PA acted on reducing the amount of transboundary wastewater and deductions.

Through intensive coordination with other governmental institutions, the PWA began implementing the recommendations of the CoM Resolution 10\2022 by publishing tender documents for the design of the Tulkarem WWTP and the Nablus West reuse scheme (expected to reduce transboundary wastewater by 25%), in addition to preparing terms of reference for the construction of WWTPs in the Sharawiya (west of Tulkarem) and South Hebron (Dura and Yatta) regions. In parallel, the ongoing implementation of a reuse scheme for the effluent produced by Nablus West WWTP will also reduce the transboundary wastewater by around 15%. The feasibility study and detailed design

of a reuse scheme complementary to the Hebron WWTP is also ongoing, expected to eliminate 40% of transboundary deductions when completed and put into operation. A plan for slurry disposal and treatment at the Hebron WWTP was also approved by the CoM, including the transfer of USD 1 million from the budget allocated to the Ministry of National Economy (MoNE) to apply the recommendations of the ministerial and technical committees.

Within the results framework, **there were mixed results at the impact level, with a greater deficit for domestic water supply but more generated wastewater reused for irrigation and more service providers with a > 1 working ratio.** The **supply–demand gap** grew in both the West Bank and Gaza in 2022 compared to 2021, reaching 37 million cubic metres (MCM) and 51 MCM respectively, especially due to population growth. In the West Bank, the situation improved only slightly over the course of 2023, but remained unchanged as of June in Gaza. By the end of 2022,⁸² PWA reported an increase in the provision of potable water supply in Gaza by approximately 6 MCM due to the advancement of the operationalisation of the STLV desalination plants while increasing the supply from Mekorot by 3.7 MCM to reach 18.4 MCM by the end of 2022.⁸³ In addition, in the West Bank, the Jenin Water Connection System in Salem and Al Jalameh received an in-principle Joint Water Committee (JWC) approval in November 2022, the sixth JWC in-principle approval that year.⁸⁴

There was more **generated wastewater reused for irrigation** in the West Bank (2% in 2021, 4% in 2022 and 6% up to June 2023), due to increased water supply. In Gaza, there was a more dramatic increase (26% in 2022 and 50% as of June 2023). It appears that amounts infiltrated/recharged to the aquifer in Gaza were not accounted for by the indicator, therefore there was a huge leap between 2021 and 2022. To improve wastewater treatment and reuse, the EU launched the **Team Europe Initiative (TEI)** in June 2023, under the patronage of Prime Minister Mohammed Shtayyeh.⁸⁵ Wastewater treatment and reuse is a specific focus and interest of the TEI due to its relevance to climate change, environment and biodiversity priorities, but also due to the economic and fiscal drivers that could be leveraged.

There was also an increase in **service providers with a > 1 working ratio**, both in the West Bank (44% in 2022, compared to 48% in 2021) and Gaza (80% in 2022, compared to 68% in 2021). The situation seems to have recovered well from the drop witnessed during the COVID-19 pandemic and the 2021 escalation in Gaza.

There were also mixed results, largely by region, on the first outcome, on quality, reliability and fair distribution of water supply services. For **non-revenue water**⁸⁶ (SDG 6.4.1), the West Bank saw increased loss (by 3% in 2023) at bulk level, compared to decreased loss (by 2%) at retail level in both the West Bank and Gaza. **Water quality** deteriorated over the reporting period in Gaza (with only 17% of water samples passing national quality standards compared to permissible nitrate levels in the water wells until June 2023, down from 25% in 2022).⁸⁷ By comparison, water networks in the West Bank were largely (97%) free from faecal coliform as of June 2023. In terms of **reliability**,

both the West Bank and Gaza saw an increased gap between least litre/capita/day (l/c/d) and average l/c/d: the gap in Gaza increased dramatically (from 24 l/c/d in 2021 to 29 l/c/d in 2022 and 38 l/c/d until June 2023) and in the West Bank (54 l/c/d in 2022 and 61 l/c/d until June 2023). There was a regional difference in **fair distribution**: in Gaza, there was no one with access to less than 50 l/c/d,⁸⁸ while in the West Bank, 17% still had access to less than 50 l/c/d as of June 2023. This is an increase from 15% in 2022, but an improvement from 20% in 2020.

Available data showed an incremental weakening for the second outcome, on financial sustainability of water and wastewater utilities and service providers. **Collection rates** were good in the West Bank in 2022: bulk collection rate met the 70% target and retail collection rate rose to 79%. However, there is now a downward trend: in 2023, the bulk rate decreased by 16% and the retail rate is likely also to decline, with a further decline in both rates expected for 2024, particularly if the current political situation prevails. The results framework also measures **service provider compliance to tariffs set** by the CoM, because tariffs that cover the O&M, coupled with high collection rates, contribute to the financial sustainability of water and wastewater infrastructure. However, there was no target set for the years 2022 and 2023; this will be measured for the first time in 2024. In the meantime, tariffs are being put in place: several tariffs have been reviewed by the Water Sector Regulatory Council and endorsed by the CoM since the endorsement of the Unified Tariff Bylaw.⁸⁹ The tariff bylaw and regulations are now being applied by some service providers, which could be considered a significant step to achieve the O&M cost.

Results were strong for the third outcome, on wastewater services and infrastructure. Targets were met for households connected to a **sewage network** (West Bank: 35%; Gaza: 88%). Results were similarly positive for **collected wastewater treated** in Palestinian and Israeli wastewater treatment plants (SDG 6.3.1): 77% was treated in Gaza in both 2022 and June 2023 (exceeding the initial targets set at 44%) due to the establishment of Al-Bureij and Khan Younis WWTP, 27% was treated in 2022, and 30% was treated up to June 2023 (meeting targets). Reuse of treated wastewater rose in the West Bank (7% was being reused in 2022 and 8% up to June 2023) and was at 33% in Gaza as at June 2023. The number of dunums irrigated is expected to significantly increase in 2024.

There was institutional progress made towards the reinforcement of good governance within the water and wastewater sector (induced output). The CEO of the **National Water Company** (NWC) was appointed, and a consulting company was selected to provide technical support over a three-year period for transferring the WBWD into the NWC. This is accompanied by advancing policy approaches for achieving the NWC's financial equilibrium through the installation of prepaid metres, limiting illegal tapping into the water networks and enhancing fee billing and collections. The NWC is now also responsible for treated wastewater from the WWTPs' outlet to the supply point of the farms, which is an important clarification to the 2014 Water Law.⁹⁰

In parallel, the PWA established the **North-West Jenin and Tubas Regional Utilities**, and progress has been witnessed on both tariff review and licensing. The first year of

operationalising the bylaws was challenging, because a number of issues were not fully addressed by the decisions or the related instructions. However, standard procedures and required capacity have since been developed, allowing progress at a much quicker pace.

Despite reform efforts, sector institutions continue to be weak and fragmented, with more than 300 small and local water service providers under the purview of LGUs and village councils. Notably, **there is a governance gap in the sector**. The PWA has no technical or administrative control over LGUs, while the MoLG exercises administrative supervision of LGUs but only loosely supervises water service delivery. Additionally, the providers' operational and financial performance is not sustainable, which restricts reliable service provision to the population.

C. Sector priorities for policy dialogue and future programming

Looking ahead, much of the focus will be on the reconstruction of water and sanitation infrastructure to restore critical services in Gaza. This requires the salvaging of all WASH services, by conducting emergency repairs and extending operations to populations isolated from WASH services at both household and communal levels.

In addition, efforts to **advance the water sector reform agenda need to be preserved and further enhanced**. There is a need to continue this discussion in 2024 and to support the PWA in monitoring and following up on the implementation of the reform plan.⁹¹ EDPs will continue to work with the PWA to identify interventions that require technical and financial support and prioritise and advance their implementation. In more detail, three policy areas remain relevant for the coming year:

1. **Improve the PA's cross-sectoral coordination and cooperation and restore the financial equilibrium of the sector.** This remains a key priority to intensify water sector reform.
2. **Reduce the amount of transboundary wastewater and deductions.** EDPs should support the PA's request to the GoI to allow them to build WWTPs in Area C and/or be transparent about the fees charged for treatment of transboundary wastewater.
3. **Operationalise the TEI to accelerate the construction of wastewater treatment plants in the West Bank, coupled with technical assistance.** To move ahead in this initiative, there is a need to establish a Permanent Inter-Ministerial Committee and agree on its mandate, a schedule of meetings and a monitoring framework, in addition to finalising the discussion on an incentive-based approach as follows:
 - Specific undertakings will be agreed with the PWA, with clear actions and deadlines to unlock future European grants – Phase 2 with up to EUR 300 million.
 - Currently, the TEI members have developed key undertakings under the lead of the EU. The next step is for the Heads of Cooperation to approve them and transmit them to the PWA for final discussions and endorsement of a final agreed matrix.
 - The tentative investment plan agreed during the TEI launch is to be reviewed and discussed among parties in the light of the political situation, along with the content of the institutional support programme.⁹²

Sector 4.2: Energy

Lead: Norway/Palestinian Energy and Natural Resources Authority (PENRA)

A. Implications of the war from a sector perspective

Implications for Palestinian development: The war on Gaza has had major implications for the energy sector. With a very limited amount of fuel entering Gaza, and with the GoI not allowing any materials needed for repairs to enter, **Gaza has been left virtually without electricity** except for some solar power and small generators.⁹³

When the war broke out, the GoI disconnected all lines to the Israel Electricity Company and the fuel supply necessary to operate the Gaza Power Plant (GPP) stopped. Even if the power plant could operate, electricity could not be distributed, due to the widespread damage to the infrastructure (substations and lines). Over 62% of feeder lines had been damaged or destroyed as of 6 March 2024.⁹⁴

The Israeli army has also destroyed solar power installations, including those serving hospitals, many of which were funded by donors. While the full picture of damages to the solar plant/equipment has not yet been assessed, **more than 43 megawatts (MW) of capacities have been completely destroyed**. Furthermore, the hostilities have prevented the Gaza Electricity Distribution Company (GEDCO) technicians from repairing and rehabilitating the networks.

The PENRA headquarters was indirectly hit and damaged, as was the GEDCO administration building, and two important warehouses were damaged.

The **GoI also significantly escalated its incursions into the West Bank**, causing damage to electricity distribution companies, electricity infrastructure, transformers, and low- and medium-voltage networks. This has reduced the capacity of the electricity utilities and undermined their financial viability.

Implications for sector support: All development projects in Gaza have stopped as a consequence of the war. The World Bank has reallocated funding under ASPIRE to emergency work in Gaza.

Development projects in the West Bank are for the most part ongoing, with delays in implementation due to procurement processes taking more time than planned – although this was a challenge even before the war started.

Implications for the energy sector and EDP support include the postponement of the Energy Sector Strategy for 2025–2030. As of March 2024, the plans for the energy

sector included an operational plan for Gaza published by the PMO, which prioritises rapidly securing alternative sources of electrical power (diesel generators and portable solar energy systems) and rehabilitating the medium- and low-voltage distribution network (and substations). Phase two of the plan involves rehabilitating or rebuilding the damaged or destroyed electrical network to allow the network to resume supply from Israel and the GPP. It also involves the reconnection of the transmission lines to Egypt.

PENRA has submitted to the CoM a list of four emergency development projects for the West Bank, which concern the reconstruction of damages to the electrical system, generators to address electricity shortages, installation of solar power for public hospitals and technical assistance to develop solar power projects for private hospitals.

As of April 2024, PENRA is finalising a system impact assessment of the Israeli war in Gaza and an emergency action plan in consultation with the international community.

Before the start of the war, the EDPs were in the process of developing a new ToC and a results framework. Considering the uncertainty regarding the new CoM's plans and priorities, this work has been put on hold for the time being.

B. Main sector progress and challenges during 2022–2023

EDP support to the energy sector under the EJS aims **to contribute to ensuring access to affordable, reliable, sustainable, and modern energy for all in Palestine (SDG 7)**. Development partners support this impact-level goal through efforts to increase renewable energy capacity (outcome 1); improve the reliability of the electricity grid (outcome 2); and improve the effectiveness and efficiency of energy sector institutions (outcome 3). **To increase access to energy**, the Gas Sales and Purchase Agreement was initiated in January 2023, and a ministerial committee was formed by the CoM to support the passage of the Hydrocarbon Law. Unfortunately, efforts have come to a halt waiting for political alignment to be reaffirmed, and for conditions to allow for fieldwork. While international political support remains robust, political realignment from both the PA and the Israeli government will be required. Additional discussions will also be needed to reconfirm funding commitments.

Regarding donor support, the flagship project, Gas for Gaza, had witnessed notable progress within the reporting period – before the war. A detailed design and environmental assessments for the Israeli section of the pipeline had been prepared in full; these were 70% complete for the Gazan component, and the Land Assessment and Resettlement Action Plan terms of reference had been developed and approved by the PA for tender.

A technical assistance project, the Hydrocarbon Master Plan, has been initiated by the EU in support of PENRA as the main government institutions for the hydrocarbon sector and the Natural Gas Company as the gas operator in Palestine. The project will work to develop a Natural Gas Master Plan for the West Bank and Gaza until 2040, which will

serve as a policy instrument and guide industry investment, planning and coordination concerning natural gas.

To increase renewable energy capacity, PENRA has sent requests for permits to establish solar power plants in the West Bank (Area C), through competitive bidding. However, it has thus far received negative or no responses from the Coordinator of Government Activities in the Territories.

EDP support to renewable energy includes the Storm Water Management and Renewable Energy in Gaza project, which was signed in 2023 with the implementing partner KfW. The project will implement the construction and supply contracts for solar panel installation (about 2 MW capacity) and smart metres for GEDCO. In addition, in cooperation with the MoE and UNDP as the implementing agency, Norway is financing the installation of solar energy systems and energy efficiency activities in schools in East Jerusalem.⁹⁵

To improve the effectiveness and efficiency of energy sector institutions, a capacity-building project to strengthen the institutional capacity of PENRA and of the Palestinian Electricity Regulatory Council (PERC) is being implemented by the EU (until July 2024). The project has contributed to strengthening PENRA's administrative capacity and the institution's policymaking and technical capacities concerning energy distribution and transmission, renewable energy, and energy efficiency. For PERC, the project has focused on strengthening communication, documentation, and customer management as well as the institution's monitoring capacities.

C. Priorities for policy dialogue and future programming

The development partners will agree on critical points for discussion after the new Palestinian government has presented updated plans for the energy sector.

It is expected that the main areas of focus will be developing renewable energy in the West Bank and reconstruction of the energy system in Gaza (through various phases). For renewable energy in the West Bank, it will be important to identify projects that can be implemented without having to wait for Israeli permits (such as smaller solar PV in Areas A and B). Regarding Gaza, priorities for policy dialogue will be financing, coordination between donors, and multisectoral planning.



Pillar 5: Sustainable Economic Development

The war in Gaza and consequent restrictions by Israel have constituted **a shock to economic development in Palestine**, deeply and adversely affecting businesses and private sector development, obstructing prospects in the agricultural sector, and shrinking the labour market, thus hampering employment opportunities. This shock sheds light on Palestine's **economic dependency on Israel** and the consequent vulnerability of the Palestinian economy, including acute food insecurity, thus highlighting the need for diversification and resilience.

EDPs' support to PA institutions in the three sectors comprising Pillar 5 is currently **two-pronged**: on the one hand, adapting the support in response to the crisis situation and emergency priorities set by the PA and, on the other hand, working to positively affect the foundations for transformative change and long-term economic development. These foundations are strengthened through legal and institutional development, and several important laws that were in the making before the crisis will need to resume their progress once the PA is able to move away from emergency-led policymaking.

Sector 5.1:

Private Sector

Lead: EUREP/Ministry of National Economy (MoNE)

About the TEI 'Sustainable Growth Jobs and Resilience' of the private sector development sector

The TEI 'Sustainable Growth Jobs and Resilience' stands as a beacon of the European Union's commitment to fostering sustainable development and resilience in partner countries, with a keen focus on aligning with their strategic and national priorities. Emblematic of the EU's collective effort, TEI exemplifies the 'Team Europe' approach, designed to deliver tangible results and enhance the visibility and impact of European cooperation on the ground.

The TEI seeks to bolster the private sector in Palestine as a primary engine for driving sustainable and inclusive economic growth, alongside improving human well-being. It champions a holistic approach to private sector development by focusing on advancing and creating synergies across five components: digital economy, green economy, entrepreneurship, economic resilience, and trade.

Through the TEI, EDPs provide technical expertise to assist the government, DPs, and various stakeholders in key sectors, thereby strengthening development management processes. The TEI operates through a well-coordinated support structure that aims to increase the effectiveness of development cooperation. It does so by facilitating policymaking, strategic planning, stakeholder dialogue, financing planning, implementation management, and the development of joint monitoring, communication, and review processes.

The TEI became operational only in 2022, with strategic design ongoing from late 2022 to mid-2023 for all five components, as well as the overall TEI. As such, the TEI was still in its early stages when the war in Gaza started.

A. Implications of the war from a sector perspective

Implications for Palestinian development: The war in Gaza has resulted in the **widespread destruction of infrastructure** and a **significant economic downturn**, particularly affecting the digital economy and trade sectors. The increase of movement restrictions and of the effects of economic dependencies (namely on the Israeli economy) has escalated transaction costs and limited trade expansion and diversification. There is increased risk aversion among businesses, including to green economic practices, which has become more pronounced in the face of the economic crises and security tensions, challenging the promotion of sustainable practices and investments. The educational disruptions,

particularly in Gaza, have negatively impacted the production of ICT graduates, exacerbating the mismatch between university programmes and market needs. There are also funding and operational hurdles: frozen funds, increased unemployment, and operational difficulties due to the war's aftermath have impacted EDP interventions in the entrepreneurship and economic resilience components of the TEI.

Implications for sector support: These challenges underscore the need for a concerted effort to rebuild and support Palestine's path towards sustainable development, and the TEI has orchestrated a multifaceted approach to support sustainable growth, jobs and resilience in Palestine through its various components. Efforts have been made in various areas, including:

- **Establishing a collaborative framework:** There is enhanced mutual understanding and collaboration among EDPs, leading to a joint impact statement that aligns with Palestine's economic growth and human well-being goals.
- **Strategic adaptability:** EDP-supported interventions demonstrated resilience and adaptability in response to the war in Gaza, with strategic recalibrations to address immediate needs and support recovery efforts effectively.
- **Infrastructure and capacity building:** Initiatives in the digital and green economies focused on assessing damage and identifying recovery paths, underscoring efforts to rebuild and enhance critical infrastructures and capacities.
- **Entrepreneurial support expansion:** Despite challenges, there was progress in adapting support mechanisms for entrepreneurs, reflecting a commitment to broadening the support spectrum and catering to diverse entrepreneurial activities.
- **Stakeholder engagement:** EDP-supported interventions maintained and, in some instances, enhanced engagement with local stakeholders, including CSOs, community-based organisations (CBOs), and small and medium-sized enterprises (SMEs), contributing to the development of scalable models in various thematic areas.

Moving forward, the TEI's focus on collaboration, strategic adaptation, and stakeholder engagement will remain crucial in overcoming obstacles and achieving its long-term development objectives.

B. Main sector progress and challenges during 2022–2023

The TEI went through a process of developing **ToCs and results frameworks** between December 2022 and July 2023 for all five components, as well as the overall TEI. The war has significantly influenced programming, necessitating a strategic pivot to address the urgent needs across all components. As each of the five components of the TEI face distinct challenges in the current context, this section provides an account of the challenges per component and how they have responded and made progress, rather than against the results framework. Collectively, these efforts underscore the TEI's commitment to supporting Palestine's path towards recovery and sustainable development, balancing immediate needs with the vision for a resilient future.

Digital economy: Led by Belgium, the digital economy component has encountered significant challenges, notably in Gaza, where infrastructural damages and the suspension of educational institutions severely hampered the ICT sector. The West Bank has faced its own set of difficulties, including regulatory constraints and an unstable business environment, further exacerbated by increased political instability and security issues. Despite these setbacks, efforts to rebuild the digital infrastructure and foster a conducive environment for the digital economy have continued, emphasising the critical role of digital inclusivity in the country's recovery and long-term development.

Trade: Under EU leadership, the trade component aimed to mitigate the impacts of movement restrictions and economic dependencies that have historically constrained Palestine's trade capabilities. The war intensified these challenges, particularly in Gaza, isolating the region economically. Efforts have focused on enhancing trade infrastructure, boosting Palestinian export to third countries, and promoting private sector competitiveness, aiming to reduce dependency on the Israeli economy and support sustainable economic growth.

Entrepreneurship: Led by Belgium, the entrepreneurship component has faced disruptions due to the war, with frozen funds and rising unemployment among the most pressing issues. This component adapted by broadening its support for entrepreneurial activities, recognising the diverse needs of the population amid the crisis. Initiatives aimed at stimulating economic recovery through entrepreneurship have highlighted the potential for this sector to contribute significantly to the family livelihoods and the overall economy, especially given the increased number of skilled individuals unemployed due to the war.

Economic resilience: Led by Austria, the economic resilience component focused on enhancing socio-economic resilience through direct support to CSOs, CBOs, and SMEs. The war's devastation has underscored the urgency of this support, particularly in Gaza, which has suffered unprecedented levels of destruction. This component's efforts align closely with national priorities for recovery, emphasising the need for sustainable development practices and local capacity strengthening in the face of such challenges.

Green economy: Led by Germany, the green economy component has faced significant obstacles due to the war, with activities in Gaza largely put on hold. In the West Bank, the economic crisis and security situation have presented additional challenges to promoting sustainable business practices. Despite these difficulties, the component has continued to advocate for green reconstruction and policy support, emphasising the long-term benefits of sustainable and environmentally friendly business practices.

C. Sector priorities for policy dialogue and future programming

The TEI has identified specific priority points for policy dialogue tailored to each of its components, in addition to horizontal priorities that span across all areas. These priorities are designed to align the TEI's objectives with the PA's strategic goals, addressing the multifaceted impacts of the ongoing war in Gaza and paving the way for a coordinated approach to recovery and sustainable development.

Across all five components, the TEI's strategic adjustments post-conflict emphasise **resilience, adaptability, and the pursuit of sustainable development opportunities within the new context**. This coherent strategy ensures the TEI's ongoing alignment with the PA's evolving priorities, effectively contributing to Palestine's recovery and long-term development goals. The initiative's ability to adapt and realign its components underlines a committed approach to supporting Palestine through recovery, showcasing the collective commitment to fostering sustainable and inclusive growth in challenging times.

| Component-specific priorities

Digital economy:

- Integration of digital economy strategies across ministries, emphasising e-government and smart government initiatives.
- Implementation of digital signature and data protection laws to facilitate business operations and secure data privacy.
- Encouragement of tech start-ups through incentives and support for digital platforms to enhance business with Palestine.

Trade:

- Facilitation and diversification of trade to reduce dependency on Israel, emphasising policies that streamline trade processes and lower transaction costs.
- Improvement of trade-related infrastructure and logistics to boost competitiveness and market access.
- Negotiation of equitable trade agreements that safeguard Palestinian economic interests and promote sustainable growth.

Entrepreneurship:

- Support for new PA compositions to foster future collaborations and enhance the entrepreneurial climate.
- Development of a unified Palestinian branding to boost local products and services, especially under current circumstances.
- Tailored support for different types of entrepreneurship, focusing on innovation-led start-ups and small businesses to stimulate economic growth.
- Support to tackle the rise of unemployment rate by preserving existing and creating new jobs.

Economic resilience:

- Integration of the HDP nexus within joint programming to address socio-economic challenges comprehensively.
- Strengthening of coordination mechanisms among local, regional, and national actors for impactful policy interventions.
- Promotion of PPPs to invigorate investment in productive sectors and enhance socio-economic resilience.

Green economy:

- Development and enforcement of green policies and regulations to support sustainable private sector practices.
- Advocacy for compliance with green certification standards to open new market opportunities outside Israel.

| Horizontal policy areas relevant to all components

- **Peace and security:** Developing policies to mitigate peace and security concerns, which are crucial for the stable implementation of initiatives across all TEI components.
- **Governance and institutional strengthening:** Enhancing governance structures and institutional capacities to enable effective responses to development challenges and facilitate the implementation of TEI initiatives.
- **Inclusivity and equity:** Promoting policies that ensure inclusivity and equity, aiming to meet the needs of marginalised communities and prevent exacerbation of disparities.
- **Cross-sectoral collaboration:** Encouraging policies that foster cross-sectoral collaboration, ensuring that initiatives in areas like digital transformation, trade, entrepreneurship, resilience, and the green economy are interlinked and mutually reinforcing.
- **International cooperation and partnerships:** Strengthening policies to enhance international cooperation and partnerships, leveraging global support to address challenges faced by Palestine, particularly in light of recent wars.

Sector 5.2:

Labour and Technical and Vocational Education and Training

Lead: Germany/Ministry of Labour (MoL)/National TVET Commission (NTC)

A. Implications of the war from a sector perspective

Implications for Palestinian development: The near complete collapse of Gaza's economy and private sector since October 2023 has led to the loss of approximately 66% of all employment (201,000 jobs in total) of all employment, and all education and TVET activities have come to a complete stop. In addition, TVET infrastructure, schools, labs, workshops and training companies have been destroyed, and there has been loss of life among TVET personnel. The possibility and speed of recovery in Gaza depends on when the military operation will end and the subsequent growth performance. Both remain unknown.

The West Bank has also experienced turmoil to its labour market since the onset of the war, with the loss of more than 306,000 jobs. This is due to the revocation of the 200,000 work permits for Israel and the settlements; the economic recession, including the complete collapse of the tourism industry; and the drastically expanded mobility restriction regime, which impacts the movement of goods and people, access to markets, services and education and imports and exports. In addition, the partial payment of civil servant wages has resulted in reduced capacities across public institutions. Education and TVET services have also been seriously compromised, with some schools only offering online schooling due to mobility restrictions and/or security concerns. Practical phases and internships in TVET programmes are being delayed and in danger of cancellation due to business closures. In addition, important economic and public infrastructure has been destroyed, especially in the northern governorates of the West Bank.

Implications for sector support: The war in Gaza has resulted in major disruptions to the labour market and to education and TVET services, and subsequently to the labour and TVET sector and EDPs' sectoral support. Most EDPs have put their activities in Gaza on hold. In these challenging circumstances, EDPs and partners are now in the process of reprogramming and adjusting activities to respond to the new challenges as much as possible.

B. Main sector progress and challenges during 2022–2023

EDP support to the labour and TVET sector aims to contribute to **all Palestinians enjoying decent employment (SDG 8.5.2)**.

At impact level, unemployment was already rising in Palestine prior to the war. The Labour Force Survey conducted by the PCBS showed a sharp increase in **unemployment** (from 24.4% in 2022 to approx. 46% in 2023). Since the war, the labour market in the West Bank, Gaza and East Jerusalem has plummeted. The ILO reports that by 31 January 2024, 507,000 jobs had been lost across Palestine: 201,000 jobs lost in Gaza and 306,000 in the West Bank.⁹⁶ The job losses affect all sectors, although services and industry are affected to a higher degree than agriculture.

Prior to the war, there was a positive trend for **unemployment among youth** (age 15–29 years), with rates dropping from 40% in 2021 (33% male and 40% female; 24% in the West Bank and 66% in Gaza) to 35% in 2022 (30% male and 56% female; 20% in the West Bank and 61% in Gaza), successfully reaching the 2022 milestone. The rate continued to stand at 35% in 2023.

There was also sustained improvement in the **labour force proportion of youth** (aged 15–24 years) prior to the war, increasing from 29% (47% males, 10% females) in 2021 to 30.8% (51% males, 11% females) in 2022, reaching the milestone of 31% for 2022. By Q3 2023, youth participation had jumped to 39% (62% males, 15% females) – although this may have been impacted by the PCBS’s expansion of the upper youth bracket to 29 years. However, it has to be assumed that these gains in both measurements will have been destroyed by the economic crisis resulting from the war.

More **female job seekers** entered the labour force in 2022, with 19% of women looking for a job successfully entering the labour force (West Bank 19%, Gaza 18%), compared to 17% in 2021. However, by Q3 2023, this had dropped back to 17%.

Less than half (44%) of youth employed in the private sector receive less than the **minimum wage** (24.4% of the youth employed in the West Bank and 99% in Gaza), according to PCBS data.

During 2023, the group of EDPs supporting this sector updated the outcome level of the EJS sector response ToC to be framed around three areas: i) more inclusive and decent jobs being created; ii) the employability of job seekers being strengthened; and iii) participation in the labour market becoming more inclusive. EDPs are in close contact with partners to support the PA’s sector priorities, which – in the current context – have shifted to activities with short-term effect to bring relief and stability to the private sector. Once a longer-term sector strategy is in place, EDPs will revisit the ToC to ensure alignment. Therefore, **progress and challenges at the outcome level during 2022 and 2023 will be described using the previous results framework.** These include: i) local and national self-employment programmes are supported; ii) temporary and permanent wage employment programmes are supported; iii) labour rights and safe and secure working environments for all workers are promoted (SDG 8.8); and iv) relevance and effectiveness of TVET to the needs of the labour market are increased.

The first outcome, on local and national self-employment programmes, showed mixed results. There were more than expected **self-employment programmes** funded

and implemented by the public employment offices and employment corner, with 910 programmes funded in 2022 (compared to the milestone of 800) and 903 in 2023 (compared to the milestone of 900). However, **business registration** did not grow as expected: 1,583 businesses were registered in 2022 (up from 1,510 in 2021 but missing the target of 2,440), but only 1,101 businesses were registered in 2023, missing the milestone of 2,460.

There were strong results for the second outcome, on temporary and permanent wage employment programmes. There was a staggering growth in annual **provision of jobs** by private and public employers through these programmes in 2022, with 8,502 jobs offered compared to 2,830 in 2021. However, the growth slumped in 2023, with only 2,609 jobs created, missing the target of 4,000. There was also an increase in the number of **formal workers** employed by public and private employers in 2022 and 2023, increasing from 800 in 2021 to 1,225 in 2022 and reaching 1,000 in 2023, thus achieving the targets for both years.

There was underperformance on promoting labour rights and safe and secure working environments for all workers, under the third outcome. While the MoL continued to carry out **inspection visits** in the reporting period, the number and effectiveness of visits declined. The MoL conducted 14,041 inspections in 2022 and 13,703 in 2023 (missing the milestone of 21,512 in both years); at the same time, the number of **corrective actions** undertaken as a result of the visits also decreased, with 5,230 implemented in 2022 and 4,938 in 2023.

There were sustained positive results for improving the relevance and effectiveness of TVET to the needs of the labour market (fourth outcome). TVET's **relevancy** is confirmed by the fact that 89% of TVET graduates from the southern governorates worked in their field of expertise in 2022, exceeding the milestone of 73%. However, data is not available for all of Palestine or for the entire reporting period. In addition, the private sector influence on TVET is growing steadily, with more training programmes at the vocational training centres, including a **minimum period of internship of 30%**. This doubled in the reporting period, with 25% in 2022 and 50% in 2023,⁹⁷ thereby meeting the milestones. The successful work-based learning approach will continue, with all stakeholders (policymakers, private sector organisations and other social partners) being capacitated to supervise and implement the different work-based learning schemes. TVET is also being integrated into primary education, with more specialist units in academic schools offering TVET programmes and strengthened TVET exposure in 7th to 9th grade schools in 2021, including capacity building for teachers.

There was mixed progress on strengthening the legal, policy and institutional frameworks in the sector. Progress is slow on the legal framework needed for national compliance on labour rights, with the work falling behind expected milestones. In 2022, the zero draft of the revised Labour Law was ready for discussion among the three involved parties; discussion started in 2023 but has not yet been finalised. Similarly, the amended second draft of the Labour Union Law has been under discussion since 2022.

Collaboration within the TVET institutional framework was strengthened during the reporting period, in response to challenges arising from multiple ministerial actors in the sector. When the National TVET Commission (NTC) was established in 2021, by presidential decree, to be responsible for overseeing the TVET sector in terms of policy, development and evaluation, the training delivery remained with the MoL, MoE, and MoHESR. The ongoing multi-ministerial setup of the NTC board is challenging, as it gives rise to ministerial competition for authority. To address this challenge and to foster collaboration among various stakeholders, a director general (DG) committee has been established, consisting of TVET directors from the three relevant ministries. The DG committee will be chaired by the NTC head and will oversee the management of the national TVET fund and supervise the financial and administrative aspects of donor project implementation. These newly introduced DG committee structures will be followed up with the aim of enhancing their role in the TVET sector and involving them in the upcoming communication and collaboration platforms. Progress during the reporting period includes the endorsement of the organisational structure and job descriptions by the GPC, the development of a five-year strategic plan, the development of an emergency plan for the year 2024, and the beginning of the staffing process.

The development of institutional capacity of the labour market stakeholders for efficient and comprehensive service provision is moving forward despite delays, with a systematic capacity-development plan designed based on a stakeholder needs assessment, thereby meeting the 2021 milestone. By contrast, there was stronger than expected institutionalisation of the central and sub-trilateral committees, with seven committees with updated endorsed and applied structures, exceeding the milestone of five.

Finally, the efficiency and effectiveness of the **tripartite partnership** can also be measured by the number of new collective bargaining agreements signed per year, and trade union membership rates. The tripartite social dialogue is still not well established and the role of the MoL not well defined. Despite this situation, however, the MoL continued to increase the number of bargaining agreements, reaching 14 agreements in 2022 and five in 2023.

C. Sector priorities for policy dialogue and future programming

- **Emergency response:** Develop a comprehensive emergency response to the economic crisis, leading to a recovery of the labour market. Coordinate collaborative support of international partners for the emergency response.
- **TVET governance:** Enhance TVET governance by formalising a strong collaboration mechanism between the NTC and involved line ministries, outlining roles and responsibilities for decision-making processes, and streamlining resource allocation.
- **Unemployed youth:** Design and roll out emergency job creation, market-based skilling and placement schemes targeting unemployed young women and men.

Sector 5.3: Agriculture

Lead: Spain/Ministry of Agriculture (MoA)

A. Implications of the war from a sector perspective

Implications for Palestinian development: Prior to the conflict, primary agriculture contributed approximately 6% of West Bank and Gaza GDP, with the entire agri-food value chain representing roughly 15%. The agricultural sector provides 13% of employment in the formal labour force and over 90% of total informal employment.

The agricultural sector in **Gaza** has been significantly degraded as a result of the war, threatening livelihoods and aggravating food insecurity for the entire population. With a third of arable land damaged and most assets and infrastructure relevant to the agricultural sector damaged or destroyed, the sector's functionality and service delivery has been dramatically impacted. The production of agricultural products, and thus food, has virtually ceased, forcing the entire population to depend on an insufficient and inconsistent supply of food aid, while those working in the agri-food value chain have lost a dependable source of both nutrition and income. According to the World Bank/IPSOS, there is severe pollution from munitions and chemicals in the soil, air and water, with implications for agriculture and food safety.⁹⁸

Increased Israeli military and settler activity in the **West Bank** has prevented half of all West Bank vegetable farmers from accessing their land and led to destructive attacks on crops and assets (24%) or farmers themselves (16%), with damage to land causing a 25% loss of olive oil production, the most important agricultural export for Palestine. There is conflict-induced unemployment, rising production prices and difficulty in accessing imported agricultural inputs. Given that the West Bank had been entirely self-sufficient in vegetables, eggs, and olive oil and 87% sufficient in many dairy products, these disruptions will undoubtedly further impact food security in a region already suffering from the impacts of increased unemployment due to the war.⁹⁹

Implications for sector support: It is very difficult to consider the impact on the advancement of results of our joint initiatives and bilaterally funded interventions. There is **no way to achieve development as long as Israel maintains complete control over basic natural resources** (water and land) and, as the occupying authority, has the power to evacuate farmers and prevent the establishment of wells for irrigation. Self-sufficiency is possible in the production of some commodities, such as olive oil and certain vegetables. However, family labour in agriculture has been gradually decreasing. Systematic planning and programming could expand the production base at different levels to achieve better agricultural output.

In January 2024, the MoA produced its **Government Emergency Plan 2024**, which is an adaptation of the 2024 planned budget to address the emergency situation and the additional tasks required to meet sector needs and preserve agricultural production and food security. The proper functioning of food production is essential to food security. Therefore, it will be a priority for the government to work to eliminate the distortions that threaten the continuity of the cycle, and to reduce the increasing risks faced, especially by marginalised groups of society.

Water infrastructure for agriculture is key in the reconstruction and advancement of environmentally sound agricultural practices. The use of alternative sources of water (e.g. treated wastewater reuse and rainwater harvesting) will be a most relevant index of the modernisation and reconstruction of productive infrastructure.

B. Main sector progress and challenges during 2022–2023

EDPs' support of the agriculture sector within the EJS aims for **the enhancement of farmers' resilience and steadfastness on their land**, as measured by food security and government actual expenditure on the agricultural sector. This impact-level goal is supported through improvements in six outcome areas: i) support for farmers and producers who have sustained damages from natural disasters, market crises or Israeli-led measures, ii) area of land cultivated or protected from degradation, iii) investments in fixed productive assets (by enterprises and cooperatives), iv) agri-business environment, v) competitiveness of agricultural production, and vi) control of plant and animal diseases.

There was not sustainable progress in the results framework for 2022 and 2023 even before October 2023; after the outbreak of war, the results lost most of their relevance. Outcomes related to the performance of public institutions were severely affected by the reduction in the government's budget due to the fiscal crisis. The global crisis affected the plans and led to a decline in implementation performance, despite the apparent increased government support to the agricultural sector. In 2018, the budget of the MoA was NIS 45 million, which increased to NIS 110 million before the 2023 crisis.

At the impact level, food security did not improve in the reporting period. Before the war, in early 2023, a staggering 38% of households in the West Bank and 64.4% in Gaza were food insecure. As a result of the war, the entire Gaza population faces **acute food insecurity**. In the West Bank, around 600,000 people are at increased risk of food insecurity (as of December 2023) due to movement restrictions, property damage and increased settler violence.

The impact-level goal is also assessed using the government's actual expenditure on agriculture (SDG 2.a.1.2). However, this is **not very transparent or accessible**. As an indication, the contribution of agriculture to GDP shows an overall negative trend below baseline over the past few years: -9.1% in 2020, -0.7% in 2021 and -5.7% in 2022.¹⁰⁰ Prior to the war, the World Bank estimated a decrease of -1.0% for 2023; for the post-war scenario, this is expected to plummet to -11.3% below baseline, with a 2024 forecast of -5.2%.

There has been a negative trend on the area of land cultivated or protected from degradation (second outcome) since 2010. This has not been reversed, despite better numbers in 2022, as shown by the 2021 Agricultural Census. It is difficult to assume that it is possible to increase cultivated/protected land to serve the needs of an increasing population in the context of growing pressure on land use from demographic growth and housing demand, and loss of surface in the West Bank and Jerusalem due to Israeli confiscation policies.

There is also a negative trend for the business environment of agricultural production, processes and marketing (fourth outcome), which is partly assessed by the evolution of the agricultural production value at constant prices and value-added. The decline in GDP is driven by a contraction in value added in all sectors, with critical repercussions for standards of living and labour market outcomes. For the agricultural sector, the value added decreased from 2022 to Q4 2023 by 93% in Gaza and 12% in the West Bank (where the decline was the lowest compared to industry, services, and construction).

This evolution affects other outcome-level goals too, especially concerning the fifth outcome on production and the market competitiveness of agricultural products, which is assessed by the percentage of agricultural inputs imported from the Israeli market. While imports and exports both increased in early 2023, exports remained low due to ongoing trade restrictions. Consequently, import growth widened the trade deficit and the dependency on Israel. However, the **fifth outcome was also boosted** by better performance in tax refunds for farmers and ‘green agriculture’ practices, as a consequence of the investment favoured by external support initiatives.

Data was not sufficiently available to report on the third and sixth outcomes.

C. Sector priorities for policy dialogue and future programming

- **Updating sector monitoring:** The MoA’s 2024 Emergency Plan indicators assess government performance goals, rather than sector progress, and focus on different forms of compensation for farmers affected by the crisis in Gaza and the West Bank. It is recommended that the EDPs and PA discuss new targets for sectoral progress indicators, beyond the internal indicators of the MoA development programmes.
- **Confirming EDP role in the context of the MoA’s 2024 Emergency Plan:** The implementation of the 2024 Emergency Plan will be overseen by a higher committee (to be formed) under the MoA’s direct supervision. At the same time, work on externally funded projects is expected to continue with direct implementation by the MoA. Discussion is needed about the role of EDPs in this system.
- **Reassessing programming priorities in response to contextual change:** While EDP-funded interventions are well distributed across the six nationally identified programmes,^{101,102} two programmes are currently the most active supporting Priority 2 (socio-economic inclusion of poor and vulnerable people), and Priority 6 (territorial and co-responsibility approaches promotion). A reassessment of priorities could be discussed given the change in the context.
- **Advancing legislation:** The Plant Health Law and the Pesticide Bylaw are still pending approval.

List of Acronyms

CB	Citizen Budget
CBO	Community-based organisation
CEC	Central Election Commission
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CM	Cubic metre
CoG	Centre of government
CoM	Council of Ministers
CRS	Commitment recording system
CSL	Civil Service Law
CSC	Citizen service centres
CSO	Civil society organisation
CTP	Cash Transfer Programme
DFS	Direct financial support
DP	Development partner
EDP	European Development Partner
EJS	European Joint Strategy in Support of Palestine 2021–2024: Towards a Democratic and Accountable Palestinian State
EQA	Environment Quality Agency
FPB	Family Protection Bill
GDI	Gender Development Index
GBV	Gender-based violence
GEDCO	Gaza Electricity Distribution corporation
GoI	Government of Israel
GPC	General Personnel Council
GPP	Gaza Power Plant

GS	General Secretariat
HCPPP	High Council Public Procurement Policy
HCYS	Higher Council for Youth and Sport
HDP	Humanitarian – development – peace
HRM	Human resources management
IFMIS	Integrated Financial Management Information System
ILO	International Labour Organization
ILS	Israeli shekel
JP	Joint programming
JSC	Joint Service Council
JWC	Joint Water Committee
LACS	Local Aid Coordination Secretariat
LED	Local economic development
LGU	Local government unit
L/C/D	Litre/capita/day
MCM	Million cubic metre
MDLF	Municipal Development and Lending Fund
MENA	Middle East and North Africa
MoA	Ministry of Agriculture
MoE	Ministry of Education
MoF	Ministry of Finance
MoHESR	Ministry of Higher Education and Scientific Research
MoH	Ministry of Health
MoJ	Ministry of Justice
MoL	Ministry of Labour

MoLG	Ministry of Local Government
MoNE	Ministry of National Economy
MoSD	Ministry of Social Development
MoU	Memoranda of understanding
MoWA	Ministry of Women's Affairs
MW	Megawatt
NDC	Nationally determined contribution
NDP	National Development Plan
NPA	National Policy Agenda 2017–2022: Putting Citizens First
NTC	National TVET Commission
NWC	National Water Company
O&M	Operation and maintenance
PA	Palestinian Authority
PAR	Public administration reform
PCBS	Palestinian Central Bureau of Statistics
PEGASE	Mécanisme, 'Palestino - Européen de Gestion et d'Aide Socio-Economique' (Palestinian–European Socio-Economic Management and Assistance Mechanism)
PENRA	Palestinian Energy and Natural Resources Authority
PERC	Palestinian Electricity Regulatory Council
PFM	Public finance management
PHC	Primary health care
PLC	Palestinian Legislative Council
PMO	Prime Minister's Office
PPP	Public–private partnership

PSR	Palestinian Center for Policy and Survey Research
PWA	Palestinian Water Authority
Q	Quarter
ROF	Results-Oriented Framework
SDG	Sustainable Development Goal
SDIP	Strategic development investments plan
SHC	Secondary health care
SME	Small and medium-sized enterprises
SRSP	Shock-responsive social protection
SPP	Single Procurement Portal
STLV	Short-term low volume
SWG	Sector Working Group
SWM	Solid waste management
TEI	Team Europe Initiative
ToC	Theory of change
TVET	Technical and vocational education and training
TWG	Thematic Working Group
UNRWA	United Nations Relief and Work Agency for Palestine Refugees
VAT	Value Added Tax
WASH	Water, sanitation, and hygiene
WBPC	West Bank Protection Consortium
WBWD	West Bank Water Department
WGI	World Governance Indicators
WWTP	Wastewater Treatment Plant

Endnotes

- 1 While the EU direct support currently represents only above 3% of the PA total revenue, the EU remains the largest international donor.
- 2 The Fund for Peace, Fragile States Index Annual Report 2022, <https://fragilestatesindex.org/wp-content/uploads/2022/07/22-FSI-Report-Final.pdf>
- 3 According to the Palestinian Ministry of Health (MoH) in Gaza (OCHA Flash Update 180, 19 June 2024)
- 4 The Integrated Food Security Phase Classification (IPC) analysis conducted in December 2023 warned of a risk that famine may occur by the end of May 2024 if an immediate cessation of hostilities and sustained access for the provision of essential supplies and services to the population did not take place. Since then, the conditions necessary to prevent famine have not been met and the latest evidence confirms that famine is imminent in the northern governorates and projected to occur anytime between mid-March and May 2024. According to the most likely scenario, both North Gaza and Gaza Governorates are classified in IPC Phase 5 (Catastrophe/Famine) with reasonable evidence, with 70% (around 210,000 people) of the population in IPC Phase 5 (Catastrophe/Famine).[30]. IPC: GAZA STRIP: IPC Acute Food Insecurity Special Snapshot, www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_Gaza_Strip_Acute_Food_Insecurity_Feb_July2024_Special_Snapshot.pdf
- 5 Gaza Strip Interim Damage Assessment, Summary Note, March 29, 2024 (EU, World Bank, UN).
- 6 Gaza Strip Interim Damage Assessment – April 2024 and UNOSAT Gaza Strip Agricultural Damage Assessment – January 2024.
- 7 The five-year Second Intifada ended in 2005.
- 8 OCHA, Flash Update #154, 12 April 2024, Hostilities in the Gaza Strip and Israel.
- 9 Estimates show civil servants have received between 40% and 60% of their salaries since October 2023, which contributes to a lack of motivation to fulfil their public service missions.
- 10 Gaza War: Expected Socio-Economic Impacts on the State of Palestine, November 8, 2023, United Nations Development Programme (UNDP) and the Economic and Social Commission for Western Asia (ESCWA).

- 11 World Bank Economic Monitoring Report note on the impacts of the conflict in the Middle East on the Palestinian economy, February 2024, <https://thedocs.worldbank.org/en/doc/db985000fa4b7237616dbca501d674dc-0280012024/original/PalestinianEconomicNote-Feb2024-Final.pdf>
- 12 PCBS, The Performance of the Palestinian Economy during 2023. The economic forecasts for 2024.
- 13 The reduction in revenues collected by Israel on behalf of and transferred to the PA constituted around 64% of total revenues in 2022.
- 14 Mohammed Mustafa is an economist and is the Chairman of the Board of the Palestine Investment Fund, PLO member and senior economic presidential advisor.
- 15 Gaza Strip Interim Damage Assessment, Summary Note, March 29, 2024 (EU, World Bank, UN).
- 16 The use of white phosphorus in particular is destructive to the environment and may remain within the deep soil for several years without any changes and also contaminate surface water (Mojabi, Seyed & Feizi, Farzaneh & Navazi, Azadeh & Ghourchi, Morteza (2010) Environmental impact of white phosphorus weapons on urban areas. 112–116. 10.1109/ICEEA.2010.5596102).
- 17 The first 60 days of the war alone generated 281,000 metric tonnes of carbon dioxide (CO₂ equivalent). This is greater than the annual emissions of 20 of the world's most climate-vulnerable nations (Neimark, Benjamin and Bigger, Patrick and Otu-Larbi, Frederick and Larbi, Reuben, A Multitemporal Snapshot of Greenhouse Gas Emissions from the Israel-Gaza Conflict (5 January 2024). Available at SSRN: <https://ssrn.com/abstract=4684768> or <http://dx.doi.org/10.2139/ssrn.4684768>).
- 18 Early analysis of the environmental consequences of war will help to ensure that immediate contamination and pollution risks are addressed, and that humanitarian and conflict-related clean-up operations (e.g. debris management) do not further exacerbate environmental degradation. If environmental good practices and comprehensive environmental monitoring are integrated into plans, critical ecosystems can be restored and reconstruction will incorporate sound approaches such as efficient cooling, building water cycle management, flood protection, and climate resilience. Inclusive, conflict- and gender-sensitive approaches to management of the environment can ensure broad participation and deliver multiple benefits, especially preventing negative health impacts on the population by reducing long-lasting environmental hazards.

- 19 Four key Palestinian institutions deal with environmental issues in Gaza. As the coordinating entity, the EQA will have to work closely with the Palestinian Water Authority (PWA) on the water supply and wastewater treatment; the Ministry of Agriculture (MoA) on wastewater reuse and control on pesticides and chemicals; and the Municipal Development and Lending Fund (MDLF) and Joint Service Councils (JSCs) on SWM. Also, Palestinian Energy and Natural Resources Authority (PENRA) will be instrumental for the development of sustainable and green energy solutions.
- 20 United Nations Population Fund: www.unfpa.org/occupied-palestinian-territory.
- 21 Among others, the UN Office for the Coordination of Humanitarian Affairs (OCHA), UNFPA, UNWOMEN, and World Health Organization.
- 22 UNDP, Gender Development Index 2022, <https://hdr.undp.org/gender-development-index#/indicies/GDI>
- 23 As an example, for Outcome 2 (focusing on reduced GBV against women, girls, and boys), specific indicators focus on the number of GBV survivors accessing services, and the status of the GBV National Observatory, which serves as a data feeder in the West Bank and East Jerusalem. However, both indicators are impacted by limitations on data collection and reporting, resulting from access restriction. These challenges underscore the importance of addressing barriers to data collection and service provision to effectively combat GBV and ensure the safety and well-being of vulnerable populations in Palestine.
- 24 On the legal framework, the West Bank and Gaza scored 15 out of 100; on the supportive framework the score was 20.8 out of 100, and the expert opinion score was 60 out of 100.
- 25 The Committee on the Elimination of Discrimination against Women (CEDAW) is the body of independent experts that monitors implementation of the Convention on the Elimination of All Forms of Discrimination against Women. The CEDAW Committee consists of 23 experts on women's rights from around the world.
- 26 ILO, Impact of the escalation of hostilities in Gaza on the labour market and livelihoods in the Occupied Palestinian Territory: 1 Bulletin No. 2.
- 27 UNFPA, Crisis in Palestine: UNFPA Palestine Situation Report, Issue #6, 1 March 2024, <https://reliefweb.int/report/occupied-palestinian-territory/crisis-palestine-unfpa-palestine-situation-report-issue-6-1-march-2024#:~:text=Sometimes%20we%20only%20get%20two,transition%20of%20young%20people%20to>
- 28 Arab Barometer, Public Views of Migration in MENA July 2022. Similar data for 2022 from PCBS is not available.

- 29 The data on the adolescent birth rate is not available for 2022, nor for 2023. There was also no data on incidents of mental health disorders for 2023.
- 30 While the 2022 data is for the general population, the assumption is that the fact that the 2022 rate of incidents across the population is lower than the 2021 rate for youth incidents can be interpreted as fewer youth with mental health disorders.
- 31 Support for the PA is at a historical low: a majority of Palestinians (68%) believes that the PA has become a burden on the Palestinian people, up from 62% in a previous poll (Press Release: Public Opinion Poll No [89], 13 September 2023, Palestinian Center for Policy Survey and Research).
- 32 West Bank Street Pulse 13–20 December 2023, Institute for Social and Economic Progress (IESP).
- 33 IESP, 3–10 March 2024.
- 34 Significantly, the December IESP poll of the West Bank and East Jerusalem showed that a slim majority (53%) of West Bankers would prefer Hamas to rule Gaza in a post-war transition period. Just under half (48%) prefer a unity government (West Bank Street Pulse 13–20 December 2023, IESP).
- 35 IESP, 13–20 December 2023.
- 36 War-time perceptions in the Occupied Palestinian Territories 3–10 March 2024, IESP.
- 37 Press Release: Public Opinion Poll No (91), 13 December 2023, Palestinian Center for Policy Survey and Research.
- 38 No data is available for 2022.
- 39 Press Release: Public Opinion Poll No (91), 13 December 2023, Palestinian Center for Policy Survey and Research.
- 40 Key support has included upgrading IT infrastructure at the CEC headquarters, improving understanding of challenges related to Palestinian National Council elections, exploring technological solutions such as online registration and e-voting, and disseminating electoral knowledge through educational outreach, voter awareness campaigns, and the establishment of an Election Awareness Center. This has also involved partnerships with election stakeholders for electoral law reform, capacity building and collaboration with CSOs to establish an Electoral Awareness Fund.
- 41 ‘Number of complaints, including electoral fraud claims investigated by the appropriate authorities throughout the electoral process’; ‘Status of implementation of recommendations of the Election Observation Mission’; ‘Proportion of women and youth participating in local and general elections as voters and/or candidates’; ‘Proportion of seats held by women and youth in PLC and in local councils’.

- 42 IESP, 13–20 December 2023.
- 43 Within the framework of existing legislation, the establishment of an elections court had been facilitated in preparation for the 2021–2022 local elections, tasked with adjudicating disputes arising from such elections.
- 44 A meeting convened in March 2022 provided updates on the CEC’s technical preparations, plans and challenges for the second round of the 2021–2022 local election cycle commencing on 26 March 2022. Additionally, bilateral dialogues involving EDPs entailed several high-level engagements, including discussions at the level of the prime minister and president, with the PA extending an official invitation to observe local elections. Electoral matters were also discussed within the framework of the EU–Palestine Subcommittee on Human Rights, Good Governance, and Rule of Law in December 2022. However, the scheduled meeting of the EU–Palestine Subcommittee at the end of 2023 was postponed due to the outbreak of war.
- 45 The MoJ focused a lot of energy in 2023 in reviewing the sector strategy to cover the years 2024–2029. It had also advanced in the discussions with the Ministry of Interior to have a common strategy on the areas relevant for both, such as criminal matters and human rights. All the work achieved was put on hold in October 2023 and will only resume in September 2024.
- 46 Netherlands, Spain, Sweden and the EU.
- 47 Sawasya provides support activities in all relevant sectors, mainly addressing access to justice for women and children, backlog reduction, notably through the development of case management software (Mizan) and the ongoing digitalisation of justice services, provision of legal aid services to the most vulnerable, refurbishment of structures to improve the working conditions of judicial staff and judicial police, improving access to citizens, capacity-building, etc.
- 48 Conforms to international standards.
- 49 Racing Against Time, World Bank Economic Monitoring Report to the Ad Hoc Liaison Committee, September 2023; and Ref. 10.
- 50 The World Bank supports expenditure management and control, PFM accountability and oversight, and public procurement; the International Monetary Fund supports macro-fiscal forecasting and debt management; the French Agency for Development supports PFM training and the Public Financial Institute; and the UK’s Foreign and Commonwealth Office, through the Takamol programme, provides budget planning, revenue administration, and customs support.
- 51 ‘Strengthening Accountability and Transparency’ is one of two key thematic areas in the PFM Strategy. In its ‘Implementing the Reform Agenda’ issued in January 2024, the PA announced that the government will encourage the participation of civil

society in public affairs, including establishing consultation mechanisms that should result in an enhanced consultation process in setting the budget, and involving civil society in the review of PA expenditures.

- 52 Both AMAN and MIFTAH supported the MoF and line ministries, including the MoH, in developing summary CBs in 2023 ([www.miftah.org/Publications/Books/Citizens Budget 2023 Ministry of Health En.pdf](http://www.miftah.org/Publications/Books/Citizens_Budget_2023_Ministry_of_Health_En.pdf)), and in 2022 made the CBs available through the launch of an e-portal (<https://citizenbudget.ps/>).
- 53 The survey assesses a country's budget transparency score, reflected in the ranked Open Budget Index, through the public's access to timely and comprehensive budget information and the extent to which governments include the public in budget decision-making and monitoring, as well as the role and effectiveness of the legislature and supreme audit institution in the budget process.
- 54 No updated information is available for the third outcome, 'improved policy-based fiscal strategy and budgeting', which is monitored through an indicator on improved medium-term perspective in expenditure budgeting.
- 55 The MoF considers commitment control as a cornerstone of efficient public expenditure management in the public procurement of public goods and services and includes it as a cross-sectoral priority within its PFM strategy.
- 56 However, the World Bank and the FCDO pointed out that while the CRS establishes a link between budget, expenditure, and cash availability, there is still a risk of arrears.
- 57 In June 2023, with the support of the World Bank (through the EU-funded PFMI via the PFM Multi Donor Trust Fund, in addition to World Bank funds), the MoF's Budget Preparation Department issued a CRS manual titled 'Guide to registering commitment (capital, operational and development) by responsibility centres', providing a procedural step-by-step guide to recording commitments within Bisan. This was accompanied by training of the MDAs delivered by the World Bank. This followed a successful pilot of the CRS with 10 selected ministries.
- 58 Public Financial Management Improvement Project Multi Donor Trust Fund West Bank & Gaza Final Report, World Bank, 31 January 2024.
- 59 By the end of 2022, 95% of all mandatory procurement transactions had used the SPP for publishing procurement notices and contract awarding. By June 2023, all government agencies at the central level and 85% of municipalities were using the SPP.
- 60 These include: the tax authority diagnostic tool and public expenditure and financial accountability assessments, a Methodology for Assessing Procurement Systems assessment of public procurement and a functional review of the major spending entities.

- 61 In his resignation announcement in February 2024, outgoing Prime Minister Shtayyeh declared that the next stage and its challenges require new governmental and political arrangements that consider the new reality in Gaza and the need for a Palestinian–Palestinian consensus based on Palestinian unity. Subsequently, the statement announcing the appointment of the incoming Prime Minister Mustafa in March 2024 confirmed the intention to put together plans to re-unify administration in the occupied West Bank and Gaza.
- 62 The project aims to promote accountable public administration as key to democratic governance and economic development for the ultimate benefit of citizens and businesses through more effective and efficient policy and service design and delivery. The project is based on the OECD Policy Framework on Sound Public Governance and the SIGMA Principles of Public Administration.
- 63 These CSCs significantly contribute to the effectiveness and responsiveness of local government and improved citizen participation as part of institutionalising social accountability processes.
- 64 This grant from the Global Partnership for Education is designed to help strengthen countries' capacity to transform their education systems.
- 65 The WBPC is supported by the European Commission's Civil Protection and Humanitarian Aid Operations department (DG ECHO) and 10 EDPs, plus the UK and Canada.
- 66 Gaza Strip Interim Damage Assessment, Summary Note, 29 March 2024 (EU, World Bank, UN).
- 67 Ministry of Health, daily report on the Israeli Aggression in Palestine, from 7 October until 16 March 2024.
- 68 Ministry of Health, Health Annual Report Palestine 2022, June 2023.
- 69 Ibid.
- 70 www.emro.who.int/images/stories/Sitrep_-_issue_25.pdf?ua=1.
- 71 Updates by the Deputy Minister of Health during a meeting with donors on 20 November 2023.
- 72 Investments to address GBV are also how the health sector has focused on gender mainstreaming.
- 73 The PCBS initiated the Palestinian Expenditure and Consumption Survey at the end of 2022, with partial funding (EUR 350,000). The monthly surveys with a sample of 600 households were supposed to be carried out over 12 months in 2023 but the war

interrupted data collection in October in Gaza. Data collection was completed in the West Bank, despite movement restrictions and insecurity in the last quarter of 2023.

- 74 65,995 in Gaza, 34,799 in the West Bank; 85,076 with deep poverty scores – 67% of total deep-poor families based on PCBS 2017 estimates (45,464 female-headed families, 16,197 families headed by a person with a disability, and 34,068 elderly-headed families).
- 75 77,838 in Gaza and 33,361 in the West Bank; 96,032 with deep poverty scores – 76% of total deep-poor families based on PCBS 2017 estimates (48,505 female-headed families, 17,125 families headed by a person with a disability, and 43,169 elderly-headed families).
- 76 73,141 in Gaza and 33,455 in the West Bank; 89,805 with deep poverty scores – 71% of total deep-poor families based on PCBS 2017 estimates (43,362 female-headed families, 16,395 families headed by a person with a disability, and 45,599 elderly-headed families).
- 77 74,600 in Gaza and 34,336 in the West Bank; 91,934 with deep poverty scores – 72% of total deep-poor families based on PCBS 2017 estimates (49,362 female-headed families, 17,035 families headed by a person with a disability, and 45,427 elderly-headed families).
- 78 With MoSD and OCHA as co-chairs, the TWG works under the LACS Social Protection Working Group to facilitate aligned planning/implementation, as well as coordination in response to shocks.
- 79 The draft law gradually introduces long-term benefits for old-age, disability, death and work injury, as well as maternity cover and unemployment insurance for nearly 100,000 workers in the private formal sector. The revised law incorporates governance and sustainability improvements over the previous version based on ILO advice. Additionally, the law outlines plans for implementing sickness insurance, health insurance, and a family compensation allowance at a later stage. The revised law emphasises good governance by introducing an independent external technical committee of experts to advise the board of directors. It also places the Palestinian Social Security Corporation and funds management under the supervision of the Financial and Administrative Supervision Bureau and the Palestinian Anti-Corruption Commission, preventing use of the funds for lending. The Palestinian Social Security Corporation's policies and decisions are solely entrusted to the board, ensuring complete independence from external influence, including the government.
- 80 Flash Appeal for the Occupied Palestinian Territory 2023, 6 Nov 2023.
- 81 WASH Cluster report.

- 82 PWA data, Report to Ad Hoc Liaison Committee, May 2023.
- 83 Most of Gaza's water comes from three sources: i) three STLV seawater desalination plants, producing around 7% of Gaza's clean water; ii) three pipelines supplying water from the Israeli water company Mekorot, which fulfil 13% of Gaza's water needs; and iii) water extracted from Gaza's groundwater coastal aquifer through a network of 300 wells and boreholes all over Gaza. This water is either salty or contaminated with untreated sewage. Part of this water has to undergo treatment through small reverse osmosis desalination units.
- 84 Besides the approval to Jenin Water Connection Systems, the JWC approved earlier in 2022, Tulkarem WWTP, Tulkarem and Nablus West treated wastewater conveyance system (Tulkarem-Jordan Valley), Al Bireh – Al Auja treated wastewater conveyance system, Al Samoua well, and Al Samoua Water Connection System.
- 85 The TEI for wastewater is led by France, with the EU, Netherlands (lead on water), Germany, Austria and Spain, with an estimated funding basket of up to EUR 200 million over a three-year period.
- 86 Non-revenue water is water that is pumped and then lost or unaccounted for.
- 87 These samples serve solely as an early warning system and inform the PWA on the environmental status of the aquifer.
- 88 This is expected to be much worse as a result of the war.
- 89 31 tariffs for service providers were endorsed.
- 90 As per the CoM decision of 12 October 2022, which adopted the Wastewater Ministerial Committee's recommendations.
- 91 Including to develop, organise, steer, and/or support the implementation of activities, and to help advance key regulations, policies, and bylaws that will enable the fulfilment of the reform plan.
- 92 The TEI needs to finalise the table with TEI members and the PWA utilising an evidence-based approach in selection of projects.
- 93 This encompasses both the population and vital infrastructure, including water wells, wastewater treatment plants, water desalination plants, water pumping stations, hospitals and health clinics.
- 94 Gaza Strip – Interim Damage Assessment, Summary Note – 29 March 2024 (EU, World Bank and UN).
- 95 Despite delays caused by the war, the project is progressing with targeted schools undergoing technical assessments and a design company developing the project

business model and technical designs. A contract has been awarded to M/S Triple-K Solar for Renewable Energy for the supply and installation. Delivery of project materials and commencement of system installations is expected in April 2024.

- 96 ILO, Impact of the war in Gaza on the labour market and livelihoods in the Occupied Palestinian Territory, Bulletin No. 3, March 2024.
- 97 General Directors Office of the MoL.
- 98 Gaza Strip – Interim Damage Assessment, Summary Note – 29 March 2024 (EU, World Bank and UN).
- 99 Palestinian Farmers’ Union, December 2023.
- 100 World Bank analysis of PCBS data.
- 101 Based on a draft National Investment Plan for Food and Nutrition Security and Sustainable Agriculture 2020–2022 yearly implementation assessment.
- 102 The programmes are: 1. Nutrition specific investments, 2. Socio-economic inclusion of poor and vulnerable people, 3. Sustainable and inclusive agri-food value chains development, 4. Sustainable natural resources management and climate change adaptation, 5. Improved food safety and consumer protection, and 6. Territorial and co-responsibility approaches promotion.

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**IMPLEMENTATION
REPORT 2022-2023**

June 2024